

Vigorous steps towards the future

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# Going Forward via Change and Transformation...

Takasbank, respecting the sustainability of the capital markets and institutions, launched a comprehensive transformation process encompassing change ranging from its organizational structure to technological infrastructure in order to exist in both national and international platforms with a stronger stance. Undersigning innovative projects, Takasbank takes the road to build "Takasbank of the future".

# CORPORATE PROFILE

Takasbank is taking vigorous steps towards the future and progressing towards its target of becoming Turkey's central counterparty.

Takasbank is the only authorized settlement centre responsible for the clearing and settlement of all trades executed in markets operating under the Istanbul Stock Exchange (ISE) as well as the clearing, settlement and collateral management of all contracts traded on the Turkish Derivatives Exchange (TURKDEX).

Takasbank has been steering the capital markets with over 20 years of experience. Maintaining its growth by the prevailing service quality, effectiveness and efficiency oriented service approach as well as the trust and reputation gained with its customers, Takasbank contributes to the development of capital markets in Turkey as well as in the neighboring countries through innovative solutions.

As one of the pioneering and guiding institutions in the sector in a region with Istanbul at its centre, Takasbank also serves for ensuring coordination between international markets.

Taking resolute steps towards its target of becoming the central counterparty of Turkish capital markets, Takasbank will keep providing swift, secure and effective services to a growing and globalizing market through its competent human resources and electronic service platform equipped with the prevailing technology.

## TAKASBANK'S SERVICES

### Clearing & Settlement

- » Equities and Equity-like Instruments Market Clearing & Settlement Service
- » Debt Securities Market Clearing & Settlement Service
- » Derivatives Market Clearing & Settlement Service
- » Precious Metals and Stones Market Clearing & Settlement Service
- » Electricity Market Clearing & Settlement Service

### Collateral Management

- » Brokerage Houses Capital Requirements Collateral Safe-keeping Service
- » Debt Securities Collateral Prosecution Transactions Service
- » Electricity Market Collateral Management Service
- » Guarantee Fund Collateral Management Service
- » Leveraged Trading Collateral Management Service and Reporting of Leveraged Transactions to CMB
- » Derivatives Market Collateral Management Service

### Custody

- » Information Service of Private Pension Funds Unit Shares
- » Private Pension Funds Unit Shares Management Service
- » Debt Securities Corporate Action Service
- » Other Capital Market Instruments Corporate Action Service
- » Global Custody Service
- » Physical Custody Service
- » Book-Entry Custody Service
- » Share Certificates Corporate Action Service
- » Repo-Reverse Repo Transactions Prosecution and Reporting Service
- » Local Custody Service
- » Precious Metals Custody Service

### Asset Transfer

- » Debt Securities Transfer Service
- » Exchange Traded Funds Creation and Redemption Service
- » Equities and Other Equity-like Instruments Transfer Service
- » Foreign Exchange Payment and Transfer Service
- » Local Currency Payment and Transfer Service
- » Precious Metals Transfer Service

### Cash Credit

- » Cash Credit Service

### Market Operation

- » Securities Lending Market (SLM)
- » Takasbank Money Market (TMM)
- » Turkey Electronic Fund Distribution Platform

### Other Services

- » Closed Brokerage Houses Transactions Services
- » Central Securities Depository of Turkey (MKK) Cash Correspondence Service
- » National Numbering Service
- » Collateral Agency Service to Mortgage Financing Firms
- » Investment Fund Valuation Service and Reporting to CMB
- » Periodic and Real-time Data Transfer Service to Data Vendors



# VISION, MISSION AND VALUES

## VISION

“ To be a trustworthy, effective and innovative institution which provides clearing & settlement, banking and central risk management services at global quality standards, preferred both in domestic and international markets.”

## MISSION

“Takasbank is an institution contributing to the development of markets with its reliable and effective post-trade services.”

### Takasbank's Values

#### Trust

Adhering to the principle of trustworthiness in Takasbank's relations with its customers, shareholders, stakeholders and employees; executing services in a timely and accurate manner according to providence of clear, accurate and correct information within the concept of mutual trust.

#### Stability

As an important infrastructure institution of capital markets providing efficient clearing, settlement and custody services, Takasbank contributes to the financial stability both in organized and over-the-counter markets in Turkey.

#### Market Orientation

Generating solutions contributing to enhance the effectiveness of the financial system in clearing, settlement, custody and other related banking services as well as to the development of markets; developing projects within the framework of current and future needs of customers comprising of intermediary institutions, exchanges and other capital market institutions and working with customers and related institutions in a continuous cooperation, solidarity and coordination environment.

#### Effectiveness

Adopting a researching and questioning approach for the development of clearing, settlement and custody services of Takasbank; producing the most accurate and optimal solutions within the sector and market needs and benefiting from professional expertise and corporate memory for this process at the utmost level.

#### Robust Financial Structure

Keeping the financial assets of Takasbank at the level necessary to encompass the risks undertaken and to cover the commitments given to the markets and settlement members within the framework of the target to launch central counterparty mechanism at the capital markets through effective clearing, settlement and custody services.

#### Transparency

Disclosing the necessary notices and announcements to both public and the related parties in an accurate and timely manner, acceptance of the responsibilities and accountability requirements as well as being ready and open to public audit by Takasbank.

## FINANCIAL HIGHLIGHTS

| (TL, -,000)                                       | 2011       | 2012       |
|---|------------|------------|
| Total assets                                      | 2,355,782  | 3,671,623  |
| Shareholders' equity                              | 307,516    | 331,605    |
| Paid in capital                                   | 60,000     | 60,000     |
| Operating profit                                  | 43,234     | 69,936     |
| Interest and portfolio revenues                   | 46,168     | 89,523     |
| Net profit  | 34,844     | 55,168     |
| CBRT's USD/TL rate taken as a basis in evaluation | 1.8889     | 1.7826     |
| (USD, -,000)*                                     |            |            |
| Total assets                                      | 1,247,171  | 2,059,701  |
| Shareholders' equity                              | 162,802    | 186,023    |
| Paid in capital                                   | 31,765     | 33,659     |
| Operating profit                                  | 22,888     | 39,233     |
| Interest and portfolio revenues                   | 24,442     | 50,220     |
| Net profit  | 18,447     | 30,948     |
| Financial ratios(%)                               |            |            |
| Operating profit/Total assets                     | 1.84       | 1.90       |
| Shareholders' equity/Total assets                 | 13.05      | 9.03       |
| Operating profit/Shareholders' equity             | 14.06      | 21.09      |
| <b>Number of employees</b>                        | <b>209</b> | <b>216</b> |

\* Amounts expressed in terms of USD are calculated based on the FX buying rate announced by CBRT on the last day of the year.

## FINANCIAL INFORMATION IN BRIEF

During the operating year, January 1<sup>st</sup>-December 31<sup>st</sup>, 2012, Takasbank achieved:

- » A pre-tax profit of TL 69,936,000 and a net profit of TL 55,168,000,
- » Net interest income of TL 75,688,000 (TL 89,523,000 in interest income and TL 13,835,000 in interest expenses), and
- » Fee and commission revenues of TL 52,990,000.

The financial figures achieved by Takasbank in different service sections in 2012 indicate that its central presence and indispensable position in the Turkish capital markets continued to grow.

### Equity market clearing & settlement volume

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## TL 621.47 billion

In 2012, the total trading volume realized by 86 brokerage houses in the ISE Equity Market and Emerging Companies Market reached TL 621.47 billion. After the netting procedure, it was understood that Takasbank executed cash settlement of TL 44.35 billion (7.14% of the total trading volume) and equities settlement with a total market value of TL 148.06 billion (23.83% of the total trading volume)

### Takasbank money market trading volume

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## TL 180.78 billion

The trading volume in the Takasbank Money Market increased by 86% YoY to reach TL 180.78 billion (equal to USD 100.91 billion, corresponding to a 76% YoY increase in USD terms), to reach a record high.

### EFT transaction volume

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## 3<sup>rd</sup> bank

Takasbank has the third highest transaction volume among banks in Turkey in terms of the total volume of EFTs sent and received. In 2012, Takasbank accounted for 8% of the total EFT transaction volume in Turkey and 6% of all EFT messages received.

### Cash loans

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## +518%

In 2012, Takasbank's cash loans grew by 518% YoY, while the daily average volume of loans utilized by 24 brokerage houses reached TL 127.9 million. Takasbank's interest revenues from cash loans increased by 388% reaching to TL 11.5 million.

### Total assets

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## +55.9%

Takasbank's total assets rose by 55.9% YoY from TL 2.356 billion at the end of 2011 to TL 3.672 billion by the end of 2012.

### Net profit

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## +58.3%

Takasbank's net profit increased by a record rate of 58.3% YoY from TL 34.8 million in 2011 to TL 55.2 million in 2012.

# Steering the capital markets with over 20 years of experience



**Takasbank was transformed into a sector-specific bank on January 2<sup>nd</sup>, 1996, serving under its new title, the ISE Settlement and Custody Bank, since then.**



# HISTORY

Providing a variety of services to the Turkish capital markets, Takasbank's core function is to execute clearing, settlement and custody transactions related to the payments to be made related with the commitments and delivery of securities regarding the transactions realized in the ISE. The settlement transactions were being realized between transaction parties without intermediation between the years 1986 and 1988. Between the years 1988 and 1992, the settlement and custody transactions were performed by a department within the Stock Exchange and were transferred and entrusted in 1992 to ISE Settlement and Custody Inc., a company founded as a partnership between the ISE and its members. Takasbank was transformed into a sector-specific bank on

January 2<sup>nd</sup>, 1996, operating under its renewed title, the ISE Settlement and Custody Bank Inc., since then. Steering capital markets with over 20 years of experience, Takasbank continues to grow by its prevailing service quality and the trust and reputation it has gained among its customers. Contributing to the development of capital markets in Turkey and neighboring countries through innovative solutions, Takasbank initiates model practices with its projects that maximize reliability and efficiency. As one of the pioneering banks of the sector in terms of the region where it operates, Takasbank also supports the coordination between markets.

# 2012: A Year of Transformation, Change and Restoration

**A Stronger Takasbank in National and  
International Markets**

## **New Capital Markets Law**

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The new Capital Markets Law no. 6362, which was approved on December 6<sup>th</sup>, 2012, introduces a range of measures which can be deemed as a milestone for the Turkish capital markets.

## **Central Counterparty Project**

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Takasbank maintains its efforts to reach its target of becoming a Central Counterparty. The Bank aims to provide central counterparty services for the organized derivatives markets in early 2013, and for the equities and debt securities markets in late 2013.

## **Foundations of Takasbank's R&D Centre was laid down**

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Takasbank targets to enhance the innovation experience it gained by developing innovative products and services for the capital markets by establishing the R&D Centre. Founded for this purpose, the R&D Centre will reinforce the Bank's innovation-oriented approach and allow the Bank to offer new products and services to markets in a faster and more efficient manner.

## **Takasbank's systematic infrastructure renewed**

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Takasbank renewed its information technologies infrastructure to be more functional and reliable in line with its strategic targets, while still carrying out its efforts on a number of projects, which would provide higher performance, accessibility and eliminate interruptions.

## **A new record for profitability**

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Takasbank demonstrated a successful balance sheet performance in 2012. Having closed the year 2011 with a profit of TL 34.8 million, Takasbank's net profit increased at a record rate of 58% YoY to reach TL 55.2 million in 2012.

## **New logo and corporate identity**

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In 2012, Takasbank's corporate identity was modified and its new identity was applied to all platforms in a way to best reflect the Bank's basic value of trust as well as its future targets.

## **Provides settlement services for the Precious Metals Market**

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Within the scope of the project of providing service through a joint electronic settlement platform by gathering all stock exchanges under a single roof, Takasbank was commissioned by the Istanbul Gold Exchange as a settlement service provider in August 2012. The Bank will begin to provide settlement services to the Istanbul Gold Exchange on February 4<sup>th</sup>, 2013.

## **Takasbank's organizational structure amendment**

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Takasbank revised its organizational structure in 2012. The Bank's employee title structure was simplified and its organizational structure was revised in order to ensure that new targets and functions were managed more efficiently.

## **Continued efforts in business continuity and information security**

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Launched in 2012, the Business Continuity Management System Improvement Project aims to ensure that Takasbank is always prepared for all types of extraordinary situations that might affect its services and processes, and that the Bank is as agile as possible in responding to problems rapidly.

## **Increasing importance of risk management**

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In 2012, Takasbank added momentum to its efforts to establish systems which would allow the Bank to monitor the credit and market risks that it would undertake due to its position as the central counterparty.

## MESSAGE FROM THE CHAIRMAN



Dear shareholders,

Uncertainties in the global economy persisted in 2012.

The chronic problems affecting the financial structures of some EU members, as well as increasing political uncertainty and inadequate implementation of permanent structural solutions were among the primary factors causing the continued uncertainties in the global economy in 2012.

Despite the measures taken and efforts shown by the European Central Bank, the developments summarized above continued to take a toll on investors' risk appetite, while global economic growth lost momentum in 2012.

Bad assets in the portfolios of banking sectors in some EU countries, which have been languishing amid public finance problems, as well as the contraction in the financial resources of European banks and the new liabilities introduced by the EU concerning capital adequacy have placed extra pressure on banks.

Despite the relatively high rates of growth in the US economy, it was observed that the housing sector and, in particular, the employment market are still a long way from their desired levels. This forced the FED (US Federal Reserve) to announce a 3<sup>rd</sup> easing package. The FED also announced that it would continue to implement such recovery packages until the employment market had reached a stronger level.

Meanwhile, pressure on the US economy was stepped up by the impending curtailment of the tax cuts previously brought in by the Bush administration by the end of 2012 along with expectations that public spending would be cut, raising fears of a "fiscal cliff". Although the consensus reached after long and bitter negotiations between Republicans

The Turkish capital markets continued to grow in 2012, while preparations for the “Istanbul Stock Exchange” and “Istanbul International Financial Centre” projects gained momentum.

and Democrats very early in 2013 was a temporary one, it has provided a solution, allowing concerns related to the US economy to ease slightly.

In 2012, although short-term capital inflows to emerging markets gained momentum in parallel with rising risk appetite by global monetary expansion, they remained volatile. Emerging markets also suffered from falling growth rates, while risks regarding inflation rates and exchange rates grew to be more prominent.

China, the world’s second largest economy and providing the greatest contribution to the average growth rate of emerging markets, also suffered from a declining trend in its growth rate throughout 2012.

The IMF estimates that global GDP grew by 3.2% for 2012, with a moderate improvement to 3.5% in 2013. On the other hand, emerging markets - including Turkey - are projected to demonstrate faster growth than developed countries’ economies, in line with the performance that has generally been observed throughout the global economic crisis.

Notably, the falling risk appetite in the financial markets of emerging economies could also directly affect the Turkish capital markets.

Having rapidly recovered in the post-crisis period after 2008, the Turkish economy is currently influenced by global developments.

Turkey’s economy was marked by a period of economic rebalancing in 2012. During this period, in which the growth composition of the Turkish economy achieved a much better and healthier structure, domestic demand contracted in a controlled manner, while exports began to provide a higher contribution to economic growth.

The recession in the Eurozone has restricted foreign demand and the share of Turkish exports to the EU has fallen. However, the Turkish government’s efforts to find alternative markets have yielded positive results, and there has been a

positive trend in exports to countries in Africa and the Middle East in particular. The current account deficit/GDP ratio, which was 10% at the end of 2011, fell to below 7% by the end of 2012 in parallel with the slowing domestic demand.

Within the scope of its policy mix, the CBRT designed extra tools aimed at supporting financial stability. Between the fourth quarter of 2011 and the middle of 2012, the CBRT applied monetary tightening in specific periods to tackle the fluctuations in the risk appetite and inflation-related risks. As the economic balancing process gained momentum and inflation rates began to decline, the CBRT raised the amount of liquidity it provided to the market and gradually cut funding costs in the second half of 2012.

Turkey’s credit rating was raised to “investment grade” for first time since 1994. Standard&Poor’s (S&P), an international credit rating agency, raised Turkey’s local currency credit rating by two notches to BBB-/A-3 and its foreign currency credit rating to BB/B. Fitch also raised Turkey’s credit rating to “investible” grade in November 2012. It was stressed that this historical yet delayed rating increase was the result of a number of positive developments, such as the decline of financial risks in Turkey, the falling public debt burden and Turkey’s strong banking industry.

2013 is candidate to be a positive year for the Turkish economy with respect to growth, inflation and the current account deficit, and a year when all authorities related to managing the economy strive to steer the economy towards a stable and sustainable growth model, which would be led by both export and domestic demand and supported by the CBRT’s monetary policy.

**Through the “Istanbul International Financial Centre” project, Takasbank is, with its new structure, prepared to attain a place in the global competitive playing field.**

### MESSAGE FROM THE CHAIRMAN

The Turkish capital markets continued to grow in 2012, while preparations for the “Istanbul Stock Exchange” and “Istanbul International Financial Centre” projects gained momentum.

The ISE-100 index climbed by 52.5% YoY in TL terms and ended the year 2012 at 78,208 points. The Istanbul Stock Exchange was the second best performing stock exchange in the world, with a value increase of 61.8% in USD terms. Trading volume on the equity market increased by 10.4% to reach TL 1.390 trillion. On the other hand, the TURKDEX maintained its trend in 2012 following the ISE 30 Index and TL/USD futures contracts. The trading volume in TURKDEX rose by 8.2% YoY to TL 879.6 billion in 2012.

Turkey also witnessed important developments which would shape the future and structure of capital markets in 2012. The Capital Markets Law no. 6362, enacted on December 6<sup>th</sup>, 2012, introduced a series of measures that could be considered as a milestone for the capital markets. According to the new law, the Istanbul Stock Exchange and Istanbul Gold Exchange will continue to operate after they are merged under Istanbul Stock Exchange. Moreover, another step was taken towards horizontal consolidation among the Turkish Capital Markets as the new law provides members of the VOBAS (TURKDEX-Turkish Derivatives Exchange Inc.) with the opportunity to hold shares of Istanbul Stock Exchange over a specific share ratio.

**Takasbank has built strong relationships with foreign institutions and offers them effective and rapid global clearing & settlement and custody services.**

Through the “Istanbul International Financial Centre” project, Takasbank is prepared, under its new structure, to attain a place in the global competitive playing field.

Takasbank will continue to carry out the clearing & settlement transactions of capital market instruments, which will be traded in the new structure to be established after the merger of all Turkish markets under Istanbul Stock Exchange with its broad know-how and experience along with its strong technological infrastructure.

Having grown stronger through the restructuring process that was completed in 2012, Takasbank’s primary goal is to offer effective, uninterrupted and reliable clearing & settlement services at international standards which contribute to Istanbul’s vision of becoming a global financial centre, while also increasing the competitive strength of the Turkish financial markets.

In 2013, Takasbank will become a central counterparty in all derivatives markets as well as in the equity and debt securities markets.

In accordance with the Capital Markets Law and the Communiqué on Istanbul Stock Exchange Listing and Listing Principles, the collateral of the brokerage houses against their exposure to Equity Market risk could also be monitored by Takasbank. In line with its target of becoming the Central Counterparty, our Bank undertakes a range of measures through the central collateral management project, in which the risks of Bank’s clearing members are collectively monitored. Takasbank aims to complete all these efforts by the end of 2013. The Bank aims to switch to the central counterparty practice in the organized derivatives markets in the first half of 2013 and in the equity and debt securities markets by the end of that year.



Takasbank will continue to carry out the clearing & settlement transactions of capital market instruments, which will be traded in the new structure to be established after the merger of all Turkish markets under Istanbul Stock Exchange with its broad know-how and experience along with its strong technological infrastructure.

Takasbank has built strong relationships with foreign institutions and offers them effective and rapid global clearing & settlement and custody services.

In 2012, Takasbank joined forces with different global custody service providers in order to raise the diversity of capital market instruments that it offers global custody services and to ensure that this service is offered to many more markets. In 2012, the average value of capital market instruments kept abroad under the custody of Takasbank increased by 18.4% YoY to € 1.29 billion. The total settlement transaction volume, meanwhile, rose by 17.6% YoY to reach € 5.22 billion.

In and after 2013, Takasbank is determined to strengthen its presence in international capital markets through bilateral and multilateral collaborations.

Takasbank is a reference institution in the region, with Turkey at its centre.

By establishing collaborations with other institutions in the region, Takasbank shares the knowledge and experience that it has built up in the national market, thus expanding Takasbank's regional domain of influence. As necessary infrastructure investments are completed, Takasbank will enrich its service portfolio with different functions and will be positioned as a much stronger international settlement and custody institution.

With determination to reinforce its international position, Takasbank has recently developed areas of cooperation with neighboring countries in the region, including Azerbaijan, Albania and Bosnia-Herzegovina, while pioneering the development of this region.

Dear shareholders,

The Turkish capital markets have entered a new era in 2013. New legislation and regulations have introduced new and contemporary liabilities on all market participants, while launching extremely valuable practices that will support the trust of investors in our country.

As Turkey's central counterparty, we will continue to provide swift, secure and effective services to a growing and globalizing market through our competent human resources and electronic service platform equipped with prevailing technologies.

I would like to take this opportunity to extend my thanks on behalf of myself and our Board of Directors to all of our employees and business partners, who have supported us in demonstrating a strong performance in 2012, which has been an extremely exciting and motivating year in which we implemented a number of important projects.

Yours sincerely,



Dr. Mustafa İbrahim Turhan  
Chairman of the Board of Directors

## MESSAGE FROM THE GENERAL MANAGER



Dear shareholders,

**For Takasbank, 2012 was a year of change and preparation for the future.**

In 2012, a number of key laws, notably the Capital Markets Law, were revised and capital market participants entered a structural transformation process. 2012 was also a year of change for Takasbank.

Inoculating confidence in the markets by offering high-quality, uninterrupted and cost-efficient services since its foundation, Takasbank aims to assume new duties and responsibilities, most notable of which will be its function as a “central counterparty”, in line with the transformation process in its systems in 2012. According to the transformation process in its ecosystem which is considered as a key milestone, Takasbank has continued to take vigorous steps towards its target of becoming a service provider whose services are also preferred by other countries in the region.

**In 2012 Takasbank revised its corporate structure and renewed its identity, notably its vision and mission, in order to set new targets and ensure that these targets are adopted by its employees. The Bank informed all of its shareholders about these changes.**

Within the scope of such a transformation, Takasbank has undertaken a number of efforts to increase the level of corporate loyalty as well as satisfaction of its human resources, who represent its most important asset, in order to ensure that these new targets and functions are managed more efficiently. In addition to the simplification of the employee title structure, we also carried out some extremely important changes concerning our training, salary and performance management systems, which, I believe, will contribute to the satisfaction of our employees

In 2012, a number of key laws, notably the Capital Markets Law, were revised and capital market participants entered a structural transformation process. 2012 was also a year of change for Takasbank.

Our Bank's organizational structure was revised in order to manage its expanding service portfolio more efficiently, while our teams gained an operational structure which would allow them to act in accordance with today's dynamic conditions and Takasbank's future-oriented targets.

We aimed to effectively reflect the comprehensive change in Takasbank's corporate structure and future perspective to its corporate communication instruments, and thus replaced our corporate identity and logo with new ones that would best reflect our Bank's fundamental value - trust - and its future targets.

**In 2012 Takasbank continued to raise its success trend and to offer its shareholders services with high added value.**

Within the scope of its primary strategy, Takasbank continued to offer high-quality, effective, reliable and uninterrupted clearing & settlement, custody and related banking services at international standards throughout 2012.

Another target of Takasbank's services, which we carry out under a cost-oriented approach, is to increase and contribute to the competitive strength of our financial markets.

The financial figures that we achieved in different service sectors in 2012 indicate that Takasbank continued to strengthen its central presence and indispensable position in the Turkish capital markets.

**Highlights of our performance**

**Takasbank offered services to 86 brokerage houses.**

In 2012, the total trading volume realized by 86 brokerage houses in the Istanbul Stock Exchange Equity Market and Emerging Companies Market reached TL 621.47 billion. After the netting procedure, it was understood that Takasbank executed cash settlement of TL 44.35 billion (7.14% of the total trading volume) and equities settlement with a total market value of TL 148.06 billion (23.83% of the total trading volume).

**Increasing effectiveness in TURKDEX**

The total number of TURKDEX members reached 97 by the end of 2012. There was an increase in the number of open positions in TURKDEX parallel to the rise in trading volume during 2012. As of December 31<sup>st</sup>, 2012, the number of open positions in TURKDEX had reached 274,556, while the total market value of open positions had reached TL 2.034 billion. The transaction collateral managed by our Bank amounted to TL 1.317 billion during same period in market value terms.

**Providing custody services to 176 pension funds of 17 pension companies**

Within the framework of the private pension system, which we have been serving since 2003 as a custodian for fund unit shares at beneficial owner basis, our studies continued to expand parallel to the increasing number of private pension fund system participants. As of December 31<sup>st</sup>, 2012, the number of private pension fund accounts, held with private pension companies increased by more than 500,000 YoY and reached to 3,350,552. Takasbank provides custody services to 176 pension funds of 17 pension companies.

**The third largest bank by transaction volume, in terms of the total volume of EFTs sent and received**

In 2012, the CBRT completed both of the two phases of CBRT Payment Systems Restructuring Strategy and Projects. The amendments made through this project were integrated into Takasbank's existing system in due course and without any error, allowing the Bank to keep offering high-quality and uninterrupted services to all of its members.

**The financial figures achieved by Takasbank in 2012 indicate that the Bank continued to strengthen its central presence and indispensable position in the Turkish capital markets.**

## INTRODUCTION

### MESSAGE FROM THE GENERAL MANAGER

In 2012, Takasbank accounted for 8% of Turkey's total EFT transaction volume and 6% of all EFT messages received. With these results, and excluding the EFT transactions carried out by the CBRT, Takasbank ranks as the third largest bank by transaction volume, in terms of the total volume of EFT transactions.

#### **A record high for the Takasbank Money Market in 2012**

In 2012, a total of 80 institutions - 65 of which were brokerage houses, 9 were deposit banks and 6 were development & investment banks - performed transactions in the Takasbank Money Market. The trading volume created in the Takasbank Money Market increased by 86% YoY to TL 180.78 billion in 2012 (equal to USD 100.91 billion, and corresponding to a 76% YoY increase in USD terms).

#### **Our central settlement bank mission in the electricity market...**

Commissioned as the central settlement bank in the Turkish electricity market in December 2011, Takasbank continued to effectively provide services such as day-ahead market settlement, monthly invoices, interest invoices and collateral management throughout 2012. The total market value of the collateral held in our Bank's accounts in relation to the electricity market transactions had reached TL 225 million by December 31<sup>st</sup>, 2012.

#### **Financial performance**

By the end of 2012, Takasbank's total assets reached TL 3.672 billion, while the Bank recorded a net operating profit of TL 69.9 million for the full year, and a net profit of TL 55.2 million. While the strong growth of our net interest revenues was the primary factor supporting the increase in our profit, we also received TL 75.7 million in interest payments from

banks and a total of TL 53 million in fees and commissions collected. Parallel to its renewed organization structure and increasing effectiveness, Takasbank will continue to operate as a profitable and efficient service provider.

#### **In 2012 Takasbank played an active role in the efforts to amend the private pension system regulations.**

In 2012, comprehensive regulatory amendments were carried out in order to trigger the development and growth of the Turkish private pension system. Having played an active role in the preparation of the new regulations, Takasbank also rapidly implemented the related projects in order to integrate the requirements of the regulatory changes into its service processes.

One of the most important activities that we performed within the scope of the private pension system (PPS) was the diversification and increase of effectiveness of the services that we offer to the PPS participants. In 2012, Takasbank completed all measures to ensure that PPS participants are able to access their accounts through the e-state practice and are informed about their accounts through SMS messages. The Bank launched these two practices by the end of the year. Through services such as these, Takasbank will continue to support the PPS and increase its contribution to the system, which is an extremely important instrument for securing the future of our country and our people as well as strengthening the accumulation of national capital.

#### **Takasbank additionally began to offer settlement, risk management and collateral management services for Istanbul Stock Exchange Futures and Options Market transactions as of December 2012.**

In accordance with the Istanbul Financial Centre Strategy and the CMB's decisions, Takasbank began to offer clearing & settlement, risk management and collateral management services for transactions taking place in the Istanbul Stock Exchange Futures and Options Market. Within the scope of such services, Takasbank successfully completed the infrastructure for the real-time monitoring of risks by means of SPAN, an internationally accepted and widely used risk calculation algorithm, and launched the related practices in December.

**By the end of 2012, Takasbank's total assets reached TL 3.672 billion, while the Bank recorded a net operating profit of TL 69.9 million.**

Takasbank has the energy and the capability to fulfill the duties and responsibilities for the future.

#### **We develop and diversify our technologies.**

At the information technology side, which forms the backbone of our business, we have carried out a variety of projects with the purpose of executing settlement and custody transactions in a faster, more effective and efficient manner and in a way that befits the responsibilities we assume. As a result, we have been able to increase customer satisfaction. In this context, I believe that the following projects, prominent among a number of initiatives that we launched in 2012, are crucial for us to keep providing high-quality, reliable, effective and uninterrupted services at international standards and to further increase shareholder satisfaction:

- » Data Base Transformation Project
- » Joint Network Infrastructure Project
- » Business Continuity and Information Security Management Systems Improvement Project

#### **Our basic source of power: Human resources**

Takasbank's employees are its basic strength. By maintaining our identity as one of the building blocks of our national financial markets and as an exemplary service provider in the international arena, we advance with the vision to become an employer preferred by our employees and keep investing in the personal careers and the future of our employees.

Our Bank attaches values to our employees' ideas and encourages a working environment that promotes participation. While we progress with trust in our human resources, we will continue to completely fulfill our mission in the rapidly changing Turkish capital markets with the dedicated efforts and contributions of our employees.

#### **A look to the future**

Within the framework of Turkey's 'Vision 2023', we are prepared to fulfill our duties and responsibilities in line with the targets determined for our capital markets.

Our capital markets will grow rapidly, parallel to the launch of Istanbul Stock Exchange in June 2013 and the development of the Istanbul International Financial Centre project, which aims to make Istanbul one of the world's leading financial capitals. As the potential of a large region, with Turkey at its centre is translated into real performance, Turkey's position will grow stronger as a hub for international investment and this process will leverage Turkey's sustainable growth and development.

Strong institutions and service providers like Takasbank have extremely important responsibilities in ensuring that this process of development is carried out with confidence, efficiency and productivity.

Takasbank has the energy and the capability to fulfill its duties and responsibilities for the future.

I would like to thank all of our employees, who have realized the transformation process that was completed in 2012. As an institution that is taken as a model on a global scale, we will continue to achieve new successes with the contribution and trust of our shareholders.

Yours sincerely,



Murat Ulus  
General Manager and Board Member

# DEVELOPMENTS RELATED TO FINANCIAL MARKETS AND TAKASBANK IN 2012

The global economic activity appeared not to reach the desired levels in 2012. Problems in developed countries affect emerging economies through various channels, putting pressure on global economic growth.

The environment of global uncertainty that followed the crisis remained a key factor in 2012 as well, while the recovery in global economic activity fell short of targets, even by the end of the year. Therefore, developed countries continued to support their economies predominantly through monetary policies, in view of the restrictions on public finance policies.

The decline in growth rates as a result of the recession caused by the uncertain environment in developed countries began to affect emerging economies through a process of transitivity, and thus negatively affecting their growth performance.

With the markets positively perceiving the measures taken by authorities to settle the problems in the global economy, the global economic outlook had inched towards a relatively positive trend by the third quarter of 2012. The additional liquidity being provided by central banks limited the rise in interest rates on bonds and tempered the decline in stock indices and commodity prices.

The increasing risk appetite and an abundance of liquidity have accelerated capital inflows into emerging markets. In order to minimize the potential risks of such a situation on financial stability, the central banks of developing countries began to apply unconventional monetary policies.

**In order to support the macro-economy as well as financial stability, in 2012 the CBRT set up a framework that takes into account the credit volume growth and extreme volatility in the real exchange rate.**

In parallel with the developments summarized above, the CBRT has been implementing a combined policy since 2010 which comprises of the following instruments: the interest rate corridor, liquidity management and reserve requirements. In 2012, the CBRT continued to apply the same combined policy simply by changing the weights of the instruments it uses.

In order to support the macro-economy as well as financial stability, in 2012 the CBRT set up a framework which takes account of the credit volume growth rate and extreme volatility in the real exchange rate. The CBRT also designed a new policy instrument, the "Reserve Options Mechanism" (ROM), in order to support its combined policy and limit the negative impacts of the volatilities in capital inflows on domestic markets throughout the year. Aiming to ensure that banks voluntarily save foreign exchange, the ROM is expected to function as an automatic balancing mechanism for the banking industry against foreign finance shocks through the effective use of such FX savings.

With this new approach taking macroeconomic risks into account, the CBRT limited the increase of domestic demand and paved the way for Turkey's growth composition to gain an envisaged structure by balancing domestic and foreign demand. Thus, there was a gradual narrowing in the current account deficit. Although the inflation rate went up in the first five months of 2012 as a result of the reflection of FX-based cost increases in 2011, it returned back to its falling trend from May to the end of the year, closing 2012 at 6.16%.

In order to limit the risks that credit growth may impose on financial stability, the CBRT continued to apply its combined policy, and other authorities took a variety of measures in addition. These measures and the CBRT's combined policy kept the rate of credit growth at reasonable levels in 2012.

With the ROM envisaging that 90% of all banks' total reserve requirements in Turkish Lira will be kept as gold and FX, banks' need for CBRT-based Turkish Lira liquidity has declined and the CBRT ensured that loan interest rates support economic growth at reasonable levels.



The uncertainty that has dominated the post-crisis global environment remained a key factor in 2012 as well, while the recovery in global economic activity again fell short of the targets, even by the end of the year.

#### YEARLY BREAKDOWN OF TOTAL REVENUES AND FUND TREASURY REVENUES

| Year | Total Revenues<br>(TL, -,000) | Gross Fund Management Revenues<br>(TL, -,000) | Share of Fund Management Revenues<br>(%) |
|------|-------------------------------|---|--|
| 2008 | 95,011                        | 62,209  | 65.5                                     |
| 2009 | 88,318                        | 52,151  | 59.0                                     |
| 2010 | 74,995                        | 37,969  | 50.6                                     |
| 2011 | 96,635                        | 43,814  | 45.3                                     |
| 2012 | 147,238                       | 78,025  | 53.0                                     |

Within the scope of the monetary and FX policy determined for 2013, the CBRT announced to the markets that it would continue to apply an unconventional monetary policy, in addition to implementation of maturity-based reserve requirements. The CBRT determined 4Q/2013 as the period of monitoring of leverage-based reserve requirements, in order to eliminate the risks that may be imposed on financial stability through loan and FX rate channels.

Within the framework of national and global financial developments in 2012, Takasbank acquired results in parallel with the developments in the sector.

As the increasing inflation rate raised the yield curve, the Turkish Lira interest rates with a one year maturity were at 11.50% in the beginning of 2012.

As inflationary pressures on domestic and foreign markets began to decline after May, particularly in line with commodity prices, the CBRT raised the volume of TL in the market through OMO (Open Market Operations) funding beginning from August. As Fitch, an international credit rating agency, increased Turkey's credit rating to the 'investment grade' on November 5<sup>th</sup>, the Turkish Lira interest rates for one year maturities fell to 6.20%.

The changes realized regarding the Turkish Lira yield curve was also reflected to the debt securities markets and deposit interest rates, particularly those with maturities of up to two years. Takasbank's fund management strategy aims to reach the optimal point with a maturity, which is above the yield curve and which provides the highest rate of return with the lowest risk.

Within this framework, Takasbank's Turkish Lira resources are kept predominantly in interbank deposit accounts. As the cost of FX resources is lower than the cost of Turkish Lira resources, Takasbank made active use of the ROM mechanism launched by the CBRT, increasing the daily funding amount by 65% YoY. Takasbank also raised the amount held in interbank deposit accounts in line with the application of the ROM mechanism. Treasury management transactions accounted for 53% of Takasbank's total revenues in 2012.

Within the framework of its clearing, settlement and custody operations, Takasbank also provides interest accumulation service to the guarantee funds, guarantee accounts, transaction collateral of various markets and assets of closed brokerage houses.

In 2012, Takasbank yielded an average rate of return of 7.99% for the above-mentioned guarantee funds, guarantee accounts and transaction collaterals.

As part of its functions, Takasbank continued to accumulate interest on market guarantees, guarantee accounts and funds as well as the transaction collaterals in the Securities Lending Market by following an approach aimed at the management of the most liquid asset, which yields the maximum return and which is the least risky.

There was a YoY increase of 67% in the total transaction volume of all funds and collateral that are subject to evaluation.

## INTRODUCTION

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN 2012 AND THE REASONS THEREOF

In 2012, no amendment was made to the Bank's articles of association.

### TITLES OF REAL AND LEGAL PERSONS HOLDING QUALIFIED SHARES

With a nominal paid-in capital of TL 60 million, all of the share certificates to be issued representing Takasbank Class-A and Class-B shares are registered; the transfer of these shares is permitted only between the ISE, its members and among

- » Existing and future gold, foreign currency, derivatives and stock exchanges and their members and
- » Mutual funds and investment trusts, investment consultancy and asset management institutions, derivatives instruments brokerage houses, institutions that deal with the settlement and custody of capital market instruments, publicly held joint stock companies whose shares are traded in organized markets (all of these institutions, agencies and companies must be founded in accordance with the Capital Markets Law) and
- » Private pension companies that are founded in accordance with the Law on Private Pension Saving and Investment System.

No single shareholder, except for the ISE, may directly or indirectly own shares that exceed 5% of the Bank's capital.

The 2.000 Class-A shares held at Takasbank are exclusively owned by the ISE and are non-transferable. No other Class-A shares may be issued as part of a capital increase and the ownership of Class-A shares, with a nominal value of TL 200 each, entitles the ISE to four seats on the Board of Directors at the Bank.



### CHANGES IN THE BANK'S CAPITAL AND SHAREHOLDING STRUCTURE DURING THE REPORTING PERIOD

The Bank's primary shareholders and shareholding structure as of December 31<sup>st</sup>, 2011 and December 31<sup>st</sup>, 2012 are shown in the following table:

| Order | Shareholder                             | Current Period              |               | Previous Period             |               |
|-------|---|-----------------------------|---------------|-----------------------------|---------------|
|       |   | Paid-in Capital (TL, -,000) | (%)           | Paid-in Capital (TL, -,000) | (%)           |
| 1     | Istanbul Stock Exchange                 | 21,992                      | 36.65         | 19,575                      | 32.625        |
| 2     | Tacirler Yatırım Menkul Değerler A.Ş.   | 3,000                       | 5.00          | 10                          | 0.017         |
| 3     | T. Sınai Kalkınma Bankası A.Ş.          | 3,000                       | 5.00          | 3,000                       | 5.000         |
| 4     | Phillip Capital Menkul Değerler A.Ş.    | 3,000                       | 5.00          | 3,000                       | 5.000         |
| 5     | Yapı Kredi Yatırım Menkul Değerler A.Ş. | 2,915                       | 4.86          | 2,915                       | 4.858         |
| 6     | T.C. Ziraat Bankası A.Ş.                | 2,915                       | 4.86          | 2,915                       | 4.858         |
| 7     | T. Garanti Bankası A.Ş.                 | 2,915                       | 4.86          | 2,915                       | 4.858         |
| 8     | Türkiye İş Bankası A.Ş.                 | 2,915                       | 4.86          | 2,915                       | 4.858         |
| 9     | Türkiye Vakıflar Bankası T.A.O.         | 2,915                       | 4.86          | 2,915                       | 4.858         |
| 10    | Others (71 Shareholders)*               | 14,433                      | 24.05         | 19,840                      | 33.067        |
|       | <b>Total</b>                            | <b>60,000</b>               | <b>100.00</b> | <b>60,000</b>               | <b>100.00</b> |

\* In the "Others" row, of the 24.05% shares, 19.89% shares belongs to a total of 60 brokerage houses and the remaining 4.16% shares belongs to a total of 11 banks.

As of December 31<sup>st</sup>, 2012, Takasbank had 80 shareholders. The ISE, the only shareholder with a stake of more than 10% in the Bank, holds 36.65% of the shares, corresponding to TL 21,992,000 of the capital.

36.65% of the Bank's shares are held by the Istanbul Stock Exchange (ISE). Within the framework of principles set forth in the Statutory Decree no. 91 published in the duplicated copy no: 18183 of the Official Gazette dated: October 6<sup>th</sup>, 1983, the ISE is a legal entity (public institution) which was founded with the purpose of ensuring that the capital markets play an active role in Turkey's economic development. The ISE is a government institution possessing legal personality and is responsible for keeping the records

of the transactions related to the securities traded on the stock exchange and confirming and proclaiming the prices of such securities in order to make sure that the stock exchange operates in a transparent, regular and honest way. As of December 31<sup>st</sup>, 2012, the Bank's privileged shares, with a nominal value of TL 200 each, are held by the Istanbul Stock Exchange.

The changes that took place in the sharing holding structure during the current period are shown below:

| Former Shareholder         | New Shareholder                           | Share Value | Rate (%) |
|----------------------------|---|-------------|----------|
| Hak Menkul Kıymetler A.Ş.  | Phillip Capital Menkul Değerler A.Ş.      | 3,000,000   | 5.0000   |
| Deha Menkul Kıymetler A.Ş. | Tacirler Yatırım Menkul Değerler A.Ş.     | 2,990,000   | 4.9833   |
| Birleşik Fon Bankası A.Ş.  | Istanbul Stock Exchange                   | 1,288,273   | 2.1471   |
| İktisat Bankası A.Ş.       | Istanbul Stock Exchange                   | 593,853     | 0.9898   |
| Med Menkul Değerler A.Ş.   | Istanbul Stock Exchange                   | 524,384     | 0.8730   |
| Ekol Menkul Değerler A.Ş.  | Istanbul Stock Exchange                   | 10,000      | 0.0167   |
| Deha Menkul Kıymetler A.Ş. | Piramit Menkul Kıymetler A.Ş.             | 10,000      | 0.0167   |
| Mira Menkul Değerler A.Ş.  | Renaissance Capital Menkul Değerler A.Ş.  | 5,000       | 0.0083   |
| Değer Menkul Değerler A.Ş. | Saxo Capital Markets Menkul Değerler A.Ş. | 1,000       | 0.0017   |

#### TITLES AND SHARES OF REAL AND LEGAL PERSONS HOLDING MORE THAN 10% OF THE CAPITAL

As of December 31<sup>st</sup>, 2012, Takasbank had 80 shareholders. The ISE, the only shareholder with a stake of more than 10% in the Bank, holds 36.65% of the shares, corresponding to TL 21,992,000 of the capital.

#### INFORMATION ON SHARES HELD BY THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE BOARD OF AUDITORS, THE GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS

The Chairman and Members of the Board of Directors of Takasbank, Members of the Auditing Board, the General Manager and Assistant General Managers do not own any shares in the Bank.



# TAKASBANK'S ACTIVITIES IN 2012

## CLEARING, SETTLEMENT AND COLLATERAL MANAGEMENT SERVICES

### ISE EQUITIES MARKET

#### Takasbank provided service to 86 brokerage houses

In 2012, the total trading volume realized by 86 brokerage houses in the Istanbul Stock Exchange Equity Market and Emerging Companies Market reached TL 621.47 billion. After the netting procedure, it was understood that Takasbank executed cash settlement of TL 44.35 billion (7.14% of the total trading volume) and equities settlement with a total market value of TL 148.06 billion (23.83% of the total trading volume)

In 2012, gross settlement was applied to the shares of 17 companies within the framework of the Gross Settlement System established for shares traded on the Free Trade Platform and for shares for which the netting process had been removed by the ISE's Automatic Session Stopping System.

In 2012, Takasbank undertook revisions to the gross settlement system applied in equity and investor basis and launched the revised system in order to ensure that the Gross Settlement System could also be applied on member basis as well.

### MONTHLY AVERAGE DAILY TRADING VOLUMES IN THE ISE EQUITY MARKET

| Month     | Stock Exchange Trading Volume (TL, million) | Net Settled Cash (TL, million) | Net Settled Equities (TL, million) | ISE-100 Index |
|-----------|---|--------------------------------|------------------------------------|---------------|
| January   | 2,017.00                                    | 159.30                         | 479.47                             | 57,171.34     |
| February  | 2,722.69                                    | 175.40                         | 624.11                             | 60,721.23     |
| March     | 2,750.11                                    | 185.30                         | 624.43                             | 62,423.04     |
| April     | 2,779.76                                    | 160.89                         | 590.37                             | 60,010.42     |
| May       | 2,311.23                                    | 157.66                         | 534.56                             | 55,099.33     |
| June      | 2,276.21                                    | 191.57                         | 595.92                             | 62,543.49     |
| July      | 2,031.10                                    | 160.81                         | 515.90                             | 64,259.54     |
| August    | 1,953.50                                    | 151.24                         | 513.78                             | 67,367.95     |
| September | 2,166.70                                    | 175.59                         | 580.88                             | 66,396.71     |
| October   | 2,313.25                                    | 166.56                         | 572.08                             | 72,528.97     |
| November  | 3,058.61                                    | 211.49                         | 662.71                             | 73,058.51     |
| December  | 3,183.01                                    | 213.55                         | 757.08                             | 78,208.44     |

# Moving Forward Under Challenging Circumstances...

Continuing to grow along with the Turkish economy's strong dynamics, despite the ongoing global economic crisis, Takasbank as the indispensable institution of our capital markets, is focused on sustaining its operations and functions, in line with the development of the markets and with the support of its competencies, even under challenging circumstances.





CLEARING, SETTLEMENT AND COLLATERAL MANAGEMENT SERVICES

ISE DEBT SECURITIES MARKET

Increase in private sector debt securities transactions in 2012...

In 2012, the total trading volume in the Repurchase-Reverse Repurchase Market and the Outright Purchases and Sales Market, which are under the ISE Debt Securities Market, stood at TL 6,827.66 billion. The total volume of debt securities issued by the private sector was TL 7.2 billion.

As a result of the multilateral netting process, Takasbank executed cash settlement of TL 1,021.07 billion (14.95% of the total trading volume) and securities settlement amounting to TL 3,756.78 billion (55.02% of the total trading volume).

Takasbank also provides corporate actions transaction services for the Government Debt Securities and Private Sector Debt Securities for which it provides custody services. Information regarding the redemption payments / coupon payments of debt securities and the breakdown of the total balances of Government Debt Securities and Private Sector Debt

Securities safe-kept by Takasbank are set out in the table below in yearly basis.

Government Debt Securities being monitored on beneficial-owner basis...

In accordance with the resolution of the Capital Markets Board (CMB) meeting no: 28 and dated: August 25<sup>th</sup>, 2011, Government Debt Securities were monitored on beneficial-owner basis beginning from June 30<sup>th</sup>, 2012.

The following projects were put in practice after the necessary system infrastructure integration work was completed:

- » Transfer of securities through the EFT (Electronic Fund Transfer)/ESTS (Electronic Securities Transfer System) between the Central Securities Depository of Turkey (MKK) and Takasbank
- » Enabling the Government Debt Securities held in customers' sub-accounts in MKK to be subject to Real Time Gross DVP Settlement
- » Integration of collateral ("Government Debt Securities" and similar collateral) provided from customer accounts in the

MONTHLY AVERAGE DAILY TRADING VOLUMES IN THE ISE DEBT SECURITIES MARKET (2012)

| Month     | Stock Exchange Trading Volume (TL, million) | Net Securities Settlement (TL, million) | Net Cash Settlement (TL, million) |
|-----------|---|---|-----------------------------------|
| January   | 30,217.98                                   | 17,264.07                               | 4,748.07                          |
| February  | 30,338.85                                   | 15,430.33                               | 3,909.87                          |
| March     | 25,554.22                                   | 14,533.60                               | 3,859.09                          |
| April     | 29,527.48                                   | 17,794.71                               | 4,506.59                          |
| May       | 26,559.09                                   | 13,124.67                               | 3,692.38                          |
| June      | 29,148.35                                   | 14,619.67                               | 3,963.88                          |
| July      | 30,116.01                                   | 15,375.46                               | 4,055.49                          |
| August    | 28,249.60                                   | 14,881.71                               | 4,455.10                          |
| September | 24,948.45                                   | 13,636.07                               | 4,185.55                          |
| October   | 22,994.23                                   | 13,729.42                               | 3,491.04                          |
| November  | 23,803.47                                   | 14,558.25                               | 4,098.57                          |
| December  | 22,215.20                                   | 13,241.27                               | 3,475.24                          |

YEARLY DEVELOPMENT OF CUSTODY BALANCE OF GOVERNMENT AND PRIVATE SECTOR DEBT SECURITIES

| GOVERNMENT DEBT SECURITIES |                                       |                                    |                                     |
|----------------------------|---------------------------------------|------------------------------------|-------------------------------------|
|                            | Average Nominal Balance (TL, million) | Average Market Value (TL, million) | Average Market Value (USD, million) |
| 2008                       | 38,908.52                             | 34,173.06                          | 22,596.75                           |
| 2009                       | 42,795.09                             | 39,459.17                          | 26,206.53                           |
| 2010                       | 41,072.65                             | 40,126.52                          | 25,955.06                           |
| 2011                       | 48,650.41                             | 48,541.25                          | 25,460.93                           |
| 2012                       | 49,818.44                             | 50,686.38                          | 28,433.96                           |
| 2008-2012 Average          | 44,249.02                             | 42,597.28                          | 25,730.65                           |



In 2012, the total trading volume in the Repurchase-Reverse Repurchase Market and the Outright Purchases and Sales Market, which is under the Istanbul Stock Exchange Debt Securities Market, was TL 6,827.66 billion. The total volume of Debt Securities issued by the private sector was TL 7.2 billion.

|                          | PRIVATE SECTOR DEBT SECURITIES (TL, million) Daily Average Nominal |
|--------------------------|--|
| 2008                     | 10.84  |
| 2009                     | 9.21   |
| 2010                     | 244.11   |
| 2011                     | 3,538.99   |
| 2012                     | 7,086.38   |
| <b>2008-2012 Average</b> | <b>2,177.90</b>  |

MKK to the Takasbank Cash Loan and Securities Lending Market, the Turkish Derivatives Exchange and the ISE Derivatives Market) into Takasbank's system.

#### Revisions in Takasbank's Debt Securities System

Within the framework of the Communiqué, Serial: V, No: 131, published by the CMB, and the Repurchase Transactions Circular of the CBRT, on October 1<sup>st</sup>, 2012 it was made mandatory that brokerage houses and banks notify Takasbank of the repurchase and reverse repurchase transactions that they perform in any platform other than the ISE, as well as those repurchase and reverse repurchase transactions which had been performed in previous days but had subsequently been canceled before maturity; and to keep the securities subject to such transactions in Takasbank. Within this scope, the necessary revisions were undertaken in Takasbank's debt securities system by paying maximum attention such that no additional operational burden was imposed on brokerage houses.

#### Equity Repo Market

Equity Repo Market was established under the ISE Debt Securities Market in order to allow, within an organized market, the execution of repurchase transactions that equities may be subject to and the delivery of such equity to the buyer during the transaction period. In order to perform the settlement of these transactions, within the framework of the integration between Takasbank, the ISE and the MKK, the Bank completed the necessary revisions and launched the required software to carry out the clearing, settlement, default, cash/securities set-off transactions in December 2012.

Moreover, within the scope of new regulations introduced in 2012 concerning the operation of capital markets:

- » In accordance with the "Communiqué on the Principles of Use of Collaterals Deposited by Asset Management Companies", Serial: V, No: 130, published on the Official Gazette no: 28232 and dated: March 13<sup>th</sup>, 2012, Takasbank

#### REDEMPTION/COUPON PAYMENTS OF GOVERNMENT AND PRIVATE SECTOR DEBT SECURITIES IN 2012

|                 | Government Debt Securities (TL, million) | Private Sector Debt Securities (TL, million) |
|-----------------|--|--|
| Redemption      | 11,175.70                                | 10,457.59                                    |
| Coupon Payments | 2,344.06                                 | 122.73                                       |

- completed the revisions that would allow, in addition to government debt securities and letters of guarantee, cash in Turkish Lira to be blocked as collateral on March 16<sup>th</sup>, 2012;
- » In accordance with the amendment to the "Circular on the Principles for the Operation of ISE Bonds/Bills Market", Takasbank began to accept private sector debt securities and cash (TL) as a provision for value decreases/increases. The Bank undertook the necessary revisions such that Takasbank was able to monitor the collaterals given for the reason stated above and yield a return on cash collateral;
- » The necessary revisions were undertaken such that Takasbank could complete the settlement transactions of both TL and FX denominated lease certificates (Sukuk) issued by the Undersecretariat of Treasury and traded in the ISE Debt Securities Market.

#### TURKISH DERIVATIVES EXCHANGE (TURKDEX)

**In 2012, the number of open positions in TURKDEX was 274,556, while the total market value of open positions reached TL 2,034 billion.**

The total number of members of the Turkish Derivatives Exchange (TURKDEX) had reached 97 as of the end of 2012. There was an increase in the number of open positions in TURKDEX parallel to the increase in trading volume in 2012.

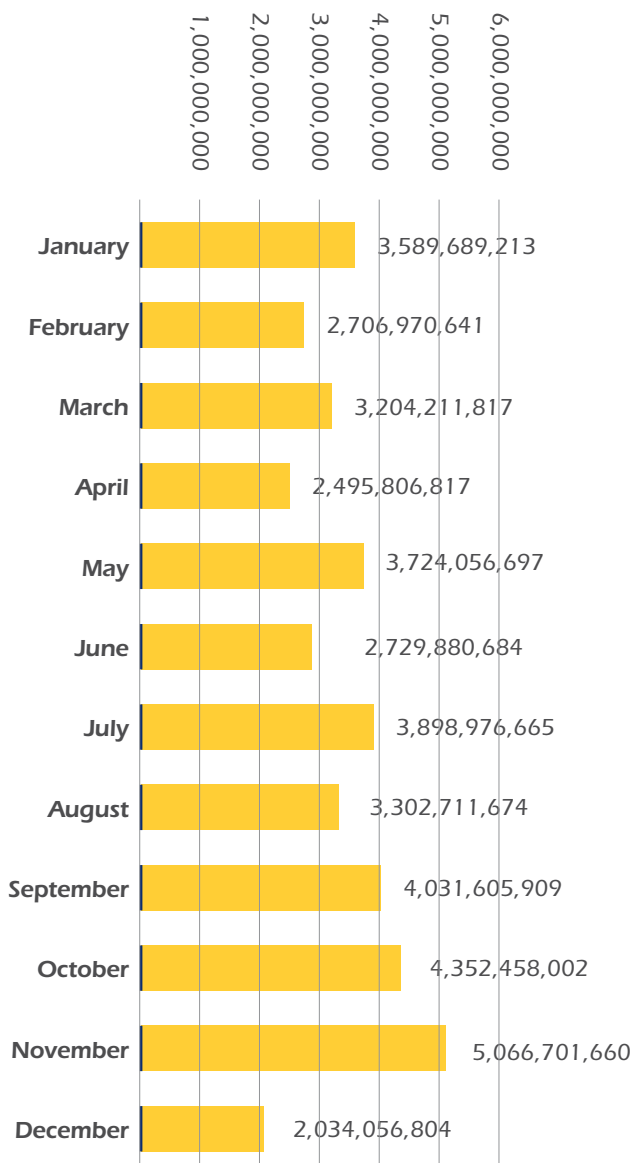
As of December 31<sup>st</sup>, 2012, the number of open positions in TURKDEX was 274,556, while the total market value of open positions increased to TL 2,034 billion. The total number of open accounts in TURKDEX stood at 81,192 as of December 31<sup>st</sup>, 2012.

At the end of the year, the sum of contributions from TURKDEX settlement members to the Guarantee Fund was TL 108,020,492. Out of this amount, TL 30,076,537 comprised of cash contributions in Turkish Lira.

The value of TURKDEX transaction collateral managed by Takasbank equaled to TL 1,317,238,123 as of 2012.

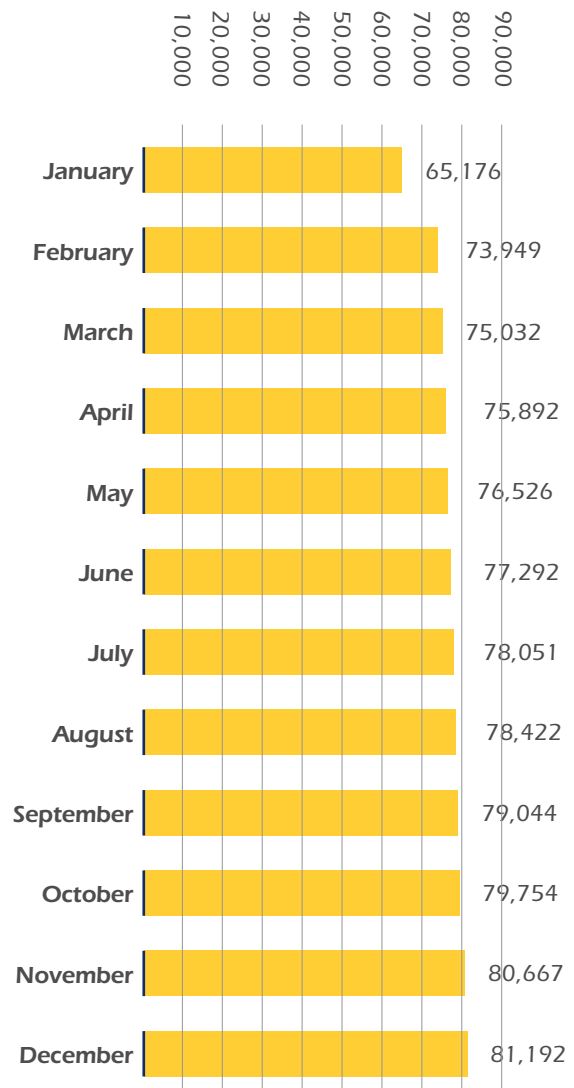
CLEARING, SETTLEMENT AND COLLATERAL MANAGEMENT SERVICES

VALUE OF OPEN POSITIONS IN TL - 2012



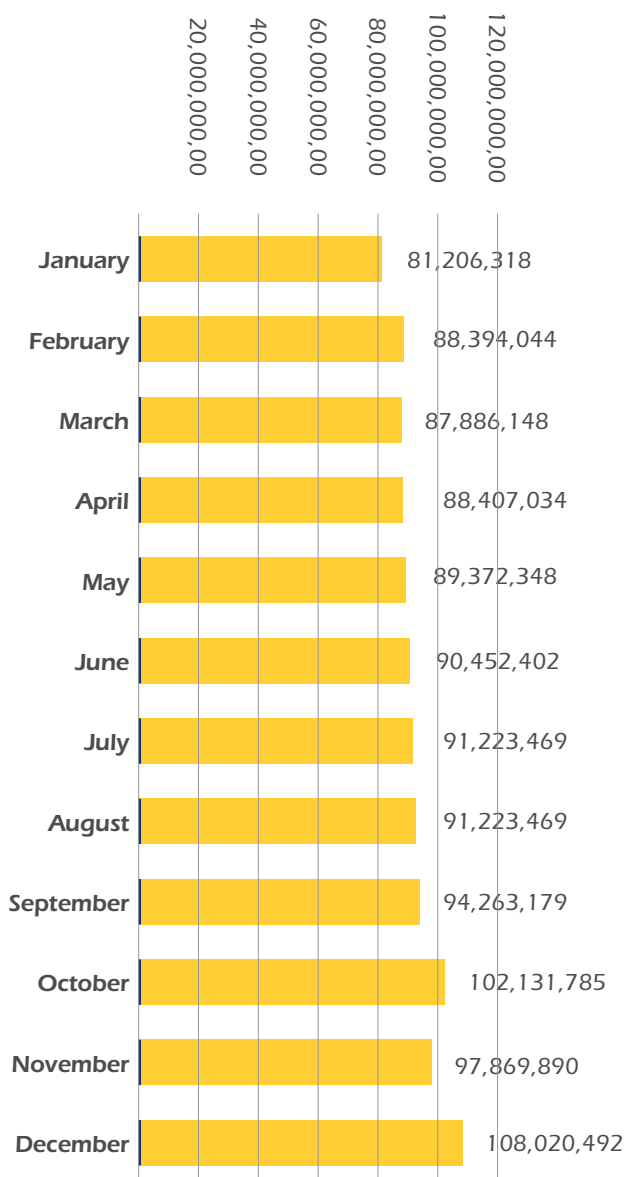
\*Month end value

NUMBER OF OPEN ACCOUNTS - 2012\*



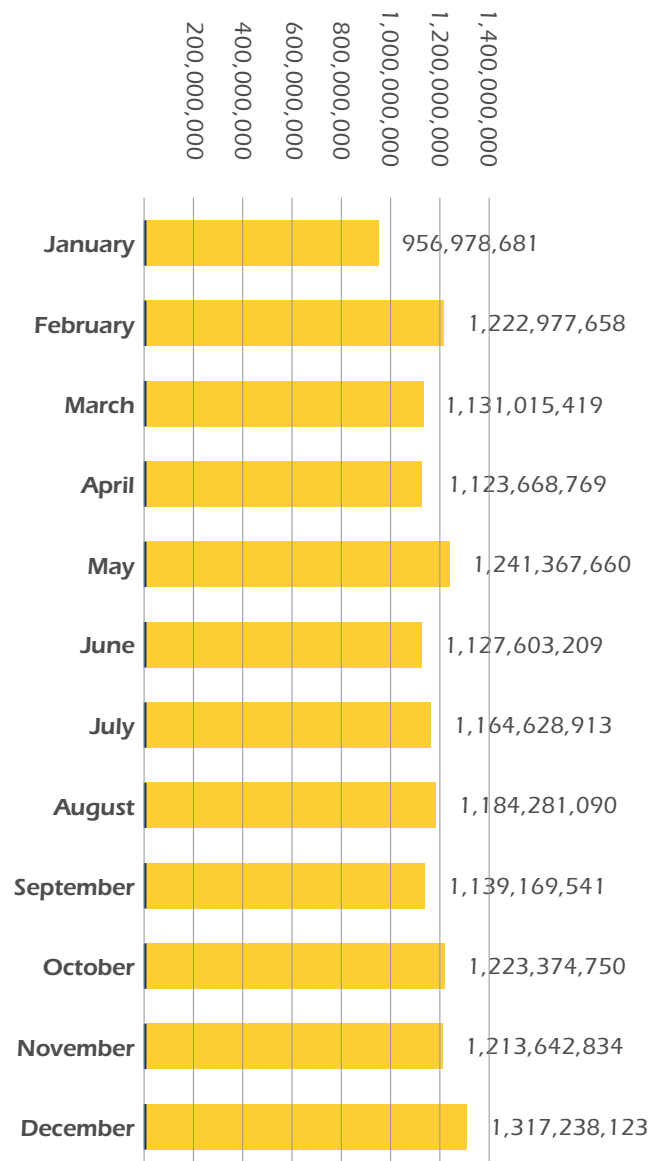
The total number of the Turkish Derivatives Exchange (TURKDEX) members had reached 96 by the end of 2012. There was an increase in the number of open positions in TURKDEX parallel to the rise in trading volume during 2012.

**SIZE OF TURKDEX GUARANTEE FUND  
(TL NOMINATED) - 2012**



\*Month end value

**TURKDEX TRANSACTION COLLATERAL - 2012**



### CLEARING, SETTLEMENT AND COLLATERAL MANAGEMENT SERVICES

#### ISE Futures and Options Market

Takasbank began to offer clearing, settlement, risk and collateral management services for transactions in the Istanbul Stock Exchange Futures and Options Market in December 2012.

In accordance with Article 28 referring to the development of derivatives market, of the Istanbul Financial Centre Strategy and Action Plan, in accordance with the Istanbul Stock Exchange Futures and Options Market Regulation published in the Official Gazette no: 28470 and dated: November 17<sup>th</sup>, 2012, and upon CMB's decision, Takasbank began to offer clearing, settlement, risk and collateral management services for the transactions in the Istanbul Stock Exchange Derivatives Market in December 2012.

Within the scope of such services, Takasbank decided to perform the real-time monitoring of risks by means of SPAN (Standard Portfolio Analysis of Risk), which is an internationally accepted and widely used risk calculation algorithm. Takasbank completed its studies for SPAN parameter identification and SPAN parameter file creation; and launched the related practices as of December 2012.



On the last week of 2012, Takasbank - the Settlement Agency of the Istanbul Stock Exchange Futures and Options Market - began to provide the following services: opening of accounts to be traded on the Istanbul Stock Exchange, the management of transaction and guarantee fund collateral, interest accrual on cash collaterals, real-time post-transaction risk management through SPAN, real-time pre-order risk management through SPAN for risky accounts, position set-up and follow-up, profit/loss calculation, realization of margin calls, physical delivery, physical delivery default and accrual transactions of share options as well as collateral default and accrual transactions, etc.

A total of 32 members were accepted for Istanbul Stock Exchange Futures and Options Market clearing membership in 2012, with a total of 706 accounts opened as of December 31<sup>st</sup>, 2012. As of that date, the number of open positions in stock futures was 2,892 and the number of stock options was 1,650.

At the end of the year, the sum of contributions from members of the Istanbul Stock Exchange Futures and Options Market to the Guarantee Fund was TL 14,373,788. Out of this amount, TL 2,854,273 comprised of cash contributions in Turkish Lira. The value of Derivatives Market transaction collaterals managed by Takasbank equaled to TL 5,399,149.

#### PRECIOUS METALS MARKET CLEARING AND SETTLEMENT SERVICES PROJECT

Effective from February 4<sup>th</sup>, 2013, Takasbank will perform the cash settlement transactions in markets operating under Istanbul Gold Exchange.

Within the scope of the project of providing service through a joint electronic settlement platform by gathering all stock exchanges under a single roof in accordance with the Capital Markets Law and within the framework of the Istanbul International Financial Centre project, Takasbank was authorized by Istanbul Gold Exchange as a clearing and settlement service provider in August 2012.

Following the completion of the efforts required for the establishment of the new structure that would allow the execution of cash settlement and collateral transactions, on February 4<sup>th</sup>, 2013 Takasbank will begin to carry out cash settlement and collateral transactions under a fully automated system through the accounts held with the correspondent bank of Takasbank.

In 2013, Takasbank plans to assume the role to be a central counterparty in the ISE Equity and Debt Securities Markets in addition to the ISE Futures and Options Market.

## ELECTRICITY MARKET

### Central settlement mission

Authorized in December 2011 as a central settlement bank for the transactions performed in the Turkish electricity market in December 2011, Takasbank continued to provide cash settlement and collateral management services to a total of 609 participants during the course of 2012. Information pertaining to the transactions carried out in 2012 is shown in the table below.

The total market value of the collateral held in accounts at Takasbank in relation to electricity market transactions amounted to TL 225,302,676 as of December 31<sup>st</sup>, 2012. The collateral held in the Bank comprises of a group of government debt securities worth TL 706,591, USD 512,392, € 144,500 and cash TL 223,342,872.



## WORK CONDUCTED FOR THE CENTRAL COUNTERPARTY PRACTICE

In 2013, Takasbank plans to assume the role to be a central counterparty in the Istanbul Stock Exchange Equity and Debt Securities Markets, as well as the Istanbul Stock Exchange Futures and Options Market.

In 2012, the Bank continued studies to determine the types and valuation methods of collateral by means of a new collateral calculation method for the markets operated by the ISE. Takasbank will assume the role of a "Central Counterparty" for those markets that are deemed appropriate.

- » Numerical effect studies for stock and derivatives markets,
- » Analysis of related regulations abroad, particularly EU regulations,
- » Determination of general principles with respect to the Central Counterparty practice, and
- » Launching of regulation studies in line with the general principles

are some of the activities performed by Takasbank, while the analysis and application development efforts for the project are still ongoing.

Takasbank aims to implement the central counterparty mechanism in the Istanbul Stock Exchange Futures and Options Market in the first half of 2013 and in the Istanbul Stock Exchange Equity and Debt Securities Markets by the end of 2013.

## MONTHLY TOTAL SETTLEMENT TRANSACTION VOLUMES OF DAY-AHEAD MARKET (ADVANCE) AND NON-SETTLEMENT MARKET (INVOICE) (2012)

|                      | Day-Ahead Market (advance) (TL) | Non-Settlement Market (invoice) (TL) |
|----------------------|---------------------------------|--------------------------------------|
| January              | 1,186,196,686                   | 1,368,298,815                        |
| February             | 1,848,424,433                   | 1,915,742,229                        |
| March                | 990,972,474                     | 982,055,703                          |
| April                | 909,775,082                     | 1,028,109,271                        |
| May                  | 1,247,241,168                   | 1,082,402,519                        |
| June                 | 1,056,171,948                   | 1,072,156,946                        |
| July                 | 1,642,787,819                   | 1,634,566,704                        |
| August               | 1,471,410,971                   | 1,518,430,522                        |
| September            | 1,351,210,363                   | 1,074,906,299                        |
| October              | 1,162,984,210                   | 851,517,418                          |
| November             | 1,099,324,118                   | 978,282,344                          |
| December             | 1,320,884,727                   | 1,287,586,539                        |
| <b>Total of 2012</b> | <b>15,287,384,004</b>           | <b>14,794,055,309</b>                |



In 2012, Takasbank continued to develop Leveraged Buying and Selling Transaction Applications, which had been launched and offered to Takasbank members in 2011. The Bank also introduced new regulations that would enable the effective and productive management of this market.

### LEVERAGED BUYING AND SELLING TRANSACTIONS

In 2012, Takasbank continued to develop Leveraged Buying and Selling Transaction Applications, which were launched and offered for the use of Takasbank members in 2011. The Bank also introduced new regulations that would enable the more effective and productive management of this market.

The revisions implemented on July 16<sup>th</sup>, 2012, which were determined by analyzing the business flows and interaction between market makers and brokerage houses, ensure that brokerage houses submit information about their customers to Takasbank, while the collaterals of investors regarding these transactions are kept at Takasbank without making brokerage houses to face the burden of double collateralization.

As of the year end, in the leveraged buying and selling transactions market - which consists of 21 market makers and 2 brokerage houses - collateral worth about TL 140 million was being kept in approximately 17,000 accounts that had been opened.

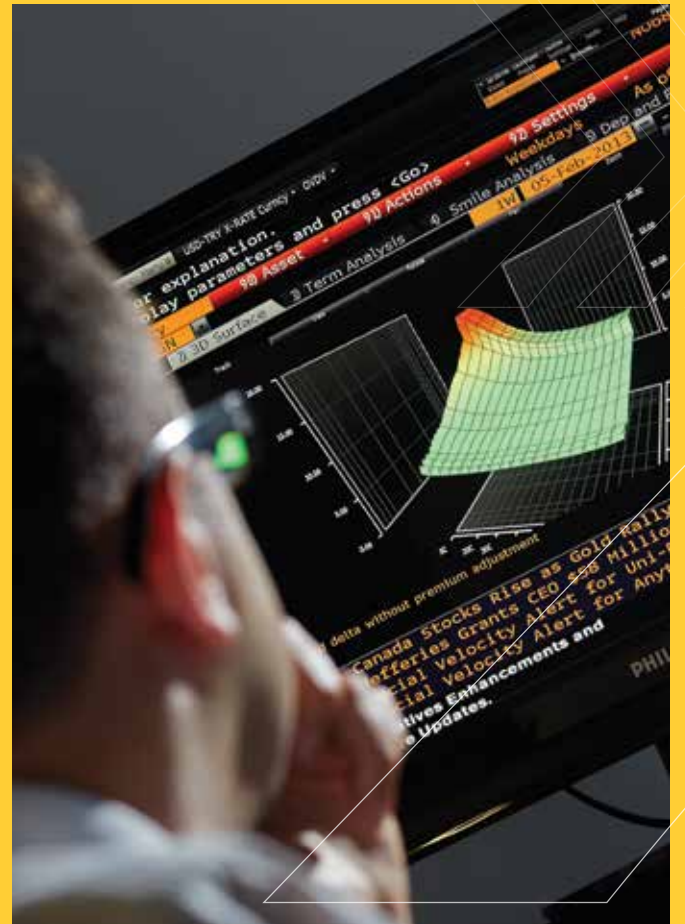
### DEVELOPMENT OF DERIVATIVES INSTRUMENTS

In accordance with the article concerning the development of derivatives as part the Istanbul Financial Centre Strategy and Action Plan:

- » Options and single stock futures contracts began to be traded on December 21<sup>st</sup>, 2012 with the opening of the ISE Derivatives Market.
- » Takasbank maintained its studies to establish related regulations as well as the clearing, settlement and transaction infrastructure concerning the derivatives products traded in over-the-counter markets.

### "CLEARING AND SETTLEMENT SERVICES FOR ELECTRONIC COMMODITY CERTIFICATES" PROJECT

The first phase of the project regarding Takasbank executing the clearing and settlement of electronic commodity certificates, which will be traded on the Izmir Commodity Exchange Electronic Platform, was completed. In the first phase, work was completed on the clearing and settlement of cotton-based electronic commodity certificates, including the work done for the identification of the commodity certificate within Takasbank's system, the creation of the ISIN (International Securities Identification Number) code and the execution of clearing and settlement transactions of electronic commodity certificates through Takasbank RTGS DvP system. Takasbank carried out joint tests with the Izmir Commodity Exchange in 2012 and prepared the system to be ready for the transactions.





# Moving Forward for More Effective Services...

During the transformation process, Takasbank is renewing and strengthening its system infrastructure; transforming its processes and technologies such that it provides services more effectively and efficiently; and increasing its competencies in such areas as business continuity, information security and R&D. Takasbank is also assuring its leadership through new services and operating with the vision of becoming a highly competitive institution that is taken as a reference model.



## CUSTODY SERVICES

### PRIVATE PENSION FUND SYSTEM ACTIVITIES

#### Takasbank provides custody services to 176 pension funds of 17 pension companies.

Within the framework of Article 17 of the Law on Private Pension Savings and Investment System and Articles 28, 29 and 31 of the Communiqué on the Principles Concerning the Establishment and Activities of Pension Mutual Funds, Takasbank has been serving private pension companies as a custodian.

As of December 31<sup>st</sup>, 2012, the number of accounts held in private pension companies, and which include private pension funds, had reached 3,350,552, an increase of 510,993 compared to the end of 2011. 17 pension companies held a total of 176 pension funds with Takasbank as of December 31<sup>st</sup>, 2012.

In 2012, comprehensive regulatory changes were undertaken in the private pension system (PPS). Takasbank played an active role in the preparation of the new regulations and ensured that the regulatory amendments were reflected to its services provided for the pension companies.

#### Raising the effectiveness of services provided with TakasNET

Since 2003, participants of the private pension system have had the opportunity to monitor the fund shares in their personal accounts held with Takasbank.

Participants can obtain information about the value of their fund portfolios in terms of number of fund shares or market value by getting connected to the TakasNET system, which can be accessed through Takasbank's website. Within the scope of efforts aiming to develop the private pension system, a variety of works were launched in 2012 in order to develop TakasNET and to make sure that the PPS participants can access their accounts through the e-government practice and discretionary SMS messages are sent to participants in the event of access/exit in their accounts. In 2012, Takasbank made a mutual protocol with Türksat A.Ş., an authorized institution, in order to make sure that the PPS participants can make use of the authentication service of the e-government system during connection to Takasbank.

Accordingly, the private pension system participants would be able to check through Takasbank's website the current values of the funds in their personal accounts and the government contributions transferred to their accounts. Moreover, the willing customers can request to get informed about the changes in their daily balances in their accounts through SMS and/or e-mail and about the changes in their monthly balances and the monthly fund values through e-mail. The Bank's new web practice including these innovations was made to be available for participants as of the beginning of 2013.

### PHYSICAL SECURITIES TRANSACTIONS

Within the scope of dematerialization practices, Takasbank carried out its efforts, on behalf of MKK, throughout 2012 for the physical receipt of equities and mutual funds participation certificates that are listed on the ISE and monitored in the dematerialized system of MKK.

In 2012, Takasbank physically received 274,512 equities and 187 mutual funds participation certificates with a total nominal value of TL 91,883,009.08 to be dematerialized. As of end-year, 28,549,534 equities and 8,790,410 mutual funds participation certificates with a total nominal value of TL 31,509,994,540 which are monitored in the dematerialized system of MKK are safe-kept at Takasbank's vaults.

Takasbank still carries out the cancelation-destruction of the equities that are monitored in the dematerialized system of MKK and aims to complete these efforts in the first quarter of 2013. The number of equities to be destroyed accounts for about 98% of the total nominal value of the equities physically safe-kept at Takasbank's vaults.

### COLLATERAL AGENCY SERVICES FOR MORTGAGE FINANCING FIRMS

In 2012, Takasbank continued to provide services for the receipt, checking and custody of mortgage loan certificates as a collateral agency. Within this framework, Takasbank received a total of 1,618 loan files per year. The total number of files received by Takasbank has thus reached 1,850 as of December 31<sup>st</sup>, 2012. The average loan amount per file was TL 88,000.

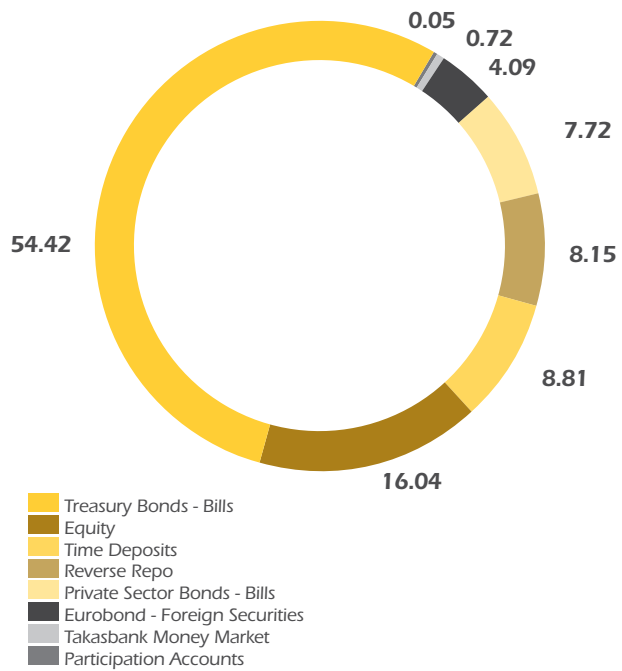
As of December 31<sup>st</sup>, 2012, the number of accounts held in private pension companies, including private pension funds, had reached 3,350,552, marking an increase of 510,993 for the year.

**COLLECTIVE INVESTMENT SCHEMES**

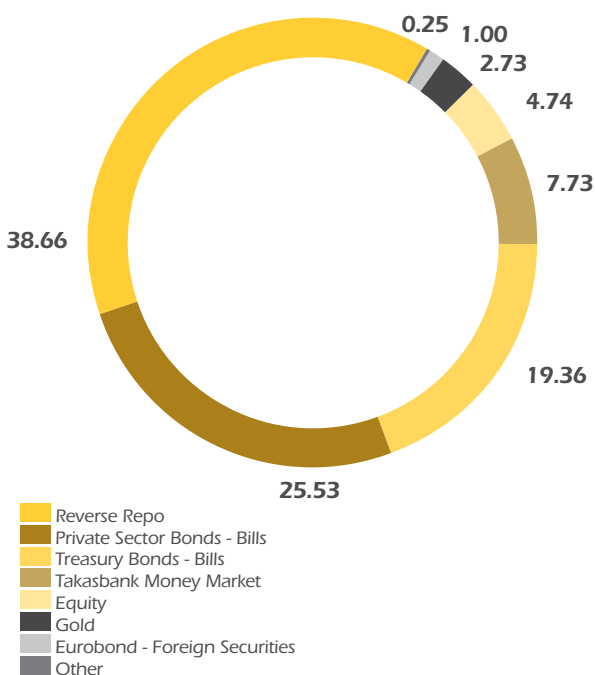
During the course of 2012, Takasbank continued to offer the following services to the collective investment schemes in accordance with the related regulations and authorization of CMB: custody services; establishment of the necessary system for the notification of assets safe-kept outside Takasbank; correction of any differences that are identified after comparing the unit share values entered by these schemes into Takasbank's system to the number of shares in circulation and fund portfolio values; and reporting of such information to CMB on a daily basis.



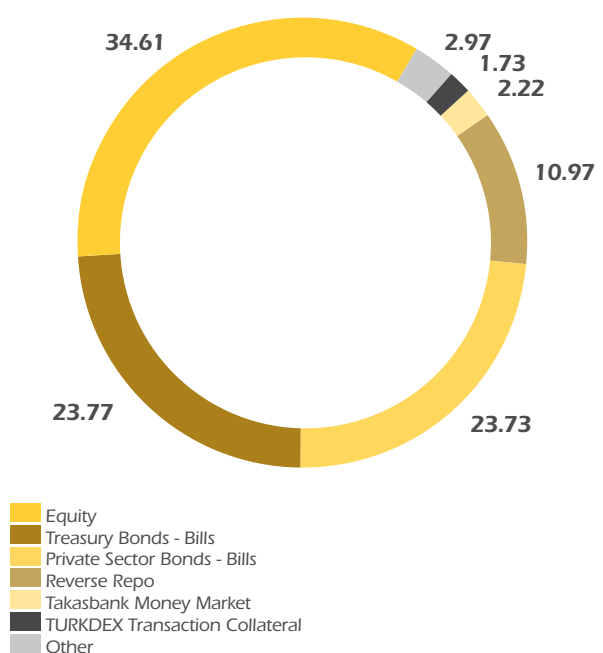
**BREAKDOWN OF PRIVATE PENSION FUND ASSETS AS OF DECEMBER 31<sup>ST</sup>, 2012 (%)**



**MUTUAL FUNDS PORTFOLIO BREAKDOWN AS OF DECEMBER 31<sup>ST</sup>, 2012 (%)**



**BREAKDOWN OF INVESTMENT TRUST ASSETS AS OF DECEMBER 31<sup>ST</sup>, 2012 (%)**



## ASSET TRANSFER SERVICES

### ASSET TRANSFER SERVICES

In 2012, securities with a total market value of TL 253.26 billion and cash with the amount of TL 251.82 billion were transferred through Takasbank's Real Time Gross DvP Settlement System, which allows for the simultaneous transfer of cash and securities. Of these transactions, TL 3.37 billion consisted of settlement-defined Real Time Gross DvP Settlement transfers. In addition, free transfer transactions with a total market value of TL 23.57 billion were performed by corporate investors.

Since 2007, as the result of the integration of the Real Time Gross DvP Settlement system into the SWIFT system, those institutions that are SWIFT members have been able to submit their orders for Real Time Gross DvP Settlement through SWIFT, while such SWIFT orders are directly accepted by the Real Time Gross DvP Settlement System. In 2012, 60.58% of the orders were submitted to the Real Time Gross DvP Settlement system through the SWIFT system.

The Real Time Gross DvP Settlement System allows institutions to perform pre-matching in an electronic environment. In 2012, 69.49% of all transfer orders were Real Time Gross DvP Settlement orders with a forward value date, which are entered into the system through Takasbank screens or the SWIFT system for the aim of pre-matching starting from day T.

### MONTHLY TOTAL NUMBER OF TRANSFER TRANSACTIONS (2012)

| Months            | Free Transfers (TL, billion) | Real Time Gross DvP Settlement (TL, billion) | Total Transfers (TL, billion) |
|-------------------|------------------------------|--|-------------------------------|
| January-February  | 3.82                         | 38.78  | 42.60                         |
| March-April       | 3.87                         | 38.60  | 42.48                         |
| May-June          | 3.66                         | 42.05  | 45.70                         |
| July-August       | 3.51                         | 34.89  | 38.40                         |
| September-October | 3.34                         | 38.86  | 42.20                         |
| November-December | 5.37                         | 60.09  | 65.46                         |
| <b>Total</b>      | <b>23.57</b>                 | <b>253.26</b>                                | <b>276.84</b>                 |

### MONTHLY AMOUNTS OF ORDERS SUBMITTED THROUGH THE SWIFT SYSTEM (2012)

| Month        | Total Amount of Orders (TL, billion) | Total Amount of Orders Submitted through the SWIFT System (TL, billion) | SWIFT / Total (%) |
|--------------|--------------------------------------|---|-------------------|
| January      | 37.14                                | 22.60   | 60.84             |
| February     | 39.85                                | 23.81   | 59.74             |
| March        | 44.21                                | 26.75   | 60.51             |
| April        | 32.99                                | 19.77   | 59.92             |
| May          | 40.40                                | 24.87   | 61.57             |
| June         | 43.38                                | 26.81   | 61.81             |
| July         | 36.33                                | 22.10   | 60.82             |
| August       | 32.97                                | 19.80   | 60.07             |
| September    | 38.03                                | 22.83   | 60.04             |
| October      | 39.26                                | 24.23   | 61.71             |
| November     | 67.06                                | 40.01   | 59.67             |
| December     | 52.06                                | 31.56   | 60.62             |
| <b>Total</b> | <b>503.68</b>                        | <b>305.14</b>   | <b>60.58</b>      |

### MONTHLY NUMBERS OF REAL TIME GROSS DVP SETTLEMENT TRANSFER TRANSACTIONS WITH FORWARD VALUE DATE (2012)

| Month        | Total Number of Orders | Number of Orders with a Forward Value Date | Orders with a Forward Value Date/ Total Number of Orders (%) |
|--------------|------------------------|--|--|
| January      | 81,158                 | 60,712                                     | 74.81  |
| February     | 86,594                 | 65,415                                     | 75.54  |
| March        | 94,704                 | 66,430                                     | 70.14  |
| April        | 85,590                 | 51,711                                     | 60.42  |
| May          | 86,794                 | 60,024                                     | 69.16  |
| June         | 95,856                 | 62,276                                     | 64.97  |
| July         | 96,394                 | 59,764                                     | 62.00  |
| August       | 84,442                 | 54,635                                     | 64.70  |
| September    | 85,188                 | 60,601                                     | 71.14  |
| October      | 74,998                 | 54,704                                     | 72.94  |
| November     | 93,288                 | 68,645                                     | 73.58  |
| December     | 87,268                 | 66,300                                     | 75.97  |
| <b>Total</b> | <b>1,052,274</b>       | <b>731,217</b>                             | <b>69.49</b>   |



In 2012, a total amount of TL 193,832,939 worth of funds were traded in the Turkish Electronic Fund Distribution Platform. The total number of member brokerage houses on this platform increased to 51, while the number of traded funds reached 122.

#### **TURKEY ELECTRONIC FUND DISTRIBUTION PLATFORM**

In 2012, a total amount of TL 193,832,939 worth of funds were traded in the Turkish Electronic Fund Distribution Platform, which enables the trading and settlement of mutual funds participation certificates through an electronic platform, thus expanding the distribution network of these participation certificates, and contributing to the development of the fund industry and thus, the capital markets. The total number of member brokerage houses on this platform increased to 51, while the number of traded funds reached 122.

In 2012, Takasbank carried out a number of activities aimed at increasing the effectiveness of the platform. To this end, Takasbank and the ISE completed their joint efforts in order to ensure that platform members are able to submit orders through the ISE ExAPI system. This practice is planned to be launched in the first quarter of 2013.

#### **STOCK EXCHANGE TRADED FUNDS**

In 2012, Takasbank facilitated the creation and redemption of exchange traded fund shares by adding silver to the exchange traded funds based on precious metals and US G-bonds to the exchange traded funds based on public debt securities.

#### **CASH TRANSFERS**

**In 2012 Takasbank recorded the third highest transaction volume in terms of the total volume of EFTs sent and received.**

Within the scope of payment and transfer services in local currency, Takasbank offers services provided through CBRT's Payment Systems (EFT, EST-Electronic Securities Transfer, RPS-Retail Payment System and BS-Bidding System) - for the use of its members, and also utilizes these systems in its services. Within the framework of the "CBRT Payment Systems Restructuring Strategy and Projects", launched by the CBRT and the first phase of which was completed in 2012, Takasbank integrated all the amendments made through

this project into Takasbank's existing system in due course and without any error, allowing the Bank to keep offering high-quality and uninterrupted services to all of its members. Takasbank continues its efforts in accordance with the schedule set by CBRT for the aforementioned project.

Providing brokerage houses with the opportunity to connect to the EFT and EST systems through the Takasbank Electronic Transfer System (TETS), Takasbank has an important place within the EFT system through its other services and the synergy created by TETS. In 2012 Takasbank ranked third among banks (excluding the CBRT) by transaction volume in terms of the total volume of EFTs sent and received in Turkey.

#### **TOTAL NUMBER AND AMOUNT OF INCOMING/ OUTGOING EFT MESSAGES BETWEEN 2010 AND 2012**

| Year | Incoming / Outgoing | Total Number | Total Amount (TL, million) |
|------|---------------------|--------------|----------------------------|
| 2010 | Outgoing            | 308,861      | 1,280,053                  |
|      | Incoming            | 160,051      | 1,292,283                  |
| 2011 | Outgoing            | 326,199      | 1,376,393                  |
|      | Incoming            | 187,570      | 1,402,426                  |
| 2012 | Outgoing            | 378,786      | 1,935,127                  |
|      | Incoming            | 211,143      | 1,963,963                  |

#### **BIDDING OFFERS SUBMITTED THROUGH THE TAKASBANK ELECTRONIC TRANSFER SYSTEM BETWEEN 2010 AND 2012**

| Year | Number of Bidding Offers | Nominal Value of Bidding Offers |
|------|--------------------------|---------------------------------|
| 2010 | 440                      | 939                             |
| 2011 | 134                      | 364                             |
| 2012 | 64                       | 187                             |

# INTERNATIONAL SETTLEMENT AND CUSTODY SERVICES

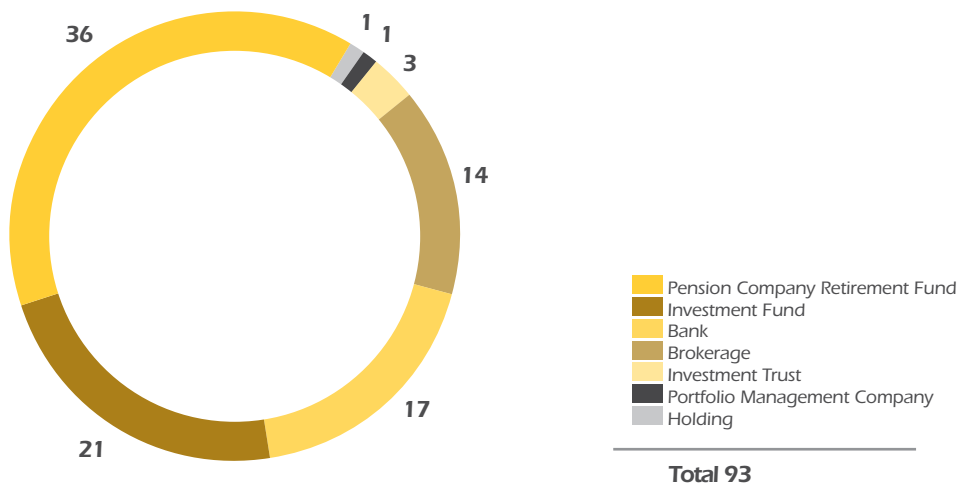


**INTERNATIONAL SETTLEMENT AND CUSTODY SERVICES**  
 Takasbank provides international settlement and custody services to both domestic and foreign institutions through its overseas custody accounts and its SWIFT membership.

International custody services cover settlement, custody and corporate action services offered for the capital markets instruments that are traded in foreign markets. The Bank also carries out cash transactions as part of settlement services.

Takasbank has begun to collaborate with different global custodians and ICSDs (International Central Securities Depository) in order to increase the diversity of capital market instruments for which international custody services are provided, as well as to ensure that these services are available to many more markets. In 2012 Takasbank completed all transactions for account opening at Citibank London Global Custody Window and reached the final stage in the completion of transactions for account opening at SIX SIS/ Switzerland and Clearstream Banking/Luxemburg. Takasbank continues to provide service in this area through its account based relationships with Euroclear Bank, and the National Bank of Greece for the equities in Greece.

NUMBER OF MEMBERS RECEIVING GLOBAL CUSTODY SERVICES





In 2012, the average value of capital market instruments in international custody rose by 19.55% YoY reaching to EUR 1.31 billion.

In 2012, the average value of capital market instruments in international custody rose by 19.55% YoY reaching to € 1.31 billion. The total value of securities whose settlement was finalized in 2012 increased by 26% and reached € 5.61 billion. As of December 2012, there were 93 open member accounts in the Euroclear Bank.

In 2012 Takasbank continued its efforts to improve post-trade processes within the framework of collaboration between exchanges. Within this scope, Takasbank expanded its international custody service network and began to provide settlement and custody services for the securities traded in the markets in Japan, Korea and Egypt.

Takasbank also carried out a series of measures for the establishment of the post-trade infrastructure with post-trade institutions in respect to depositary receipts and the cross listing of exchange traded funds. The Bank launched various joint efforts with the Korean Securities Depository (KSD), Japan Securities Depository Center (JASDEC) and Misr for Central Clearing, Depository and Registry (MCDR).

#### **DOMESTIC SETTLEMENT AND CUSTODY SERVICES** **Takasbank provides domestic settlement and custody services for foreign financial institutions trading in Turkish capital markets.**

Takasbank provides domestic settlement and custody services for foreign financial institutions. Within the scope of this service, foreign institutions may open custody accounts with Takasbank, and may utilize the custodian banking services covering settlement, settlement-related cash transfer activities, corporate actions regarding the securities in the custody accounts. Accordingly, they are able to receive the relevant reporting and tax services.

As the founder and operator of the RTGS DVP System, Takasbank has ensured full automation with the SWIFT system through RTGS DVP System. As such, settlement orders submitted by foreign customers through the SWIFT system are directly brought under the RTGS DVP System, where settlement transactions are conducted in a reliable and efficient environment. Takasbank offers all these services in a cost-efficient manner, taking its customers' interests into account.

Within the scope of efforts for the international "Istanbul International Financial Centre" project, Takasbank designed and completed, in conjunction with MKK, the project of submittal of corporate action notifications through the SWIFT system and ensured that the information announced in the Public Disclosure Platform is simultaneously submitted to market members through SWIFT messages, so as to improve the capital markets infrastructure and to ensure the straight through processing.



## TAKASBANK MARKETS AND CASH CREDITS

### CASH CREDITS

**Volume of cash credits provided to brokerage houses surges by five times, with loan interest revenues almost four times higher on the year.**

- » The daily average amount of cash loans supplied by Takasbank to a total of 24 brokerage houses rose by 518% YoY from TL 20.7 million to TL 127.9 million, thanks to the promotion activities carried out throughout 2012, as well as the competitive interest rates offered by the Bank and the flexibility and ease of implementation in collateral.
- » The cash credit interest revenues generated by Takasbank rose by 388% YoY from TL 2.4 million in 2011 to TL 11.5 million in 2012. The maturities of the cash loans supplied by Takasbank are predominantly in the overnight category.
- » The number of brokerage houses signing pledge contracts in order to offer securities as collateral for cash credits rose by 6% from 647 in 2011 to 684 in 2012.

### AVERAGE CASH CREDIT PLACEMENTS AND LOAN INTEREST REVENUES IN 2012

| Month        | Average Placements (TL) | Interest Revenues (TL) |
|--------------|-------------------------|------------------------|
| January      | 136,307,387             | 1,313,683              |
| February     | 158,152,534             | 1,231,544              |
| March        | 167,911,452             | 1,465,037              |
| April        | 114,969,633             | 1,040,679              |
| May          | 113,785,710             | 1,073,085              |
| June         | 112,764,300             | 1,000,166              |
| July         | 135,905,710             | 1,004,478              |
| August       | 109,282,806             | 694,867                |
| September    | 95,329,533              | 573,094                |
| October      | 122,940,194             | 675,219                |
| November     | 166,010,700             | 853,728                |
| December     | 102,079,935             | 569,832                |
| <b>Total</b> | <b>127,850,430</b>      | <b>11,495,412</b>      |

### SECURITIES LENDING MARKET

At the end of 2012, a total of 89 intermediary institutions were entitled to trade in the Securities Lending Market with a total of 247 representatives. In 2012, a total of 19,808 lending contracts were undertaken by 74 intermediary institutions from the accounts of 2,661 customers, 42 mutual funds and 99 intermediary institutions' portfolios. This compares with a daily average of 252 orders and 78 contracts in 2012.

### SECURITIES LENDING MARKET DATA IN 2012

|                         | Total            | Average       |
|-------------------------|------------------|---------------|
| Number of Orders        | 63,836           | 252           |
| Number of Contracts     | 19,808           | 78            |
| Number of Transactions  | 606,296,480.00   | 2,396,428.77  |
| Transaction Volume (TL) | 2,937,424.407.80 | 11,610,373.15 |

- » In 2012, transaction volume in the Securities Lending Market reached TL 2.9 billion (USD 1.6 billion), while a total transaction number of 606 million were subject to the lending transaction.
- » The total volume of lending transactions undertaken by funds and investment trusts rose by 27% from TL 901 million in 2011 to TL 1.14 billion in 2012. The share of lending transactions performed by funds and investment trusts in the overall lending transactions increased from 33% in 2011 to 39% in 2012.
- » With respect to the Securities Lending Market, Takasbank undertook changes in the utilization of the option of returning securities back to the lender as coupons in the event that the pre-emptive rights associated with the securities that are lent are not utilized by the lender. The Bank brought these changes into practice in February 2012.
- » In the first months of 2012, Takasbank added advertisement brochures on the Securities Lending Market to the notifications sent by MKK to customers, in order to establish direct contact with brokerage houses that are Takasbank members. In this vein, about 60,000 stock investors with a balance over a specific limit in their accounts are directly informed about the Securities Lending Market.

Cash loan interest revenues generated by Takasbank rose by 388% YoY from TL 2.4 million in 2011 to TL 11.5 million in 2012.

#### BREAKDOWN OF TOTAL NUMBER OF TRANSACTIONS IN THE SECURITIES LENDING MARKET BY INDEX (2012)

| 2012   | ISE-30      | ISE 100<br>(Excluding ISE-30) | National Market<br>(Excluding ISE-100) | Exchange Mutual<br>Funds | Total       |
|--------|-------------|-------------------------------|--|--------------------------|-------------|
| Number | 517,246,784 | 63,247,830                    | 25,798,115                             | 3,751                    | 606,296,480 |

In July 2012, Takasbank completed its efforts to create reports with respect to the monitoring duty assigned to Takasbank within the scope of market monitoring activities conducted by the CMB. With the completion of all preparations, the Bank began to prepare CMB Monitoring Reports. Prepared with the purpose of protecting investors in the markets and raising their confidence, the Monitoring Reports are regularly submitted to the CMB on a monthly basis.

#### SECURITIES LENDING MARKET INDICATORS - 2012

| 2012      | Transaction<br>Volume (TL) | Number of<br>Transactions | Number of<br>Trading Members |
|-----------|----------------------------|---------------------------|------------------------------|
| January   | 149,870,056,96             | 37,088,590                | 58                           |
| February  | 192,217,326,91             | 39,574,029                | 58                           |
| March     | 251,858,766,09             | 58,824,938                | 61                           |
| April     | 227,462,640,70             | 53,138,407                | 59                           |
| May       | 209,173,036,26             | 50,693,268                | 60                           |
| June      | 216,530,709,37             | 49,492,415                | 54                           |
| July      | 245,107,722,93             | 56,899,065                | 59                           |
| August    | 297,618,783,32             | 53,891,291                | 58                           |
| September | 320,043,472,95             | 61,235,337                | 52                           |
| October   | 265,837,637,37             | 50,941,205                | 57                           |
| November  | 263,790,479,87             | 45,085,080                | 52                           |
| December  | 297,913,775,07             | 49,432,855                | 54                           |

Article 24 of the Istanbul International Financial Centre Strategy and Action Plan envisages the development of securities lending mechanisms.

For this purpose, Takasbank launched efforts in 2009, which continued in 2012, aimed at developing the Securities Lending Market in cooperation with respective institutions. The most important element of these efforts was that Takasbank would become a central counterparty in the Securities Lending Market. Takasbank completed all of its efforts regarding this issue and concentrated on legislative work by the end of December 2012 after the Capital Markets Law took effect. Becoming a central counterparty in the Securities Lending Market in 2013, Takasbank will incur non-cash loan risks from the market transactions. For this reason, intermediary institutions seeking to trade in this market can do so only within the limits allocated to them by Takasbank.

Takasbank also completed its efforts in another significant area: launching the practice for open orders, which can be recalled at a time of choosing by members in the Securities Lending Market. As Takasbank becomes a central counterparty in the market, it plans to launch the open order practice, probably in the first half of 2013.

| Month     | Number of Traded<br>Securities | Total Number of<br>Contracts |
|-----------|--------------------------------|------------------------------|
| January   | 125                            | 1,491                        |
| February  | 121                            | 1,703                        |
| March     | 145                            | 1,885                        |
| April     | 119                            | 1,533                        |
| May       | 136                            | 1,401                        |
| June      | 133                            | 1,634                        |
| July      | 138                            | 1,763                        |
| August    | 110                            | 1,590                        |
| September | 112                            | 1,657                        |
| October   | 134                            | 1,679                        |
| November  | 107                            | 1,653                        |
| December  | 128                            | 1,819                        |



## TAKASBANK MARKETS AND CASH CREDITS

### TAKASBANK MONEY MARKET

The trading volume created in the Takasbank Money Market reached its record-high level in 2012, increasing by 86% YoY to TL 180.78 billion (equal to USD 100.91 billion, corresponding to a 76% YoY increase in USD terms).

### AVERAGE DAILY TRANSACTION VOLUMES IN TAKASBANK MONEY MARKET

| Month     | Average Transaction Volume (TL) | Average Number of Transactions |
|-----------|---------------------------------|--------------------------------|
| January   | 420,859,864                     | 437                            |
| February  | 557,669,000                     | 496                            |
| March     | 633,725,091                     | 526                            |
| April     | 663,777,400                     | 549                            |
| May       | 748,932,727                     | 536                            |
| June      | 748,686,524                     | 535                            |
| July      | 716,621,955                     | 532                            |
| August    | 822,635,350                     | 538                            |
| September | 817,772,600                     | 554                            |
| October   | 888,154,800                     | 549                            |
| November  | 806,953,682                     | 532                            |
| December  | 776,188,952                     | 517                            |

### TAKASBANK MONEY MARKET TRANSACTION VOLUME

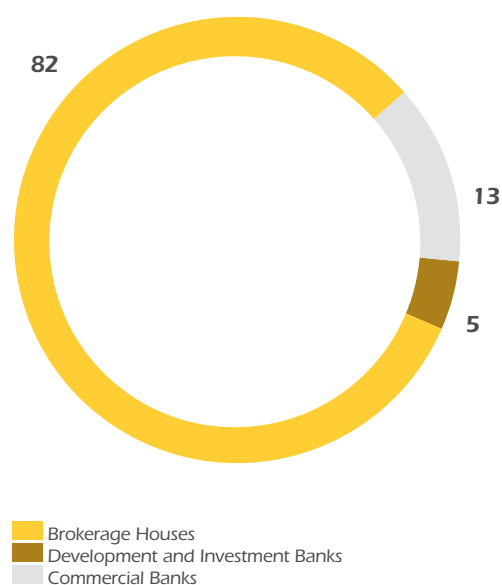
| Month     | Transaction Volume (TL, -,000) |
|-----------|--------------------------------|
| January   | 9,258,917                      |
| February  | 11,711,049                     |
| March     | 13,941,952                     |
| April     | 13,275,548                     |
| May       | 16,476,520                     |
| June      | 15,722,417                     |
| July      | 15,765,683                     |
| August    | 16,452,707                     |
| September | 16,355,452                     |
| October   | 17,763,096                     |
| November  | 17,752,981                     |
| December  | 16,299,968                     |

» In 2012, a total of 80 institutions - 65 of which were brokerage houses, 9 were deposit banks and 6 were development & investment banks, performed transactions in the Takasbank Money Market.

» The trading volume created in the Takasbank Money Market reached a record high in 2012, increasing by 86% YoY to TL 180.78 billion (equal to USD 100.91 billion, corresponding to a 76% YoY increase in USD terms). The average transaction size increased by 14% YoY to TL 1.36 million.

» The average daily transaction volume stood at TL 715 million (equal to USD 399 million). The total number of transactions increased by 62.8% YoY to 132,741, with an average of 525 transactions each day during 2012.

### TAKASBANK MONEY MARKET TRANSACTIONS VOLUME (%)



The trading volume created in Takasbank Money Market increased by 86% YoY to reach a record-high of TL 180.78 billion (equal to USD 100.91 billion, corresponding to a 76% YoY increase in USD terms).

#### AVERAGE DAILY WEIGHTED INTEREST RATES (%)

| Month     | TMM<br>(Takasbank<br>Money<br>Market) | Repurchase-<br>Reverse<br>Repurchase<br>and<br>Interbank<br>Repurchase<br>Market | CBRT<br>Funding Cost |
|-----------|---------------------------------------|--|----------------------|
| January   | 10.74                                 | 11.04  | 8.87                 |
| February  | 9.24                                  | 9.20   | 7.62                 |
| March     | 9.86                                  | 9.56   | 8.15                 |
| April     | 10.29                                 | 10.20  | 8.75                 |
| May       | 10.55                                 | 10.30  | 9.75                 |
| June      | 10.22                                 | 10.06  | 9.15                 |
| July      | 8.22                                  | 7.98   | 8.05                 |
| August    | 6.66                                  | 6.10   | 6.76                 |
| September | 6.08                                  | 5.49   | 6.14                 |
| October   | 5.96                                  | 5.20   | 5.80                 |
| November  | 5.81                                  | 5.21   | 5.69                 |
| December  | 5.84                                  | 5.45   | 5.57                 |

- » Takasbank conducted promotional activities in order to raise the number of intermediary Institutions, funds and investments trusts trading in the market. The total trading volume created by funds and investment trusts in the Takasbank Money Market rose by 97.12% YoY, from TL 65 billion in 2011 to TL 128 billion in 2012. The number of mutual funds and investments trusts that actively trade in this market increased from 452 in 2011 to 471 in 2012.
- » Takasbank completed its efforts in July 2012 to create reports with respect to the monitoring duty assigned to Takasbank within the scope of market monitoring activities conducted by the CMB. With the completion of all preparatory work, the Bank began to prepare CMB Monitoring Reports. Prepared with the purpose of protecting investors in the markets and raising their confidence, the Monitoring Reports are regularly submitted to the CMB on a monthly basis.
- » Because the gradually increasing importance of effective risk management in capital markets, in 2012 the Bank completed its preparatory work for the Maximum Net Debt Balance (MNDB) practice, which aims to raise the

effectiveness of risk management practices by allowing payments to be made over a specific term in the Takasbank Money Market. Along with the MNDB practice, Takasbank also completed all preparations in 2012 regarding the "Blocked Sales Order", a new type of order that can be submitted by members who cannot sell their securities due to the MNDB practice or have no sale limit because of purchase or sale risks, members who are not allocated any credit limit and members who trade on behalf of funds and/or their customers. The MNDB and Blocked Sales Order practices will be launched in January 2013.

#### FINANCIAL ANALYSIS AND RISK MONITORING

As central settlement institutions represent the only regulatory, monitoring and audit authorities under the Capital Markets Law no. 6362, in 2012 Takasbank stepped up efforts to establish systems which would allow the Bank to monitor the loan risks that it would assume due to its position as the central counterparty. Efforts to revise position limits on a member and customer basis by also taking options transactions into account are under way.

Takasbank's rating system was revised and restructured in 2011. Upper limits that can be allocated for each institution are determined by means of a study performed twice a year by using financial statements and corporate introduction forms, principle information forms, protested bill records, equities, transaction volumes in debt securities and futures markets, TL balances under custody, the final status of accounts opened on behalf of customers and default information and other intelligence concerning companies and company news which is reported in the visual and written media. In 2012, Takasbank revised the current limits of 28 banks and brokerage houses on a total of 37 occasions.





## TAKASBANK IN INTERNATIONAL MARKETS

### INTERNATIONAL REPRESENTATION AND PRESENTATION

**With its renewed vision and mission, Takasbank targets to operate more actively in the international arena.**

In order to achieve this target, during the course of 2012, the Bank hosted representatives from foreign institutions, participated in international conferences and supported some of these conferences through sponsorship .

The 16<sup>th</sup> European Conference was held by the Financial Management Association (FMA) in Istanbul between June 6<sup>th</sup>-8<sup>th</sup>, 2012. A number of notable economists and academics participated in the conference comprising of 88 sessions, where the primary topic was the decision making process in financial markets. Takasbank participated in the conference both as a sponsor and speaker, providing participants with information on clearing & settlement, custody and central counterparty practices at the Takasbank stand as well as through panels.

Takasbank was also among the sponsors of the Turkish Derivatives Conference, held between November 13<sup>th</sup>-14<sup>th</sup>, 2012 in Istanbul, which was attended by representatives from derivatives markets across the world, international investment banks, brokerage firms, individual investors, research companies, data vendors and academicians. Technological regulations in derivative markets, trends in investor preferences and the developments in the Turkish capital markets were discussed during the event. In this conference, where the Bank also attended in the capacity of a speaker, Takasbank's efforts related to the settlement of derivatives transactions were shared with participants. At the Takasbank stand, investors were given information on settlement and custody services, and presentation documents were handed out.

### RELATIONS WITH INTERNATIONAL CAPITAL MARKETS

Targeting to become an institution with services fulfilling international standards and being preferred by regional countries in the new era, Takasbank shares its know-how and experience on national and international platforms with the other clearing, settlement and depository institutions operating in the region and works in close collaboration with them.

A committee from the KSD (Korean Securities Depository), the Korean central settlement and depository institution, visited Takasbank on March 5<sup>th</sup>, 2012. During this visit, the "Information Exchange, Training and Technical Support Agreement" was signed between Takasbank and KSD with respect to the fund distribution platforms operated by the respective parties.

On April 3<sup>rd</sup>-4<sup>th</sup>, 2012, Takasbank signed a "Memorandum of Understanding" with SIX Securities Services Group (SIX x-clear and SIX SIS). Following the signing of the agreement which aims to ensure the exchange of information and know-how between the two parties concerning the central counterparty system as well as international settlement and custody services, consecutive workshops were held in Istanbul and Zurich concerning technical details and opportunities for cooperation.

Between July 22<sup>nd</sup>-25<sup>th</sup>, 2012, a committee from Takasbank participated in a training program held by KSD in Seoul concerning the service infrastructure, products and FundNET, the fund trading platform of the KSD.

Between October 15<sup>th</sup>-17<sup>th</sup>, 2012, a committee from Takasbank, together with the specialists from the ISE and the MKK, held meetings with the representatives of Albanian capital market institutions to seek ways of contributing to the development of Albanian capital markets as well as determining opportunities for collaboration.

On November 15<sup>th</sup>, 2012, a "Memorandum of Understanding" was signed by Takasbank and Misr for Central Clearing, Depository and Registry (MCDR), an Egyptian CSD, with the aim of mutually exchanging information and know-how regarding the settlement and custody services . This Memorandum of Understanding will contribute to the post-trade services within the scope of interexchange technical cooperation and linkage between the exchange markets carried on between ISE and Egyptian exchange. Also in the framework of connectivity studies between foreign post-trade institutions, Takasbank has been collaborating with MCDR. Accordingly, a committee from Takasbank participated in the workshop held in Egypt on December 4<sup>th</sup>-5<sup>th</sup>, 2012.



Targeting to become an institution with services fulfilling international standards and being preferred by regional countries in the new era, Takasbank shares its know-how and experience on national and international platforms with the other clearing, settlement and depository institutions operating in the region and works in close collaboration with them.



Between November 19<sup>th</sup>-21<sup>st</sup>, 2012, a group of experts from Takasbank, CMB, ISE, MKK and the Istanbul Gold Exchange paid a visit to the Kyrgyz Stock Exchange and determined requirements with respect to administrative and technical assistance and training support during the visit.

Between December 9<sup>th</sup>-12<sup>th</sup>, 2012, a group of experts from Takasbank, CMB, ISE, MKK and the Istanbul Gold Exchange participated in a meeting held in Tunisia in order to constitute the framework of cooperation between Turkey and Tunisia concerning the capital markets and to determine the basic needs of the Tunisian capital markets and primary issues that must be settled.

#### **INTERNATIONAL MEMBERSHIPS**

##### **Activities of the Federation of Euro-Asian Stock Exchanges (FEAS)**

Established in 1995, the Federation of Euro-Asian Stock Exchanges (FEAS) has a total of 50 members, 34 of which are stock exchanges, 16 are settlement and custody institutions (affiliate members).

As an affiliate member of the Federation of Euro-Asian Stock Exchanges, Takasbank had shared its knowledge and experience extensively with the Task Force established to carry out studies regarding settlement and custody services. Takasbank had chaired this Task Force and had the opportunity to further develop existing relationships and cooperation with other settlement and custody institutions.

On May 25<sup>th</sup>, 2012, Takasbank attended the FEAS Investor Summit and, subsequently, the FEAS Working Committee meetings. Takasbank also had the opportunity to share the most recent developments concerning the Turkish capital markets by also attending the Working Committee, Board of Directors and General Meeting held on September 20<sup>th</sup>-21<sup>st</sup>, 2012. In these meetings, Takasbank was elected as a member of the FEAS Board of Directors.

##### **Activities of the Organization of Islamic Conference (OIC) Member States' Stock Exchanges Forum**

Founded in 2005, the Organization of Islamic Conference (OIC) Member States' Stock Exchanges Forum aims to promote cooperation among stock exchanges operating in OIC countries. As well as stock exchanges, post-trade institutions operating in the capital markets may also actively participate in the activities of the Forum.

Takasbank took part in the meeting of the Organization of Islamic Cooperation (OIC) Member States Stock Exchanges Forum held in Istanbul on September 26<sup>th</sup>, 2012 and presented information regarding the activities of the sub-group task force that took place in the 2011-2012 period.

### TAKASBANK IN INTERNATIONAL MARKETS

#### **Membership of the European Central Securities Depositories Association (ECSDA)**

Takasbank has been a member of the European Central Securities Depositories Association (ECSDA), an association formed to promote the development of mutual projects and the exchange of information between central settlement and depository institutions to the mutual benefit of all parties, since 2006. ECSDA has a total of 41 members, most of which are in the European Union.

By active participation in Board Meetings of ECSDA and through the other projects conducted within the Association, Takasbank obtains up-to-date information concerning ongoing settlement and custody issues in the EU, expresses its views relating to these issues and finds opportunities to enhance relationships and cooperation with EU countries' post-trade institutions.

#### **Membership of the Institute of International Finance (IIF)**

The Institute of International Finance (IIF) is an association of financial institutions with more than 450 members. Having

become a member in January 2008, Takasbank participates in annual IIF meetings to exchange ideas, develop business relationships and cooperate with high-level executives of some of the world's leading financial institutions. Takasbank participated in the IIF Board Meeting held in Tokyo, Japan on October 11<sup>th</sup>-13<sup>th</sup>, 2012.

#### **Membership of the International Securities Services Association (ISSA)**

Founded in 1979 under the leadership of Citibank, Deutsche Bank and UBS (Union Bank of Switzerland), the International Securities Services Association (ISSA) aims to promote the development of the securities services industry, increase transparency and open communication channels for cooperation between sector participants. The ISSA is an international organization which also aims to increase the level of professional knowledge of sector participants and investors and to carry out joint projects with other institutions in the financial sector. Takasbank closely monitors the activities conducted by ISSA.



On behalf of the Turkish Standards Institute (TSE), Takasbank represents Turkey in the International Standardization Organization (ISO) TC68/SC4 Committee, which develops international standards for securities and related financial instruments.

#### **ACTIVITIES RELATED TO THE IMPLEMENTATION OF INTERNATIONAL STANDARDS IN TURKEY**

On behalf of the Turkish Standards Institute (TSE), Takasbank represents Turkey in the TC68/SC4 Committee of the International Standardization Organization (ISO) that develops international standards for securities and related financial instruments.

The ISIN codes (ISO 6166), the international standard for identifying securities, are assigned to stocks, government debt securities, treasury bills, derivative contracts, mutual funds, warrants, and corporate debt securities in Turkey. Other standards applied in the Turkish Capital Markets include the CFI (Classification of Financial Instruments) code (ISO 10962) for detailed classification of financial instruments, the MIC (Market Identifier Code) code (ISO 10383) for market identification, the BIC (Bank Identifier Code) code (ISO 9362) for the identification of banks and the IBAN (International Bank Account Number) code (ISO 13616) for the international bank account number of individual customers.

Takasbank also acts as the convener of the Working Group for National Market (MTC43 Mirror Committee-Turkey), established to monitor standardization work of the ISO TC68/SC4 Committee for securities and other financial instruments, to contribute to the development of standards and to ensure the application of these standards in Turkey. The Group is comprised of the entire capital market, through the involvement of the Central Bank of Turkey, the Banks Association of Turkey, the Association of Capital Market Intermediary Institutions of Turkey, custodian banks, commercial banks, investment banks and brokerage houses. The 2012 meeting of the Mirror Committee was held in Istanbul on November 21<sup>st</sup>, 2012 and in the meeting, Takasbank and the TSE provided participants with information on standardization efforts in the sector.

#### **ACTIVITIES OF ASSOCIATION OF NATIONAL NUMBERING AGENCIES (ANNA)**

The Association of National Numbering Agencies (ANNA) is an international organization with 83 full and 29 associate members worldwide. National numbering agencies, authorized to assign ISIN codes to securities in their respective countries, are eligible for membership of the organization.

As the national numbering agency in Turkey, Takasbank has been an active member of ANNA since 1995 and serves as the member of the Technical Committee of ANNA Service Bureau (ASB) aiming to collect ISIN codes and basic securities information on a web-based platform, while offering these codes and information as a product for financial institutions. The ASB database serves as a valuable source for international finance markets as the largest ISIN database in the world with data from 122 countries. Takasbank attended the ANNA Ordinary General Board Meeting held in London on June 14<sup>th</sup>-15<sup>th</sup>, 2012 and the ASB Technical Committee meetings held in Frankfurt on September 25<sup>th</sup>, 2012



## MANAGEMENT OF MEMBER ACCOUNTS AND NUMBERING SERVICES

### MEMBER ACCOUNTS

The membership and account opening procedures of financial institutions that are served by Takasbank within the scope of Capital Market transactions continued to gain pace in the operating year. In 2012, Takasbank signed custody agreements with and opened accounts on behalf of 292 institutions, details of which are provided in the following table:

| Membership Type                                       | Quantity |
|---|----------|
| Brokerage Houses                                      | 4        |
| Banks   | 2        |
| Exchange Traded Funds                                 | 6        |
| Electricity Market Members                            | 118      |
| Pension Funds   | 19       |
| Pension Companies                                     | 1        |
| Real Estate Investment Trusts                         | 2        |
| Private Equity Investment Trusts                      | 5        |
| Asset Management Companies                            | 7        |
| Mutual Funds  | 126      |
| Investment Trusts                                     | 1        |
| Foreign Institutions Receiving Local Custody Services | 1        |

In 2012, the custody agreements of 3 Exchange Traded Funds, 8 Pension Funds and 126 Mutual Funds were terminated upon the request of respective members.

### NUMBERING SERVICES

Takasbank is authorized as the national numbering agency by Capital Markets Board to assign ISIN, CFI and all other related codes to securities and other financial instruments issued in the Turkish capital markets.

### ACTIVITIES FOR AUTHORIZATION IN MEMBER PROGRAMS

In 2012 Takasbank completed the infrastructure work for the system of authorization on function basis in member practices, which are designed in line with the needs and requests of the market. The new practice allows user codes that are connected to Takasbank's member menus to be matched with real persons by using their identity number or their tax number. Moreover, members are given the opportunity to carry out their transactions in Takasbank by appointing another Takasbank member as a proxy holder. The new authorization practice was launched in December 2012 and will start to be used in equity settlement practices beginning from January 2013.





In 2012, Takasbank completed the infrastructure work for the system of authorization on function basis in member practices, which are designed in line with the needs and requests of the market.

#### ISIN CODES ALLOCATED BY TAKASBANK IN THE LAST 5-YEAR PERIOD

| Type of Securities               | 2008       | 2009       | 2010       | 2011       | 2012         |
|----------------------------------|------------|------------|------------|------------|--------------|
| Stock (old, new, receipt, right) | 67         | 52         | 117        | 205        | 173          |
| Government Debt Securities       | 104        | 135        | 213        | 134        | 123          |
| Mutual Funds                     | 38         | 48         | 135        | 160        | 106          |
| Pension Funds                    | 9          | 19         | 7          | 21         | 14           |
| Exchange Traded Funds            | 1          | 2          | 2          | 1          | 3            |
| Futures Contracts                | 54         | 77         | 75         | 85         | 109          |
| Corporate Bonds                  | 3          | 6          | 23         | 23         | 96           |
| Commercial Papers                | 1          | 1          | 3          | 1          | 19           |
| Bank Bills                       | -          | 10         | 142        | 140        | 173          |
| Warrants                         | -          | -          | 2          | 20         | 130          |
| Index                            | -          | -          | 64         | 1          | 28           |
| Asset Backed Securities          | -          | -          | -          | 7          | 40           |
| Asset Guaranteed Securities      | -          | -          | -          | 5          | 5            |
| Option Contracts                 | -          | -          | -          | -          | 510          |
| Other                            | -          | -          | -          | -          | 2            |
| <b>Total</b>                     | <b>277</b> | <b>350</b> | <b>783</b> | <b>803</b> | <b>1,531</b> |





## BUSINESS CONTINUITY STUDIES

After the performance of BSI 25999 Business Continuity GAP analysis executed with the awareness that Takasbank, due to its services, is critically important for the healthy operation of the Turkish capital markets and that any interruption in Takasbank's services could have nationwide impacts, the "Project to Improve the Business Continuity Management System" was launched in September 2012 under the coordination of the restructured Business Continuity Management Committee.

The primary purpose of the project is to ensure that Takasbank is prepared for all kinds of extraordinary situations that could affect its critical services and processes, and that it is agile enough to respond to any problems in the shortest time possible. Within the context of the project, Takasbank also aims to establish a Business Continuity Management System based on the principle of continuous improvement and to achieve that this management system is in coordination with the change, capacity, configuration, crisis, event, problem and process management practices. Members of the project team have already received Business Continuity Training based on best practices and standards. In the subsequent phases of the project, Takasbank plans to provide ITIL Basic Training with a wider participation of Bank personnel. The Bank has set up a certification exam in order to certify the training received by personnel.

The disaster recovery centre was moved to a data centre in Ankara, given the benefits of keeping the data centre together with secondary systems outside Istanbul. The hardware infrastructure of the facility, which will be used as the operational centre in the event of emergencies, was renewed. Takasbank also renewed the infrastructure of the systems room, which is located in the emergency operation centre and which hosts servers that backup the secondary systems.

In the Emergency Test 2012 which was conducted on November 24<sup>th</sup>, 2012 with the participation of Takasbank and its 48 members, as well as MKK and TURKDEX, according to the scenario in which Takasbank's primary systems become totally inoperable, these systems will be directed to the Data Centre in Ankara and the Emergency Operation Centre located at the ISE premises will continue to carry out the operational transactions. The exercise tested the continuity of the Bank's services. As part of the test plan, pre-tests were conducted to establish cooperation with our

members, allowing them to confirm the existing emergency architecture. As expected, the Emergency Test 2012 contributed significantly to determining the actions that must be taken by Takasbank to improve its processes related to business continuity and disaster recovery.

As in previous years, all critical services were included within the framework of the Emergency Test in 2012. In addition:

- » The Emergency Test 2012 was the first end-to-end test for all secondary systems after Takasbank's secondary systems were moved to the Backup Data Centre in Ankara in April 2012;
- » The infrastructure required for the broadcasting of data with respect to the Securities Lending Market and Takasbank Money Market was installed in the Emergency Centre; and the data was broadcasted during the Emergency Test;
- » SWIFT messaging, Takasbank web practices and Electricity Market Settlement and Collateral Management services were included within the scope of the emergency test and were successfully tested.



# INFORMATION TECHNOLOGY PROJECTS

## **ISO 27001 INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS) PROJECT**

The ISMS project, the GAP analysis for which was completed in the last quarter of 2012, is one of Takasbank's strategic targets. The Bank aims to establish, implement, monitor, review, maintain and improve the Information Security Management System (ISMS) and ensure to meet the ISMS certification requirements. The project will be launched in 2013.

## **INFORMATION SECURITY E-LEARNING PROJECT**

The annually-held Information Security and Awareness Training was realized as an e-learning project in 2012 for the first time.

The Information Security and Awareness E-learning Training Program was held through the E-learning platform between November 2<sup>nd</sup>, 2012 and December 31<sup>st</sup>, 2012. A participation ratio of 98.61% and success rate was achieved with a total of 216 participants. Through the Information Security E-learning Training Program, Takasbank has set up a corporate culture which will be receptive for further training programs to be launched by the Bank.

Moreover, an "Information Security Awareness" training session was provided on May 26<sup>th</sup>, 2012 for the children of the Bank employees in order to raise children's awareness of information security and the cyber threats of the present time.

## **DATABASE TRANSFORMATION PROJECT**

In line with Takasbank's strategic targets, a decision was taken to launch a new database management system, which would offer high standards and facilities and pave the way for a higher performance, improved accessibility and enhanced availability as part of a functional and reliable information technologies (IT) infrastructure. As a result of various research studies, tests and analysis that continued for more than 1 year, Takasbank decided to establish the Oracle 11gR2 database with all of its important functions in the Bank's infrastructure and to adapt existing applications to the new system. Work on the project began in 2012 and efforts related to the multidirectional hardware and software are ongoing. Accordingly, Takasbank aims to build a more advanced data infrastructure, which will allow the Bank to serve all of its stakeholders from its head office premises and the Disaster Recovery Centre located in the Turkish Telecom Data Centre in Ankara. The project is planned to be put in practice in June 2013.



### INFORMATION TECHNOLOGY PROJECTS

#### TRANSFORMATION OF BANK APPLICATIONS INTO WEB-BASED APPLICATIONS

Within the scope of Takasbank's strategic target to reinforce its technological infrastructure in order to maintain the Bank's service quality, security, effectiveness, reliability and continuity, the Bank has largely completed the transformation of the application software used by its members into web-based applications.

Through the changes, the following applications were transformed into web-based applications or designed in a web environment:

- » Equity Market Transactions,
- » Debt Securities Market Transactions,
- » Fund Transactions,
- » Custody Transactions,
- » Exchange Traded Funds Transactions,
- » Turkey Electronic Fund Distribution Platform Transactions,
- » Electricity Market Transactions,
- » Takasbank Money Market Transactions,
- » Securities Lending Market Transactions,
- » Cash Loan Collateral Transfers,
- » Takasbank Share Transfer Announcement Platform,
- » Banking Transactions,
- » Clearing Procedures,
- » Leveraged Buying Selling Transactions,
- » Brokerage Houses Equity Related Collateral Safe-keeping Service Transactions and
- » Precious Metal Cash Settlement and Collateral Transactions



#### PROJECT MANAGEMENT OFFICE

Takasbank established the IT Project Management Office in order to prepare its IT strategic plan in accordance with its strategic plan and targets, to ensure that its projects are conducted in line with its IT strategic plan and targets; to carry out quality checks on its projects and to review the projects for their compliance with COBIT and other standards.

#### INFRASTRUCTURE PROJECTS

The Bank placed new servers with the same specifications in the main and backup centres in order to ensure the continuity of the production environment.

The 802.1X authentication and security system was launched with the recently purchased network devices for security purposes within the Bank.



# ORGANIZATIONAL STRUCTURE, HUMAN RESOURCES AND TAKASBANK'S POSITION IN THE SECTOR

## ORGANIZATIONAL STRUCTURE

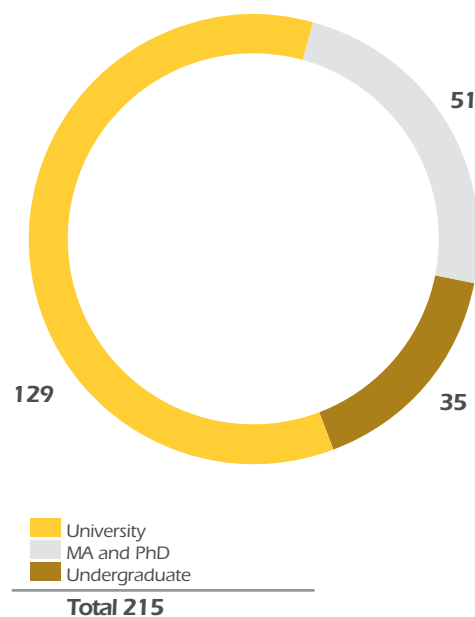
In 2012, a number of key laws, notably the Capital Markets Law, were revised and capital market participants underwent a structural transformation process. 2012 was also a year of change for Takasbank. Instilling confidence in the markets by offering high-quality, uninterrupted and cost-efficient services since its foundation, Takasbank aims to take on new duties and liabilities, especially the function of being the "central counterparty", in line with its transformation process in its system in 2012. Thanks to the transformation process that is considered as a milestone in the bank's history, Takasbank continues to take firm steps towards its target of becoming a service provider whose services are also preferred by other countries in the region.

In 2012 Takasbank changed its corporate structure and revised its corporate identity, in particular its vision and mission, so as to set new targets and ensure that these targets are adopted by its employees. The Bank informed all of its shareholders of the respective changes. Within the scope of such transformation, Takasbank also carried out various efforts aimed at boosting the loyalty and satisfaction of its human resources, which represent its most important asset, in order to ensure that these new targets and functions are managed more efficiently. In addition, by simplifying the title structure, the Bank improved its training, salary and performance management systems. The Bank's organizational structure was also revised in order to manage its expanding service portfolio more efficiently, while the teams gained an operational structure allowing them to act in accordance with the dynamic conditions of the present time and Takasbank's future-oriented targets.



In order to reflect this comprehensive change in Takasbank's corporate structure and future perspective to its corporate communication instruments in the most effective manner, the Bank's corporate logo was replaced so as to better reflect its fundamental value - trust - and its future targets. The old logo which was describing custody services by taking inspiration from a padlock, and depicting the Bank's primary fields (settlement, custody, capital increase for shares under custody and services offered to issuers) of activity in arrows over the padlock during the Bank's early years was replaced with a new one. The new logo is considered to fit the Bank's changing service portfolio and depicts speed and dynamism with a unique font. Takasbank's new logo is placed on a dark blue background that stands for trust, while the repeating 3D yellow arrow on the letter "k" and the word "takas" (clearing and settlement), which opens outwards from its background are, is depicted with a simple expression.

## TRAINING





**ORGANIZATIONAL STRUCTURE, HUMAN RESOURCES AND TAKASBANK'S POSITION IN THE SECTOR**

In order to reflect this comprehensive change effectively in Takasbank's corporate structure and future perspective to its corporate communication instruments, the Bank's corporate logo was replaced so as to best reflect its fundamental value - trust - and its future targets.



A total of 77 of the company's personnel hold a certificate in foreign language.

Because of the rapid growth in its IT infrastructure related to the sector it operates in, Takasbank carries out efforts aiming to ensure the improvement of the knowledge and skills of its employees in order to keep pace with its technologies and to adapt to new developments.

For this purpose, the Bank employs strategic practices to hire well-educated personnel and provide them professional training during their career.

Within the framework of its training policy, the Bank pays the greatest attention to ensure that all of its employees participate in the training programs provided. The Bank also encourages its employees to study for post-graduate or PhD degrees.





# OPINIONS ON COMPLIANCE OF THE ANNUAL REPORT



To the General Assembly of İMKB Takas ve Saklama Bankası A.Ş.:

We have conducted an audit to monitor the accuracy and compliance of the financial information contained in the accompanying annual activity report, dated: December 31<sup>st</sup>, 2012, of İMKB Takas ve Saklama Bankası A.Ş. (the "Bank") with the audit report issued at the end of the respective accounting period. The Bank management is responsible for the annual activity report; as independent auditors, our responsibility is to express an opinion on the audited annual activity report.

Our audit was performed in accordance with the principles of independent audit and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance on whether the annual activity report is free from material misstatement. We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of İMKB Takas ve Saklama Bankası A.Ş. as of December 31<sup>st</sup>, 2012 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes and also includes the summary Management report and our audit opinion on these financial statements.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Haluk Yalçın', is written over a light blue horizontal line.

Haluk Yalçın, SMMM  
Partner, Lead Auditor

Istanbul, March 15<sup>th</sup>, 2013

## INFORMATION ON THE MANAGEMENT

### MEMBERS OF THE BOARD OF DIRECTORS



#### 1. İbrahim M. TURHAN, PhD

**Term:** 02.01.2012-Still in position

**Title:** Chairman

**Education:** **Undergraduate:** Boğaziçi University, Faculty of Economics and Administrative Sciences. Business Administration, **Graduate:** Marmara University Institute of Banking and Insurance, International Banking, Marmara University Institute of Banking and Insurance, PhD

#### **Work Experience:**

1994-1999: Marmara University, Institute of Banking and Insurance, Lecturer  
2000-2001: Active Banking and Finance Magazine, Member of Publishing Board, Editor-in-Chief  
2001-2003: Vocational School Banking and Insurance Management at Yeditepe University, International Trade, Banking and Insurance Management, Lecturer, Department Head  
2003-2004: Beykent University, Faculty of Economics and Administrative Sciences, Lecturer  
2004-2008: Central Bank of Turkey (CBRT), Member of the Bank Assembly  
2006-2011: CBRT Member of the Monetary Policy Board  
2008-2011: CBRT Deputy Governor  
2012-Present: ISE-Chairman, Federation of Euro-Asian Stock Exchanges (FEAS)-Chairman, Member of the World Federation of Exchanges (WFE), TOBB Chairman of Capital Markets Sector Assembly



#### 2. Birol AYDEMİR

**Term:** 18.09.2009-Still in position

**Title:** Deputy Chairman of the Board of Directors

**Education:** **Undergraduate:** Ankara University, Faculty of Political Sciences-Public Finance

#### **Work Experience:**

1994-2006: State Planning Organization (SPO)-Expert, Head of Financing Department, Deputy Undersecretary  
2006-08: Social Security Institution (SSI)-Chairman  
2008-08: SPO-Deputy Undersecretary  
2008-09: Turkish Embassy in Washington-Planning Consultant  
2009-2011: Ministry of Labor and Social Security-Undersecretary  
2011-Present: Turkish Statistical Institute-Chairman



#### 3. Murat ULUS

**Term:** 06.06.2011-Still in position

**Title:** General Manager and Member of the Board of Directors, Chairman of the Credit Committee

**Education:** **Undergraduate:** Ankara University, Faculty of Political Sciences-Labor Economics and Industrial Relations Department, **Graduate:** Boston University-Financial Economy

#### **Work Experience:**

1987-1995: Undersecretariat of Treasury-Bank's Sworn Assistant Auditor, Banks Sworn Auditor  
1995-1996: Egebank-Assistant General Manager  
1996-2000: Bank Asya-Founder of the Bank and the first General Manager  
2001-2002: Ulusal Pazarlama ve Satış A.Ş.-the Founder of the Company and the Deputy Chairman of the Board  
2003-2006: Ziraat Bankası A.Ş.-Managing Director of the Board  
2007-2011: Economic Cooperation Organization Trade and Development Bank- Founder of the Bank and the First Chairman  
2011-Present: Takasbank A.Ş.-General Manager and Member of the Board of Directors

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#### 4. Adalet POLAT

**Term:** 26.03.2010-Still in position

**Title:** Member of the Board of Directors, Chairman of the Audit Committee

**Education: Undergraduate:** Ankara University, Faculty of Political Sciences-Business Administration; **Graduate:** Istanbul University Institute of Social Sciences-Capital Markets and Stock Exchange

#### **Work Experience:**

1988-1990: Eskişehir Bankası T.A.Ş. Assistant Inspector

1990-Present: ISE-Assistant Inspector, Inspector, Chief Inspector, Assistant Head of Audit Board, Manager, Deputy Chairman

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#### 5. Ali ÇÖPLÜ

**Term:** 30.03.2012-Still in position

**Title:** Member of the Board of Directors

**Education: Undergraduate:** Bilkent University, Department of Computer Engineering and Information Sciences, **Graduate:** University of Pennsylvania, Computer Information Sciences; New York University, Stern School of Business

#### **Work Experience:**

1999-2005: Goldman Sachs Co. New York, Deputy Chairman

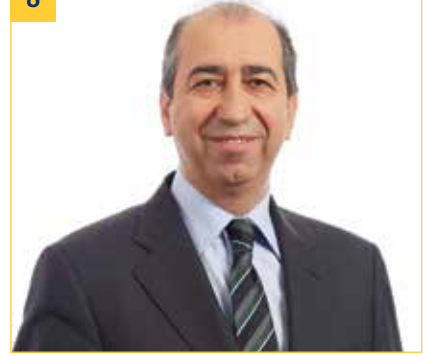
2005-2008: Morgan Stanley Co. New York, Deputy Chairman

2008-2011: Vakıflar Bankası T.A.O., Front Office Software Development-Chairman

2011-2012: CBRT Information Technologies-Assistant General Manager

2012-Present: CBRT Vice President

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#### 6. Ekrem Nevzat ÖZTANGUT

**Term:** 30.3.2000-Still in position

**Title:** Member of the Board of Directors

**Education: Undergraduate:** Hacettepe University Faculty of Economics and Administrative Sciences-Economics

#### **Work Experience:**

1984-1994: Capital Markets Board-Assistant Auditor, Auditor, Chief Auditor

1992-1994: Marmara University-Lecturer

1995-Present: Garanti Yatırım Menkul Kıymetler A.Ş.-General Manager, Member of the Board of Directors, Member of Executive Board

1997-Present: Garanti Yatırım Ortaklığı A.Ş.-Deputy Chairman of the Board of Directors

2003-2006: Enformasyon Rek. ve Film. San. ve Tic. A.Ş.-Director

2006-Present: Garanti Bankası Funds-Member of the Board of Funds

2006-Present: Garanti Pension Funds-Member of the Board of Funds

2006-Present: Garanti Investment Funds-Member of the Board of Funds

2007-2011: The Association of Capital Market Intermediary Institutions of Turkey (TSPAKB)-Chairman of the Board of Directors

2009-Present: Doğu Otomotiv A.Ş.-Member of the Board of Directors

2009-Present: Doğu Oto A.Ş.-Member of the Board of Directors

2009-2010: ICSA Committee of Emerging Market-Member of the Board of Directors

2010-Present: Doğu GYO-Member of the Board of Directors

2010-2011: IFIE International Forum for Investor Education-Member of the Board of Directors

2010-2011: AFIE Asian Forum for Investor Education-Member of the Board of Directors

2011-Present: Good Year-Independent Member of the Board of Directors

2011-Present: Young Success Education Foundation-Foundation Chairman

2012-Present: Doğu Enerji Üretim ve Tic. A.Ş.-Member of the Board of Directors

2012-Present: Doors Holding A.Ş.-Member of the Board of Directors

## INFORMATION ON THE MANAGEMENT

### MEMBERS OF THE BOARD OF DIRECTORS



#### 7. Güzide Meltem KÖKDEN

**Term:** 28.05.2007-Still in position  
**Title:** Member of the Board of Directors  
**Education:** Undergraduate: Ankara University Faculty of Political Sciences-International Relations, Graduate: Ankara University Institute of Social Sciences-European Law

#### Work Experience:

**1991-Present:** T. İş Bankası A.Ş.-Assistant Investment Expert, Specialist, Deputy Manager, Group Manager, Manager of the Capital Markets Department  
**2006-Present:** İş Yatırım Ort. A.Ş.-Chairman of the Board of Directors  
**2006-Present:** İş Yatırım Men. Değ. A.Ş.-Member of Board of Directors, Deputy Chairman of the Board  
**2007-Present:** İş Portföy Yön. A.Ş.-Member of Board of Directors



#### 8. Hüseyin KELEZOĞLU

**Term:** 26.03.2010-Still in position  
**Title:** Member of the Board of Directors, Member of the Credit Committee  
**Education:** Undergraduate: Middle East Technical University, Faculty of Economics and Administrative Sciences-Economics; Graduate: Bilkent University-Economics, Johns Hopkins University-Economics

#### Work Experience:

**1995-1996:** Ekinciler Menkul Değerler A.Ş.-Expert  
**1996-1999:** İktisat Yatırım Menkul Değerler A.Ş.-Manager  
**1999-2000:** İktisat Portföy Yönetim A.Ş.-Manager  
**2000-2001:** İktisat Yatırım Menkul Değerler A.Ş.-Manager  
**2001-2001:** Ak Yatırım Menkul Değerler A.Ş.-Manager  
**2001-2005:** HC İstanbul Menkul Değerler A.Ş.-Director  
**2005-2012:** EFG İstanbul Menkul Değerler A.Ş.-Director, Member of the Board of Directors  
**2012-Present:** Merrill Lynch Bank A.Ş.-General Manager



#### 9. Assoc. Prof. Mustafa Kemal YILMAZ

**Term:** 30.03.2012-Still in position  
**Title:** Member of the Board of Directors, Member of the Credit Committee  
**Education:** Undergraduate: Marmara University, Faculty of Economics and Administrative Sciences-Business Administration (English), Graduate: Marmara University-Financial Accounting (English), Marmara University, Institute of Banking and Insurance, PhD

#### Work Experience:

**1994-Present:** ISE, Specialist, Executive Assistant, Vice Chairman  
**1991-1994:** Republic of Turkey, Prime Ministry, Undersecretariat of Treasury, Expert  
**1994-2005:** ISE, Derivatives Market, Specialist  
**2006-2007:** ISE, Risk Management Department, Specialist  
**2007-2011:** ISE, Executive Assistant  
**2012-Present:** ISE, Vice Chairman

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### 10. Reşat KARABIYIK

**Term:** 30.03.2012-Still in position  
**Title:** Member of the Board of Directors  
**Education: Undergraduate:** Marmara University, Faculty of Economics and Administrative Sciences-Business Administration

#### Work Experience:

1993-1994: Yıldız Holding, Internal Auditor  
 1994-2002: Taç Yatırım Ortaklığı A.Ş., Expert  
 2002-2003: Taç Yatırım Ortaklığı A.Ş., Assistant General Manager  
 2003-2006: Taç Yatırım Ortaklığı A.Ş., General Manager  
 2006-Present: Bizim Menkul Değerler A.Ş., General Manager, Member of the Board of Directors

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### 11. Serhad SATOĞLU

**Term:** 09.07.2010-Still in position  
**Title:** Member of the Board of Directors, Member of the Audit Committee  
**Education: Undergraduate:** Ankara University Faculty of Political Sciences-Business Administration, **Graduate:** Marmara University, Institute of Banking and Insurance-Banking

#### Work Experience:

1995-2004: T. Vakıflar Bankası T.A.O.-Assistant Inspector, Inspector  
 2004-2006: T. Vakıflar Bankası T.A.O (New York)-Assistant Manager  
 2006-Present: T. Vakıflar Bankası T.A.O.-Manager  
 2006-Present: Vakıf Men. Kıy. Yat. Ort. A.Ş.-General Manager, Member of the Board of Directors

## MEMBERS OF THE BOARD OF AUDITORS

1



### 1. Ali Şir YARDIM

**Term:** 30.03.2012-Still in position  
**Title:** Member of the Board of Auditors  
**Education: Undergraduate:** Middle East Technical University, Faculty of Economics and Administrative Sciences-Economics

#### Work Experience:

1993-1995: T.C. Ziraat Bankası, Specialist  
 1995-2012: ISE, Inspector, Vice Chairman of the Inspection and Supervisory Committee  
 2006-2010: The Institute of Internal Auditing-Turkey, Member of the Board of Directors  
 2007-2010: European Confederation of Institutes of Internal Auditing, Member of the Board of Directors  
 2012-Present: ISE, Executive Assistant  
 2012-2013: Merkezi Kayıt Kuruluşu A.Ş.

2



(Central Registry Agency), Member of the Board of Auditors  
**2013-Present:** Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency), Members of the Board of Directors

### 2. Ertan MERTOĞLU

**Term:** 26.03.2010-Still in position  
**Title:** Member of the Board of Auditors  
**Education: Undergraduate:** Istanbul University, Faculty of Economics-Economics; MBA from Boğaziçi University, Institute of Social Sciences

#### Work Experience:

1989-1989: T. Emlak Bankası A.Ş., Manager of Securities Group, Assistant Analyst  
 1989-1990: Impexbank A.Ş., Treasury, Analyst  
 1990-1991: Esbank Menkul Değerler A.Ş., Analyst  
 1991-1993: Çarmen Menkul Değerler A.Ş., Manager  
 1993-1994: Oki Yatırım, General Manager  
 1996-2001: Sümerbank (Yaşarbank A.Ş.), Manager  
 2001-2002: BRSA-SDIF, Subsidiaries Department, Group A Career Personnel  
 2002-2002: Ata Yatırım, Director  
 2003-2003: Global Menkul Değerler, Manager  
 2004-Present: Ziraat Yatırım, Manager, Assistant General Manager



## INFORMATION ON THE SENIOR MANAGEMENT

### MEMBERS OF THE SENIOR MANAGEMENT



#### 1. Murat ULUS

**Term:** 06.06.2011-Still in position  
**Title:** General Manager and Member of the Board of Directors  
**Education:** **Undergraduate:** Ankara University, Faculty of Political Sciences-Labor Economics and Industrial Relations Department, **Graduate:** Boston University-Financial Economy

#### **Work Experience:**

1987-1995: Undersecretariat of Treasury-Banks Sworn Assistant Auditor, Banks Sworn Auditor  
1995-1996: Egebank-Assistant General Manager  
1996-2000: Bank Asya-the Founder of the Bank and the first General Manager  
2001-2002: Ulusal Pazarlama ve Satış A.Ş.-the Founder of the Company and the Deputy Chairman of the Board  
2003-2006: Ziraat Bankası A.Ş.-Managing Director of the Board  
2007-2011: Economic Cooperation Organization Trade and Development Bank-the Founder of the Bank and the First Chairman  
2011-Present: Takasbank A.Ş.-General Manager and Member of the Board of Directors

#### 2. Cengiz ÖZÜBEK, PhD

**Term:** 30.01.2013-Still in position  
**Responsibility:** Financial and Administrative Affairs Group, Human Resources Department, Legal Advisory Team, Strategic Planning and Corporate Communication Team  
**Education:** **Undergraduate:** Middle East Technical University, Faculty of Economics and Administrative Sciences-Business Administration, **Graduate and PhD:** Marmara University, Institute of Banking and Insurance,

#### **Work Experience:**

1994-Present: Takasbank A.Ş., Assistant Inspector, Inspector, 2<sup>nd</sup> Manager, Assistant Manager, Manager, Director, Assistant General Manager  
2012-Present: Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency), Member of the Board of Directors

#### 3. Galip KARAGÖZ

**Term:** 30.01.2013-Still in position  
**Responsibility:** Application Development Department, System and Database Group, IT Project Management Office Team, Information Security and IT Risk Management Team, R&D and IT Architecture Team  
**Education:** **Undergraduate:** Boğaziçi University, Computer Engineering

#### **Work Experience:**

1991-1997: Bima Bilgisayar A.Ş., Software Development Director  
1997-1999: Escort Yazılım A.Ş., Software Development Manager  
1999-2005: Globis Bilişim A.Ş., Project Manager  
2005-2012: Fintek Finansal Tek. A.Ş., Director  
2012-Present: Takasbank A.Ş., General Manager Consultant, Assistant General Manager  
2012-Present: Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency), Deputy Chairman of the Board of Directors

#### 4. Sezai BEKGÖZ, PhD

**Term:** 13.04.2007-Still in position  
**Responsibility:** Settlement Operations Group, Member Affairs Team, Custody Team, International Markets Department  
**Education:** **Undergraduate:** Ankara University, Faculty of Political Sciences-Economics, **Graduate:** Istanbul University, Institute of Social Sciences, Capital Markets and Stock Exchanges, **PhD:** Marmara University, Institute of Banking and Insurance

#### **Work Experience:**

1983-1992: CMB, Assistant Auditor, Auditor  
1992-2007: ISE, Chairman of the Inspection Board, Vice Chairman  
2007-Present: Takasbank A.Ş., Assistant General Manager  
2012-Present: Sermaye Piyasası Lisanslama, Sicil ve Eğitim Kuruluşu A.Ş., Member of the Board of Directors

» Having served as an "Assistant General Manager" in our Bank, Mr. H. Nezir Bakır and Mr. Yusuf Çiçek resigned from their duties in our Bank on January 30<sup>th</sup>, 2012.

## DIRECTORS



1



2

**1. Mehmet Ayhan ALTINTAŞ, PhD**  
Central Risk and Collateral Management

**2. Murad TULUNAY**  
System and Database Management

**3. Tuncay YILDIRAN**  
Settlement Operations

**4. Ziya Mehmet GÜNAL**  
Banking Transactions



3



4

» Of those who served in our Bank as "Directors", Ms. Arzu Öztürk and Ms. Filiz Kaya resigned from their duties on 30/01/2012; Mr. Ender Aybulus resigned on 30/09/2011; and Mr. Tolga Somuncuoğlu resigned on 28/02/2013. Mr. Mehmet Ayhan Altıntaş began to serve as a "Director" in our Bank on 02/01/2013, while Mr. Tuncay Yıldiran was assigned as a "Director" in our Bank on 01/03/2013.

## HEADS OF DEPARTMENTS COMPRISING INTERNAL SYSTEMS



1



2

### 1. Elvan ALTİKULAÇ

**Term:** 01.11.2011-Still in position  
**Responsibility:** Risk Management  
**Education: Undergraduate:** Ankara University, Faculty of Political Sciences.- Public Administration, **Graduate:** Marmara University, Institute of Banking and Insurance-Banking

#### Work Experience:

1999-2001: Yaşarbank A.Ş., Assistant Inspector  
2001-Present: Takasbank A.Ş., Assistant Inspector, Inspector, Chief Inspector, Assistant Manager, Manager

### 2. Hasan AYKIN, PhD

**Term:** 01.07.2006-Still in position  
**Responsibility:** Internal Controls and Compliance  
**Education: Undergraduate:** Boğaziçi University, Faculty of Economics and Administrative Sciences-Economics, **Graduate:** Marmara University, Institute of Banking and Insurance-Capital Markets and Stock Exchanges, Kadir Has University, Social Sciences Institute, Banking and Finance, PhD.

#### Work Experience:

1993-1995: Medya Holding A.Ş., Capital Markets Assistant Coordinator  
1995-Present: Takasbank A.Ş., Assistant Inspector, Inspector, Project Director, Manager, Chief Inspector, Manager

» Having served as an "Internal Audit Director" in our Bank, Mr. Murat Koç was assigned as a member of the Capital Markets Board and thus resigned from his duty in our Bank on December 30<sup>th</sup>, 2012.

INFORMATION ON THE SENIOR MANAGEMENT

MANAGERS





1. Ali Osman İNAL
2. Aslı Melek ÖZKAN
3. Ata Orkan GENÇ
4. Hülya ÜNAL
5. Mehmet ŞENSÖZ
6. Meltem ALTINKAYA
7. Murat GÖRGÜN
8. N. Zehra TAŞ
9. Nazir AKBULUT

10. Necdet ŞAHİNKÜÇÜK
11. Necla KÜÇÜKÇOLAK, PhD
12. Osman AKSOY
13. Sadık KALAYCI
14. Sibel YAPRAK
15. Şebnem KOCATÜRK

» Of those who served in our Bank as "Managers", Mr. Haluk Tuna and Ms. Nilgün Özoğuz resigned from their duties on 30/01/2012; Ms. Ayşem Baykara resigned on 31/01/2012; Ms. Fatma Demirçark resigned on 14/09/2012; Mr. Ali Özdemir resigned on 30/09/2012; and Mr. Buğra Nalçacı resigned on 09/11/2012.

# COMMITTEES AND CORPORATE GOVERNANCE PRACTICES

The following table summarizes the basic duties and responsibilities, names of members and meeting frequencies of the senior committees in Takasbank:

| Committee                                 | Duties and Liabilities  | Members   | Meeting Frequency  |
|---|---|---|--|
| <b>Audit Committee</b>                    | <ul style="list-style-type: none"> <li>- The Audit Committee monitors the efficiency and capability of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems in the framework of the Law and related regulations, and the integrity of the produced data;</li> <li>- The Audit Committee provides preliminary evaluations to the Board of Directors regarding selection of the companies providing independent audits as well as rating, appraisal and supporting (outsourcing etc.) services</li> <li>- The Audit Committee regularly monitors the activities of the companies which are appointed by the Board of Directors and with which contracts are signed; and</li> <li>- According to the regulations that entered into force based on the related law, the Audit Committee ensures the consolidated maintenance and synchronization of the internal audit processes of partnerships subject to consolidation.</li> </ul> | <ul style="list-style-type: none"> <li>- Adalet Polat, Chairman (Board Member)</li> <li>- Serhad Satoğlu, Member (Board Member)</li> </ul>  | Every three months   |
| <b>Credit Committee</b>                   | <ul style="list-style-type: none"> <li>- The Credit Committee allocates credit limits as per the Banking Law and related regulations and within the framework of the authority granted by the Board of Directors.</li> </ul>  | <ul style="list-style-type: none"> <li>- Murat Ulus, Chairman (General Manager and Board Member)</li> <li>- Hüseyin Keleşoğlu, Member (Board Member)</li> <li>- Mustafa Kemal Yılmaz, Member (Board Member)</li> </ul>  | -  |
| <b>Strategy Committee</b>                 | <ul style="list-style-type: none"> <li>- The Strategy Committee evaluates the strategic plan; and</li> <li>- The Strategy Committee analyses the progress towards strategic targets.</li> </ul>   | <ul style="list-style-type: none"> <li>- Murat Ulus, (General Manager and Board Member)</li> <li>- Assistant General Managers</li> <li>- Directors</li> <li>- Managers of Internal System Units</li> <li>- Manager of the Strategic Planning and Corporate Communication Team</li> </ul>  | Every three months   |
| <b>Assets-Liabilities Committee</b>       | <ul style="list-style-type: none"> <li>- The Assets-Liabilities Committee discusses and evaluates the Bank's balance sheet and income and expense accounts, and its budget and fund management strategy, as well as the reflections of local and global developments in money and capital markets on the Bank; and</li> <li>- The Assets-Liabilities Committee designs prospective policies for the Bank based on the current data.</li> </ul>  | <ul style="list-style-type: none"> <li>- Murat Ulus, (General Manager and Board Member)</li> <li>- Assistant General Managers</li> <li>- Director Responsible for Credits, Markets and Fund Management</li> <li>- Director Responsible for Operations</li> <li>- Manager of the International Markets Department</li> <li>- Manager of the Fund Management Department</li> <li>- Manager of the Accounting and Financial Reporting Department</li> <li>- Manager of the Department of Credits and Markets</li> <li>- Manager of the Risk Management Department</li> </ul> | On the 2 <sup>nd</sup> Wednesday of every month, or any date deemed appropriate by the Chairman of the Committee |
| <b>Information Technologies Committee</b> | <ul style="list-style-type: none"> <li>- The Information Technologies Committee performs the cost-benefit analysis and ensures prioritization of the Bank's project portfolio in accordance with the Information Technologies Strategic Plan, which is produced in line with the Bank's strategic plan; and</li> <li>- The Information Technologies Committee assesses the current situation of projects and thus monitors the efficiency and effectiveness of the use of information systems and human resources owned by the Bank.</li> </ul>   | <ul style="list-style-type: none"> <li>- Murat Ulus, (General Manager and Board Member)</li> <li>- Assistant General Managers</li> <li>- Directors</li> </ul>   | Every two months   |



# HUMAN RESOURCES PRACTICES

In line with the personnel need in any of our Bank's teams, the Human Resources Department is notified of the requested criteria and qualifications for the new personnel. Such requests for personnel are evaluated by the Personnel Committee within the framework of the Bank's policies and related regulations. During the recruitment process, the Bank places advertisements on career websites or on the printed media, while the CV's of candidates applying to the advertisements via Bank's website are reviewed and eligible candidates are invited to participate for an exam. Candidates are examined through verbal and/or written tests which also take their professional work experience and the requirements of the vacant positions into account. The aim of this procedure is not solely to evaluate the competency of the candidates, but also to test their personal skills, including work adaptation, behavioural traits as well as teamwork capability. To this end, our Bank also receives support from professional institutions, where necessary. Candidates who pass the exams are ranked according to their test results, and the Bank hires a required number of personnel.

Our personnel are also subject to performance evaluation during their career in our Bank. - Personnel working productivity throughout the year, cooperation with the colleagues and compliance with in-house regulations are evaluated by their consecutive superiors and rated within the scope of predetermined criteria. The evaluation results are shared with the personnel. Opinions set forth in the performance evaluation reports are given priority in remuneration and promotion decisions.

## **Benefits Granted to the Senior Management**

In 2012, the total sum of benefits, including salaries, dividend premiums, travel costs and private health insurance paid to the Bank's senior management totaled TL 2,830,093. Moreover, official vehicles are allocated to the General Manager and Assistant General Managers, while fuel expenses of these vehicles are met by our Bank within specific limits.

# INFORMATION ON THE PARTICIPATION IN THE BOARD AND COMMITTEE MEETINGS

Names and Surnames as well as Information regarding the Fundamental Duties of the Chairman and Members of the Credit and Audit Committees

**Credit Committee:**

Murat Ulus, Chairman  
(General Manager and Board Member)

Hüseyin Kelezoğlu, Member  
(Board Member)

Mustafa Kemal Yılmaz, Member  
(Board Member)

**Audit Committee:**

Adalet Polat, Chairman  
(Board Member)

Serhad Satoğlu, Member  
(Board Member)

Activities of the Board, Credit Committee and Audit Committee, and Participation of their Members in the Meetings Held During the Reporting Period

**A- Board of Directors**

Takasbank's Board of Directors is elected at the General Meeting of Shareholders. Four members of the Board are nominated by the ISE representing Class-A shares and five members are nominated by banks and brokerage houses that own Class-B shares. In accordance with Article 334 of the Turkish Commercial Code, the Capital Markets Board appoints one member of the Board of Directors. As required by the Banking Law, the General Manager is a natural member of the Board of Directors.

The composition of Takasbank's Board of Directors indicates that the Bank is owned, managed by, and is at the service of the sector.

Takasbank's Board of Directors manages the Bank's decisions in accordance with the Turkish Commercial Code, the Banking Law and the Capital Market Law, Provisions and the relevant legislation are managed in accordance with Takasbank's Articles of Association and its resolution of the General Assembly. Board of Directors convenes and makes resolutions as per the relevant legislation and the provisions set forth in the Takasbank Articles of Association.

Takasbank's Board of Directors continuously and effectively evaluates the Bank's activities and performance. The Board determines to what extent the Bank has achieved its target while controlling compliance of the Bank's activities with legislation, the Articles of Association and policies defined through internal arrangements.

Meeting at least once every month in accordance with the Bank's Articles of Association, the Board of Directors held 19 meetings in 2012. One member was absent in each of the meetings held in February, March and June, while three members were absent from each of the meetings held in July and November. Other than these meetings, the Chairman of the Board of Directors, the Deputy Chairman and all members were present in all meetings.

**B- Audit Committee**

The Audit Committee was established pursuant to Article 24 of the Banking Law.

It was created to assist the Board of Directors in;

- » developing internal control, risk management and internal audit systems of the Bank in accordance with the related legislation and ensuring their functionality, appropriateness and adequacy,
- » ensuring the soundness of financial reporting systems, and
- » determining the authority and responsibilities within the Bank,
- » as well as carrying out activities related to auditing and supervision.

The internal control system is made up of the Internal Audit Unit, the Risk Management Unit and the Internal Control and Compliance Unit; these departments report directly to the Audit Committee.

In accordance with the Regulation on Banks' Internal Systems, Takasbank Audit Committee held regular meetings with representatives of the Bank's independent auditors, members of the Internal Audit Unit and other internal system units.

The independent audit reports, risk evaluations, internal audit reports, the internal audit plan, risk management reports, internal control reports, the internal control program, the support service risk management program, risk analysis reports, technical competence reports and all other related documents were submitted to the Audit Committee, analyzed, checked and evaluated in the Audit Committee's meetings. These reports and documents were then presented to the Board of Directors together with the Audit Committee's opinions.

In 2012, Takasbank's Audit Committee held 13 meetings to which all Committee members participated.

#### **C- Credit Committee**

Although the authority to extend loans belongs to the Board of Directors of a bank, this power can be delegated to the Credit Committee or the General Manager, according to banking legislation.

In the Board meeting no: 231 and dated: April 5<sup>th</sup>, 2012, Mr. Murat Ulus was elected as the Chairman of the Credit Committee and Mr. Mustafa Kemal Yılmaz and Mr. Hüseyin Keleşoğlu were elected as members of the Credit Committee. In the same meeting, Ms. Güzide Meltem Kökden and Mr. Reşat Karabiyik were elected as associate members of the Credit Committee.

Takasbank's Credit Committee did not convene in 2012, while all cash and non-cash credit limits were determined by the Board.

#### **D- Assets-Liabilities Committee**

The Assets-Liabilities Committee, which meets regularly every month under the presidency of the General Manager, comprises of the Assistant General Managers and the following listed unit directors:

- » Director Responsible for Credits, Markets and Fund Management
- » Director Responsible for Operations
- » Manager of the International Markets Department
- » Manager of the Fund Management Department
- » Manager of the Accounting and Financial Reporting Department
- » Manager of the Department of Credits and Markets
- » Manager of the Risk Management Department

**The numbers of members who participated in the meetings held in 2012 are as follows:**

| Month             | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
|-------------------|------|------|-------|-------|-----|------|------|--------|-------|------|------|------|
| Number of members | 11   | 11   | 12    | 11    | 10  | 10   | 10   | 9      | 10    | 12   | 12   | 10   |

# SUMMARY REPORT OF THE BOARD OF DIRECTORS

TO THE GENERAL ASSEMBLY OF

Esteemed Shareholders,

Welcome to the 18<sup>th</sup> Ordinary General Meeting of Takasbank. We greet all of our distinguished shareholders and shareholder representatives who have honoured this meeting cordially, as we submit the reports of the Board of Directors and the Auditors as well as the Profit-and-Loss Statement for the accounting period of 2012 for your evaluation and approval.

The ongoing impacts of the global financial crisis, which first began to be felt in 2007, continued in 2012. The negative course of the global economy first affected developed countries before spreading to the developing ones. There were difficulties in financing large investments due to the fact that the liquidity provided to the financial system in developed countries had little impact on credit supply and did not enter the real economy. These were the major negative impacts caused by the crisis. Due to the ongoing traumatic effects of the global crisis, growth and employment figures in developed countries still languished below their pre-crisis levels. Because of the integrated structure of the financial markets, the risk of a deterioration also mounted in emerging market economies, particularly those with economic ties to the European Union.

In 2012, the ongoing problems in the financial structures of some EU member countries, as well as mounting political uncertainties and inadequate implementation of permanent structural reforms continued to negatively affect the risk appetite of investors in financial markets and thus, prevented economies from exiting the crisis at the desired rate.

Despite all these negative developments in the world, the Turkish economy was able to positively deviate from developed economies after the severe contraction in 2009. Turkey demonstrated a controlled decrease in its GDP growth rate by applying various restrictions to credit growth in 2012 in an effort to place its strong growth performance in recent years on a sustainable growth path. The fact that Turkey's macroeconomic outlook, particularly its public finances, have undoubtedly been improved by the decisive implementation of Turkey's macroeconomic stability policies which were launched before the global crisis, as well as its structural reforms. On the international platform, the Turkish economy is expected to maintain its positive status, while the policies applied by Turkey are shown as a model to problematic economies around the world by the international community.

Despite all the negative developments experienced in the global markets, Takasbank will continue to provide effective, sustainable and steadily increasing contributions to the Turkish capital markets, supported by the strength we receive from our country's stable economic performance.

Having launched a number of new projects in 2012, our Bank began to offer cash settlement and collateral management services to the electricity market as the "Central Settlement Bank"; to keep the collaterals of investors who perform Leveraged Buying and Selling Transactions and to operate the Turkish Electronic Fund Distribution Platform in order to contribute to the development of mutual funds in Turkey.

Aiming to be the leading international clearing and settlement institution among the target countries of the project, "Istanbul International Finance Centre"(IFC), our Bank updated its vision and mission and announced its new targets to all of its shareholders for this purpose. Having undergone a significant transformation process to achieve its new vision, the Bank is currently undertaking the necessary efforts to increase the diversity and quality of its services through the following projects: "Central Counterparty, Central Collateral Management and Central Risk Management", "Oracle Transformation", "Local and Global Clearing, Settlement and Custody Services", "Automation of Title Deed Transactions", "Market for the Sale of Lease Certificates with Repurchase Guarantee" and "Improvement of Business Continuity and Information Security Management Systems". In order to manage these new targets and services more efficiently, our entire organization was updated with a service-oriented approach. Moreover, our Bank strengthens its position in domestic and foreign markets through comprehensive projects and targets, such as "Joint Technology Platform", "Improvement of Securities Lending Markets", "Enabling Integration between Financial Markets and Commodity Markets", which were also set forth in the IFC Project Strategy Paper.

As our Bank will assume the counterparty role in the coming period, it is obliged to command a robust shareholders' equity in order to carry out the central risk and collateral management activities in an effective and healthy manner. Moreover, the "required reserve liabilities based on the leverage ratio" that will be launched by the Central Bank in 2014 is an additional factor driving our Bank to increase its shareholders' equity. Accordingly, we plan to raise our Bank's paid-in capital by TL 360 million (TL 180 million from internal resources and TL 180 million guaranteed in cash by partners) from TL 60 million to TL 420 million.

Takasbank enclosed a successful year in 2012 in terms of financials, increasing its total assets by 56% YoY to TL 3,671,623,000. Our Bank's total revenues rose by 40% YoY to TL 147,237,000 with total expenses of TL 77,301,000. Our pre-tax profit in 2012 increased by 62% YoY to TL 69,936,000, with a net profit of TL 55,168,000.

Takasbank continues to improve the products and services it provides with its customer-oriented approach and innovative applications while operating in accordance with the related legislation. As we present this Annual Report containing our operational results and financial statements for the accounting period ending on December 31, 2012, we would like to extend our gratitude to the esteemed executives of our capital markets, our employees, our esteemed shareholders and their representatives who have graced our General Meeting of Shareholders, for their contributions and support. We hereby extend our deep felt gratitude to you.

**İMKB Takas ve Saklama Bankası A.Ş.**  
**On behalf of the Board of Directors**



M. İbrahim TURHAN  
Chairman of the Board of Directors



Murat ULUS  
General Manager  
Member of the Board of Directors



## RELATED PARTY TRANSACTIONS

Within the scope of related-party transactions of Takasbank, the transactions performed by the Istanbul Stock Exchange - which is Takasbank's primary shareholder and the holder of its qualified share - and members of the Board of Directors of the Bank with other corporations, which they are a Board member or General Manager of. Takasbank is responsible for the settlement of transactions performed in the Equities, Debt Securities and Futures and Options Markets operating under the ISE.

In the event that members who trade in the Equities Market, Debt Securities Market and Futures and options market operating under the ISE do not fulfil their settlement obligations on time, default provisions are applied and a default penalty is collected from members for these transactions. Collected from members, such default penalties are transferred to the ISE's guarantee account or guarantee funds according to the respective markets. Moreover, the ISE Equities and Debt Securities Guarantee Account and the Futures and Options Guarantee Fund were established to ensure that settlement obligations are fulfilled on time in transactions performed in any of the markets operating under the ISE and to prevent the suffering of members in any way in the event of default. Under the account item, Other Debts, on Takasbank's balance sheet, there is balance of TL 60,821,000 in the Equities Market guarantee account and TL 73,118,000 in the Debt Securities Market guarantee account as of December 31<sup>st</sup>, 2012.

The balance in the ISE Stock and Debt Securities Guarantee Account is invested by Takasbank in the Interbank Money Market and the interbank secondary market within the scope of a protocol signed between Takasbank and ISE. The Bank earns commissions on return as a result of these transactions. The Bank gained TL 1,781,000 in interest and commission revenues from related-party transactions in 2012.

## SUPPORT SERVICES

Within the scope of the Regulation on Banks Receiving Support Services:

- » We receive maintenance and support services from "Eastern Networks Çözümleri Ticaret AŞ" for the SWIFT systems and the emergency centre SWIFT Service Bureau;
- » We receive maintenance, support and update services from "Mor Teknoloji Elektronik Bilişim San. Tic. Ltd. Şti" for the Electronic Fund Transfer and Electronic Securities Transfer systems as well as the interface and the emergency practice that enable data flow between the systems of the central bank; and
- » We receive infrastructure and support services from "Türk Telekomünikasyon AŞ" for the Emergency Centre premises.

## REPORT OF THE STATUTORY AUDITORS

## TO THE GENERAL ASSEMBLY OF

## İ.M.K.B. TAKAS VE SAKLAMA BANKASI A.Ş.

|                        |   |
|------------------------|---|
| Title of Partnership   | İ.M.K.B. Takas ve Saklama Bankası A.Ş.  |
| Headquartered in       | İstanbul  |
| Capital Stock          | TL 60,000,000.-   |
| Paid-In Capital        | TL 60,000,000.-   |
| Number of Shares       | 600,000,000   |
| Number of Shareholders | 84  |
| Field of Activity      | To provide clearing, settlement and custody services within the framework of the capital market and exchange legislations and to carry out investment banking operations within the framework of the Banking Law and other banking regulations. |
| <b>Auditors</b>        | Ertan MERTOĞLU 30/03/2012<br>Representing Class B Shares for 2 years<br>Ali Şir YARDIM 30/03/2012<br>Representing Class A Shares for 2 years  |

**According to Article 353, Clause 1, Sub-clause 4 of the Turkish Commercial Code no: 6762;**

As a result of the audit carried out as of 31/12/2012, it has been concluded that the Bank's records have been kept in compliance with relevant laws, transactions have been conducted with due concern, the Bank's cash balance as of 31/12/2012 corresponded to the figures in the accounting books and all securities delivered to the Bank have been recorded properly.

**According to Article 353, Clause 1, Sub-clause 3 of the Turkish Commercial Code no: 6762;**

The Bank's cash balances were counted and documented in writing and bank records were found to comply with these documents on 09/01/2012, 14/02/2012, 19/03/2012, 20/04/2012, 14/05/2012, 20/06/2012, 27/07/2012, 22/08/2012, 24/09/2012, 15/10/2012, 12/11/2012, 31/12/2012

**Complaints and Malpractices Reported and Relevant Action Taken:**

No complaints or malpractices were reported.

We have audited the accounts and transactions of İMKB Takas ve Saklama Bankası A.Ş. for the period of 01/01/2012 through 31/12/2012 in accordance with the Turkish Commercial Code, the Articles of Association of the Bank and other relevant legislation and generally accepted accounting principles and standards. The Bank's balance sheet as of 31/12/2012 audited and deemed appropriate on our behalf, reflects the actual financial position of the Bank as of the specified date, the income statement for the period 01/01/2012 through 31/12/2012 reflects the actual operational results for the period.

We submit the Balance Sheet and Income Statement, as well as the acquittal from the Board of Directors for your approval.

AUDIT BOARD



Ali Şir YARDIM



Ertan MERTOĞLU

## EVALUATION OF THE AUDIT COMMITTEE

**İ.M.K.B. Takas ve Saklama Bankası A.Ş.**

**Evaluation of the Audit Committee on Internal Audit, Internal Control and Compliance, and Risk Management Units**

**No: 2013/DK/03**

**İstanbul, 22/01/2013**

Takasbank's activities under the scope of internal control, internal audit and risk management are conducted by the Board of Directors, Executive Management, and the personnel on all levels as well as the Internal Audit, the Internal Control and Compliance and the Risk Management teams, in compliance with the relevant legislation and the Bank's internal regulation.

Internal Auditor Team performed a periodical and risk-based audit of all the activities of the Bank free of any in-house restrictions, and assured the Executive Management that all activities were in compliance with the relevant legislation in effect and the Bank's strategies, policies, principles and goals, and concluded that the internal audit and risk management systems were effective and satisfactory.

The risk evaluations, internal audit plans, internal audit reports, internal audit activity reports, internal control program, risk management program and other documentation submitted to the Audit Committee in 2012 by the Internal Audit Team, the Internal Control and Compliance Team and the Risk Management Team, established in line with the provisions of the Regulation on Internal Systems of Banks as administratively independent control units reporting to the Board of Directors via the Audit Committee, were evaluated in meetings, and the Committee's resolutions and relevant reports were submitted to the Board of Directors thereby providing information to Takasbank's Board of Directors and General Manager's Office.

The general risk level of Takasbank's operations relates not only to individuals and institutions operating on a domestic level, but also to international investors making portfolio investments in Turkey's capital markets. Accordingly Takasbank has embraced the mission of delivering its services at international standards and thus to create and operate efficient internal audit, internal control and risk management mechanisms.

Committed to sustaining a high quality of service in view of developments in financial markets, Takasbank has adopted a global risk policy for its operations involving risk minimization and prudent management. Besides, for those risks that must be taken or carried, an optimum balance is sought between any potential loss or damage to be incurred in the event of risk occurrence, and the cost of limiting, mitigating and controlling such risk.

Since Takasbank considers the internal audit and control processes as an integral part of its operations, reporting modules that enable effective monitoring and control of transactions conducted almost entirely in electronic format are integrated with software applications. Moreover, necessary controls are carried out during the execution of transactions by way of various techniques such as, separation of powers and duties for critical transactions, application of approval-authorization mechanisms during the performance of operations, examination of limits in an electronic environment, inquiry and reconciliation and other methods for the control of material components. In addition to the control functions performed by our respective management units within Takasbank's hierarchical management structure, the activities of our departments were audited on a regular basis by our Internal Audit Team that reports to the Board of Directors and performs analyses and audits on behalf of the Board, and by our Internal Control and Compliance Team in specific periods.

Moreover, the Internal Control and Compliance Team is responsible for monitoring and announcing legislative changes concerning our Bank and evaluating the compliance of new products and services with the related regulations; the Risk Management Team is responsible for the risk evaluation for new products and services; and the Internal System Units are jointly responsible for evaluating the compliance of analysis documents related to new products and services with the criteria set forth in the Bank's internal regulations.

Studies that will provide a basis for the Management Statement have been undertaken jointly by Internal Audit and Internal Control and Compliance teams, according to the calendar determined by the Audit Committee. The Bank's Clearing & Settlement, Custody, Cash Loans, Market Operation, Accounting, Financial Reporting, Fund Management, Cash Transfers and Payment Procedures have been placed under the scope of "Banking processes audit", whereas the audit of the Bank's IT processes was performed in line with the provisions of "Communique on Principles Governing IT Management in Banks" and the COBIT framework. The results of the process audits were reported to relevant units and management levels so as to ensure that the necessary actions were planned and taken.

Takasbank carries out its operations in conformity with the applicable legislation, adhering to the Bank's general policies and internal regulations. Takasbank's Internal Audit, the Internal Control and Compliance and the Risk Management units are structured to operate in accordance with the Regulation on Internal Systems of Banks and generate significant added value in line with the major objectives and policies of Takasbank.

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.  
AUDIT COMMITTEE



Adalet POLAT  
Chairman of the Audit Committee  
Board Member



Serhad SATOĞLU  
Member of the Audit Committee  
Board Member

## INDEPENDENT AUDITORS' REPORT

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

To the Board of Directors of İMKB Takas ve Saklama Bankası A.Ş.

We have audited the accompanying unconsolidated balance sheet of İMKB Takas ve Saklama Bankası A.Ş. ("the Bank") at 31 December 2012 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

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

Our responsibility, as independent auditors, is to express an opinion on these unconsolidated financial statements based on our audit. Our independent audit has been implemented in accordance with the "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

*Independent Auditor's Opinion:*

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of İMKB Takas ve Saklama Bankası A.Ş. at 31 December 2012 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

*Additional Paragraph for Convenience Translation:*

As explained in detail in Note "1. Basis of Presentation" of Section 3, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers



Haluk Yalçın,  
Partner

Istanbul, 12 February 2013



# THE YEAR END UNCONSOLIDATED FINANCIAL REPORT OF İMKB TAKAS VE SAKLAMA BANKASI A.Ş. AS OF 31 DECEMBER 2012

Address of the Bank's Headquarters : Şişli Merkez Mahallesi, Merkez Caddesi,  
Takasbank Genel Müdürlüğü No:6, İstanbul  
Telephone of the Bank : (0 212) 315 25 25  
Fax of the Bank : (0 212) 315 25 26  
Web site of the Bank : www.takasbank.com.tr  
E-mail for correspondence : muhasebe@takasbank.com.tr

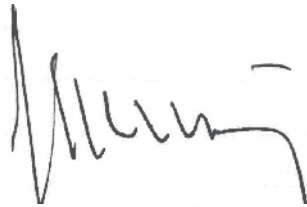
The unconsolidated year end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency:

- » GENERAL INFORMATION ABOUT THE BANK
- » UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- » EXPLANATIONS ON ACCOUNTING POLICIES
- » INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- » EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- » OTHER EXPLANATIONS AND NOTES
- » INDEPENDENT AUDITOR'S REPORT

The accompanying year end unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been reviewed.



M. İbrahim Turhan  
President



Adalet Polat  
Audit Committee President



Serhad Satoğlu  
Audit Committee Member



Murat Ulus  
General Manager



Cengiz Özübek  
Executive Vice President



Murat Görgün  
Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : Ekrem Kaya/Assistant Manager

Telephone Number : (0 212) 315 22 29

Fax Number : (0 212) 315 22 34

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# İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report, Originally Issued in Turkish, See Note I of Section Three

### SECTION ONE

#### GENERAL INFORMATION

##### I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute:

The Bank was originally set up as a department of the Istanbul Stock Exchange ("ISE") and reorganized under a separate company named İMKB Takas ve Saklama A.Ş. (ISE Settlement and Custody Bank) on 12 July 1991, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.) (Hereinafter referred to as "Takasbank" or the "Bank"), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551.

##### II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to:

As of 31 December 2012 and 31 December 2011 the shareholders' structure and their respective ownerships are summarized as follows:

| No | Name of shareholders                    | Current Period  |               | Prior Period    |               |
|----|---|-----------------|---------------|-----------------|---------------|
|    |   | Paid in Capital | %             | Paid in Capital | %             |
| 1  | "İstanbul Stock Exchange" (ISE)         | 21.992          | 36,65         | 19.575          | 32,63         |
| 2  | Tacirler Menkul Kıymetler A.Ş.          | 3.000           | 5,00          | 10              | 0,02          |
| 3  | T. Sınai Kalkınma Bankası A.Ş.          | 3.000           | 5,00          | 3.000           | 5,00          |
| 4  | Phillip Capital Menkul Değerler A.Ş..   | 3.000           | 5,00          | 3.000           | 5,00          |
| 5  | Yapı Kredi Yatırım Menkul Değerler A.Ş. | 2.915           | 4,86          | 2.915           | 4,86          |
| 6  | T.C. Ziraat Bankası A.Ş.                | 2.915           | 4,86          | 2.915           | 4,86          |
| 7  | T. Garanti Bankası A.Ş.                 | 2.915           | 4,86          | 2.915           | 4,86          |
| 8  | Türkiye İş Bankası A.Ş.                 | 2.915           | 4,86          | 2.915           | 4,86          |
| 9  | Türkiye Vakıflar Bankası T.A.O.         | 2.915           | 4,86          | 2.915           | 4,86          |
| 10 | Other (71)                              | 14.433          | 24,05         | 19.840          | 33,07         |
|    | <b>Total</b>                            | <b>60.000</b>   | <b>100,00</b> | <b>60.000</b>   | <b>100,00</b> |

The share of 24,05% in the "Others" line is composed of 60 brokerage houses and 11 banks, with shares of 19,89% and 4,16% respectively.

36,65% of the Bank's shares are owned by Istanbul Stock Exchange ("ISE"). ISE has been founded as a public sector institution bearing a legal entity, purposefully founded with authority to deal in the purchase and sale, determination and announcement of prices of securities within the provisions and clauses as specified in the principles outlined in the Decree No: 91 regulating securities exchanges which was published in the Official Gazette No: 18183 dated 6 October 1983. ISE currently holds nominal TL 200 preferred shares of the Bank.

The changes in shareholders in the current period are shown below:

| Old Shareholder            | New Shareholder                           | Capital (TL) | Ratio (%) |
|----------------------------|---|--------------|-----------|
| Hak Menkul Kıymetler A.Ş.  | Phillip Capital Menkul Değerler A.Ş.      | 3.000.000    | 5,0000    |
| Deha Menkul Kıymetler A.Ş. | Tacirler Yatırım Menkul Değerler A.Ş.     | 2.990.000    | 4,9833    |
| Birleşik Fon Bankası A.Ş.  | İstanbul Menkul Kıymetler Borsası (*)     | 1.288.273    | 2,1471    |
| İktisat Bankası A.Ş.       | İstanbul Menkul Kıymetler Borsası (*)     | 593.853      | 0,9898    |
| Med Menkul Değerler A.Ş.   | İstanbul Menkul Kıymetler Borsası (*)     | 524.384      | 0,8730    |
| Ekol Menkul Değerler A.Ş.  | İstanbul Menkul Kıymetler Borsası (*)     | 10.000       | 0,0167    |
| Deha Menkul Kıymetler A.Ş. | Piramit Menkul Kıymetler A.Ş.             | 10.000       | 0,0167    |
| Mira Menkul Değerler A.Ş.  | Renaissance Capital Menkul Değerler A.Ş.  | 5.000        | 0,0083    |
| Değer Menkul Değerler A.Ş. | Saxo Capital Markets Menkul Değerler A.Ş. | 1.000        | 0,0017    |

(\*) Indicates the bank's shares acquired by the existing shareholder ISE as of 31 December 2012.

**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**  
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*Dividend payment:*

In accordance with the Bank's Ordinary General Meeting dated 30 March 2012, dividend amounting to TL 31.882 has been paid to shareholders and employees at 4 April 2012.

**III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess:**

**Chairman and Members of the Board of Directors**

| <b>Name Surname</b>   | <b>Position</b>  | <b>Education</b>   |
|-----------------------|--|--|
| Dr. M. İbrahim Turhan | President  | Boğaziçi U.- Faculty of Economics and Administrative Sciences - Business Administration/Graduate<br>Marmara U. - School of Banking and Insurance/Master<br>Marmara U.- School of Banking and Insurance/(Doctorate) |
| Birol Aydemir         | Member (Vice President)                                    | Ankara U. - Political Sciences Fac.- Treasury (Master)   |
| Ekrem Nevzat Öztangut | Member   | Hacettepe U. Faculty of Economics and Administrative Sciences - Economics  |
| Adalet Polat          | Member (Audit Committee President)                         | Ankara U. - Political Sciences Fac.- Administration/Graduate<br>İstanbul U. - Social Sciences Inst. - Economics (Master)   |
| Murat Ulus            | General Manager and Member (President of Credit Committee) | Ankara U. - Political Sciences Fac.- Department of labour economics and industrial relations/Graduate<br>Boston University - Financial Economy/Master  |
| Serhad Satoğlu        | Member (Audit Committee Member)                            | Ankara U. - Political Sciences Fac.- Finance/Graduate<br>Marmara U. - School of Banking and Insurance/Master   |
| Güzide Meltem Kökden  | Member (Credit Committee Member - Substitute)              | Ankara U. Political Sciences Fac.- International Relations<br>Ankara U. Soc. Sciences Institute - European Law, Masters Degree   |
| Hüseyin Kelezoğlu     | Member (Credit Committee Member)                           | METU. Faculty of Economics and Administrative Sciences- Economics/Graduate<br>Bilkent U. Economics, Johns Hopkins U Economics/Master   |
| Mustafa Kemal Yılmaz  | Member (Credit Committee Member)                           | Marmara U. Faculty of Economics and Administrative Sciences - English B. Administration/Graduate<br>Marmara U. Soc. Sci. Ins.- English B. Admin./Master<br>Marmara U. Soc. Sci. Ins.- Banking./Doctorate           |
| Ali Çöplü             | Member   | Bilkent U. Eng. Fac.- Com. Eng. And Inf. Sci./Graduate<br>University of Pennsylvania Eng. Fac.- Com. Eng. And Inf. Sci./Master<br>New York U. Faculty of Economics and Administrative Sciences. Bus. Ad./Master    |
| Reşat Karabıyık       | Member (Credit Committee Member - Substitute)              | Marmara U. Faculty of Economics and Administrative Sciences - Bus. Administration/Graduate   |

**Members of Statutory Audit Board**

| <b>Name Surname</b> | <b>Position</b>                 | <b>Education</b>   |
|---------------------|---------------------------------|--|
| Ertan Mertoğlu      | Audit Committee Member -Auditor | İstanbul U. Economics Fac. -Finance/Graduate<br>Boğaziçi U. Soc. Sci. Ins - Business Administration/Master |
| Ali Şir Yardım      | Audit Committee Member -Auditor | METU. Faculty of Economics and Administrative Sciences- Economics/Graduate                                 |



**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**  
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**General Manager and Assistant General Managers**

| <b>Name Surname</b> | <b>Position</b>  | <b>Education</b>  |
|---------------------|--|---|
| Murat Ulus          | General Manager and Member and member of the Board of Directors  | Ankara U. - Political Sciences Fac.- Department of labour economics and industrial relations/Graduate<br>Boston University - Financial Economy/Master degree                    |
| Dr. Sezai Bekgöz    | Operations Dep,<br>Legal Affairs Dep,<br><br>Accounting Dep<br><br>Operations Dep.,<br>Legal Affairs Dep,<br>Accounting Dep. | Ankara U. PSF - Economics<br>Istanbul U. - Social Sci. Inst. - Capital Markets and Stock Exch. (Masters Deg.)<br>Marmara U. - Banking and Insurance Inst. - Banking (Doctorate) |

(\*) According to the decision taken in the Board of directors Meeting dated 29 January 2013 and No.246, Cengiz Özübek and Galip Karagöz have been appointed as executive vice president

**Head of Inspection Board**

| <b>Name Surname</b> | <b>Position</b> | <b>Education</b>  |
|---------------------|-----------------|---|
| Murat Koç           | Director        | İ U. Economics Fac (Economics in English)<br>Marmara U.-Capital Market and - Master |

(\*) Murat Koç who is appointed as a member of the Capital Market Board (CMB) resigned at 30 December 2012.

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

Shareholding in the Bank's shares, except ISE, does not exceed 5% as stated in the Articles of Association of the Bank. 36,65% of the Bank belongs to ISE. The Bank has nominal TL 200 preferred shares as of 31 December 2012. The preferred shares belonging to ISE, provides the shareholder to be represented with more members in the Board of Directors.

# İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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### **V. Information on the Bank's service type and field of operation:**

Takasbank performs its operating activities as a non-deposit taking bank since 2 January 1996. Takasbank carries out clearing, settlement, custody and other necessary transactions related with marketable securities on behalf of brokerage houses. Takasbank also renders customer name based custody services. Head office of Takasbank is located in Istanbul and the Bank has no branches.

Operating areas as stated in the Articles of Association of the Bank are as follows:

- » Performing custodianship, transport and transfers of the marketable securities, precious metals and other securities and settlement of cash and security commitments arising from the purchases and sales in stock exchanges, undertaking every kind of legal, financial and administrative transactions for conceding and receiving these securities to/from the related parties,
- » To give custody services to stock exchanges, Central Registry Agency, intermediaries, issuers, private pension companies, local and foreign corporate investors and other capital market institutions and their clients, open accounts for the related transactions, performing money orders, transfers, clearing and offsetting between these accounts, to conduct other transactions in order to fulfil clearing liabilities timely and in line with procedures and principals, to mediate in exercising the financial rights of capital market instruments and to perform other similar financial services,
- » To provide settlement and custody services to local and foreign customers abroad; to establish international cooperation for clearing and custody of securities and other precious metals traded outside the borders of Turkey (including free trade zones) and to establish relationships with settlement and custody institutions in other countries with this purpose; to fill funding needs by establishing or participating in syndications or consortiums with local or foreign banks or credit institutions; to establish or participate in continual or temporary partnerships of all kinds with local and foreign banks and other institutions in its business area,
- » To place loans and advances in Turkish Lira or other currencies with or without guarantees such as gold, securities, bills, time deposits and documents; to lend securities and cash to members of stock exchanges in order the settlement transactions to be timely finalized; to discount or purchase securities and other capital market instruments and to lend or borrow these when needed; to issue, in Turkish Lira or any other currency, suretyship, letter of guarantee and a bill of Exchange,
- » To establish and manage capital markets in which the ISE members and - if assigned - other exchange market members, including the Central Bank of the Republic of Turkey can participate,
- » To establish and manage Securities Lending Market and mechanisms for borrowing and lending securities where the clients and corporate investors may become party to not only the settlement gaps but also short-selling in order the settlement transactions to be timely finalized in ISE and - if assigned - any other stock exchanges,
- » To follow and manage assets that have been committed as collateral by stock and securities exchange members due to their obligations and commitments, in accordance with legal arrangements,
- » Being the National Identification Agency, to assign and declare International Securities Identification Code for capital market instruments.

### **VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries**

None

# İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

### AT 31 DECEMBER 2012

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#### SECTION TWO

#### UNCONSOLIDATED FINANCIAL STATEMENTS

#### I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

|  | Note<br>(Section<br>Five-I) | Current Period<br>31/12/2012 |                  |                  | Prior Period<br>31/12/2011 |                |                  |
|--|-----------------------------|------------------------------|------------------|------------------|----------------------------|----------------|------------------|
|  |                             | TL                           | FC               | Total            | TL                         | FC             | Total            |
| <b>I. CASH AND BALANCES WITH CENTRAL BANK</b>                          | I-(1)                       | 124.572                      | 205.066          | 329.638          | 78.121                     | 62.394         | 140.515          |
| <b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b> | I-(2)                       | 3.958                        | -                | 3.958            | 3.674                      | -              | 3.674            |
| 2.1 Financial Assets held for trading                                  |                             | 3.958                        | -                | 3.958            | 3.674                      | -              | 3.674            |
| 2.1.1 Government Debt Securities                                       |                             | 3.958                        | -                | 3.958            | 3.674                      | -              | 3.674            |
| 2.1.2 Share Certificates   |                             | -                            | -                | -                | -                          | -              | -                |
| 2.1.3 Trading Derivative Financial Assets                              |                             | -                            | -                | -                | -                          | -              | -                |
| 2.1.4 Other Marketable Securities                                      |                             | -                            | -                | -                | -                          | -              | -                |
| 2.2 Financial Assets Designated at Fair Value through Profit or Loss   |                             | -                            | -                | -                | -                          | -              | -                |
| 2.2.1 Government Debt Securities                                       |                             | -                            | -                | -                | -                          | -              | -                |
| 2.2.2 Share Certificates   |                             | -                            | -                | -                | -                          | -              | -                |
| 2.2.3 Loans  |                             | -                            | -                | -                | -                          | -              | -                |
| 2.2.4 Other Marketable Securities                                      |                             | -                            | -                | -                | -                          | -              | -                |
| <b>III. BANKS</b>  | I-(3)                       | 2.063.292                    | 1.126.732        | 3.190.024        | 1.532.284                  | 518.367        | 2.050.651        |
| <b>IV. MONEY MARKETS</b>   | I-(3)                       | 14.077                       | -                | 14.077           | 8.131                      | -              | 8.131            |
| 4.1 Interbank Money Market Placements                                  |                             | -                            | -                | -                | -                          | -              | -                |
| 4.2 Receivables from Istanbul Stock Exchange Money Market              |                             | -                            | -                | -                | -                          | -              | -                |
| 4.3 Receivables from Reverse Repurchase Agreements                     |                             | 14.077                       | -                | 14.077           | 8.131                      | -              | 8.131            |
| <b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>                    | I-(4)                       | 1.079                        | 272              | 1.351            | 853                        | 282            | 1.135            |
| 5.1 Share Certificates   |                             | 1.079                        | 272              | 1.351            | 853                        | 282            | 1.135            |
| 5.2 Government Debt Securities   |                             | -                            | -                | -                | -                          | -              | -                |
| 5.3 Other Marketable Securities  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>VI. LOANS</b>   | I-(5)                       | 107.306                      | -                | 107.306          | 81.405                     | -              | 81.405           |
| 6.1 Loans  |                             | 107.306                      | -                | 107.306          | 81.405                     | -              | 81.405           |
| 6.1.1 Loans to Bank's Risk Group                                       |                             | 92.649                       | -                | 92.649           | 78.861                     | -              | 78.861           |
| 6.1.2 Government Debt Securities                                       |                             | -                            | -                | -                | -                          | -              | -                |
| 6.1.3 Other  |                             | 14.657                       | -                | 14.657           | 2.544                      | -              | 2.544            |
| 6.2 Loans under Follow-up  |                             | 1.637                        | -                | 1.637            | 1.637                      | -              | 1.637            |
| 6.3 Specific Provisions (-)  |                             | 1.637                        | -                | 1.637            | 1.637                      | -              | 1.637            |
| <b>VII. FACTORING RECEIVABLES</b>                                      |                             | -                            | -                | -                | -                          | -              | -                |
| <b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>                         | I-(6)                       | -                            | -                | -                | 46.638                     | -              | 46.638           |
| 8.1 Government Debt Securities   |                             | -                            | -                | -                | 46.638                     | -              | 46.638           |
| 8.2 Other Marketable Securities  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>                             | I-(7)                       | -                            | -                | -                | -                          | -              | -                |
| 9.1 Consolidated Based on Equity Method                                |                             | -                            | -                | -                | -                          | -              | -                |
| 9.2 Unconsolidated   |                             | -                            | -                | -                | -                          | -              | -                |
| 9.2.1 Financial Investments in Associates                              |                             | -                            | -                | -                | -                          | -              | -                |
| 9.2.2 Non-financial Investments in Associates                          |                             | -                            | -                | -                | -                          | -              | -                |
| <b>X. SUBSIDIARIES (Net)</b>   | I-(8)                       | 4.825                        | -                | 4.825            | 4.825                      | -              | 4.825            |
| 10.1 Unconsolidated Financial Subsidiaries                             |                             | 4.825                        | -                | 4.825            | 4.825                      | -              | 4.825            |
| 10.2 Unconsolidated Non-Financial Subsidiaries                         |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (NET)</b>        | I-(9)                       | -                            | -                | -                | -                          | -              | -                |
| 11.1 Consolidated Based on Equity Method                               |                             | -                            | -                | -                | -                          | -              | -                |
| 11.2 Unconsolidated  |                             | -                            | -                | -                | -                          | -              | -                |
| 11.2.1 Financial Joint Ventures  |                             | -                            | -                | -                | -                          | -              | -                |
| 11.2.2 Non-financial Joint Ventures                                    |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XII. LEASE RECEIVABLES (Net)</b>                                    | I-(10)                      | -                            | -                | -                | -                          | -              | -                |
| 12.1 Financial Lease Receivables                                       |                             | -                            | -                | -                | -                          | -              | -                |
| 12.2 Operational Lease Receivables                                     |                             | -                            | -                | -                | -                          | -              | -                |
| 12.3 Other   |                             | -                            | -                | -                | -                          | -              | -                |
| 12.4 Unearned Income (-)   |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>          | I-(11)                      | -                            | -                | -                | -                          | -              | -                |
| 13.1 Fair Value Hedge  |                             | -                            | -                | -                | -                          | -              | -                |
| 13.2 Cash Flow Hedge   |                             | -                            | -                | -                | -                          | -              | -                |
| 13.3 Foreign Net Investment Hedge                                      |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XIV. PROPERTY AND EQUIPMENT (Net)</b>                               | 3-VIII, I-(12)              | 12.124                       | -                | 12.124           | 10.332                     | -              | 10.332           |
| <b>XV. INTANGIBLE ASSETS (Net)</b>                                     | I-(13)                      | 1.504                        | -                | 1.504            | 1.054                      | -              | 1.054            |
| 15.1 Goodwill  |                             | -                            | -                | -                | -                          | -              | -                |
| 15.2 Other   |                             | 1.504                        | -                | 1.504            | 1.054                      | -              | 1.054            |
| <b>XVI. INVESTMENT PROPERTY (Net)</b>                                  | I-(14)                      | -                            | -                | -                | -                          | -              | -                |
| <b>XVII. TAX ASSET</b>   | I-(15)                      | 2.287                        | -                | 2.287            | 1.081                      | -              | 1.081            |
| 17.1 Current Tax Asset   |                             | -                            | -                | -                | -                          | -              | -                |
| 17.2 Deferred Tax Asset  |                             | 2.287                        | -                | 2.287            | 1.081                      | -              | 1.081            |
| <b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>   | I-(16)                      | -                            | -                | -                | -                          | -              | -                |
| 18.1 Held for Sale   |                             | -                            | -                | -                | -                          | -              | -                |
| 18.2 Discontinued Operations   |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XIX. OTHER ASSETS</b>   | I-(17)                      | 4.529                        | -                | 4.529            | 6.334                      | 7              | 6.341            |
| <b>TOTAL ASSETS</b>  |                             | <b>2.339.553</b>             | <b>1.332.070</b> | <b>3.671.623</b> | <b>1.774.732</b>           | <b>581.050</b> | <b>2.355.782</b> |

The accompanying explanations and notes form an integral part of these financial statements.

**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**  
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|  | Note<br>(Section<br>Five-I) | Current Period<br>31/12/2012 |                  |                  | Prior Period<br>31/12/2011 |                |                  |
|--|-----------------------------|------------------------------|------------------|------------------|----------------------------|----------------|------------------|
|  |                             | TL                           | FC               | Total            | TL                         | FC             | Total            |
| <b>I. DEPOSITS</b>   | II-(1)                      | -                            | -                | -                | -                          | -              | -                |
| 1.1 Deposits of Bank's Risk Group  |                             | -                            | -                | -                | -                          | -              | -                |
| 1.2 Other  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>                                 | II-(2)                      | -                            | -                | -                | -                          | -              | -                |
| <b>III. FUNDS BORROWED</b>   | II-(3)                      | -                            | 1.058.970        | 1.058.970        | -                          | 449.776        | 449.776          |
| <b>IV. MONEY MARKETS</b>   |                             | -                            | -                | -                | -                          | -              | -                |
| 4.1 Funds from Interbank Money Market  |                             | -                            | -                | -                | -                          | -              | -                |
| 4.2 Funds from Istanbul Stock Exchange Money Market  |                             | -                            | -                | -                | -                          | -              | -                |
| 4.3 Funds Provided Under Repurchase Agreements   |                             | -                            | -                | -                | -                          | -              | -                |
| <b>V. MARKETABLE SECURITIES ISSUED (Net)</b>   | II-(4)                      | -                            | -                | -                | -                          | -              | -                |
| 5.1 Bills  |                             | -                            | -                | -                | -                          | -              | -                |
| 5.2 Asset Backed Securities  |                             | -                            | -                | -                | -                          | -              | -                |
| 5.3 Bonds  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>VI. FUNDS</b>   |                             | -                            | -                | -                | -                          | -              | -                |
| 6.1 Borrower Funds   |                             | -                            | -                | -                | -                          | -              | -                |
| 6.2 Other  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>VII. MISCELLANEOUS PAYABLES</b>   | II-(5)                      | 1.700.746                    | 272.622          | 1.973.368        | 1.291.434                  | 129.162        | 1.420.596        |
| <b>VIII. OTHER LIABILITIES</b>   | II-(5)                      | 270.339                      | 4                | 270.343          | 155.724                    | -              | 155.724          |
| <b>IX. FACTORING PAYABLES</b>  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>X. LEASE PAYABLES (Net)</b>   | II-(6)                      | -                            | -                | -                | -                          | -              | -                |
| 10.1 Financial Lease Payables  |                             | -                            | -                | -                | -                          | -              | -                |
| 10.2 Operational Lease Payables  |                             | -                            | -                | -                | -                          | -              | -                |
| 10.3 Other   |                             | -                            | -                | -                | -                          | -              | -                |
| 10.4 Deferred Financial Lease Expenses (-)   |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>  | II-(7)                      | -                            | -                | -                | -                          | -              | -                |
| 11.1 Fair Value Hedge  |                             | -                            | -                | -                | -                          | -              | -                |
| 11.2 Cash Flow Hedge   |                             | -                            | -                | -                | -                          | -              | -                |
| 11.3 Foreign Net Investment Hedge  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XII. PROVISIONS</b>   | II-(8)                      | 31.421                       | -                | 31.421           | 17.497                     | -              | 17.497           |
| 12.1 General Loan Loss Provision   |                             | 19.904                       | -                | 19.904           | 11.321                     | -              | 11.321           |
| 12.2 Restructuring Provisions  |                             | -                            | -                | -                | -                          | -              | -                |
| 12.3 Reserve for Employee Rights   |                             | 5.691                        | -                | 5.691            | 5.981                      | -              | 5.981            |
| 12.4 Insurance Technical Provisions (Net)  |                             | -                            | -                | -                | -                          | -              | -                |
| 12.5 Other Provisions  |                             | 5.826                        | -                | 5.826            | 195                        | -              | 195              |
| <b>XIII. TAX LIABILITY</b>   | II-(9)                      | 5.916                        | -                | 5.916            | 4.673                      | -              | 4.673            |
| 13.1 Current Tax Liability   |                             | 5.916                        | -                | 5.916            | 4.673                      | -              | 4.673            |
| 13.2 Deferred Tax Liability  |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XIV. PAYABLES FOR ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS</b>                     | II-(10)                     | -                            | -                | -                | -                          | -              | -                |
| 14.1 Held for Sale   |                             | -                            | -                | -                | -                          | -              | -                |
| 14.2 Discontinued Operations   |                             | -                            | -                | -                | -                          | -              | -                |
| <b>XV. SUBORDINATED LOANS</b>  | II-(11)                     | -                            | -                | -                | -                          | -              | -                |
| <b>XVI. SHAREHOLDERS' EQUITY</b>   | II-(12)                     | 331.605                      | -                | 331.605          | 307.516                    | -              | 307.516          |
| 16.1 Paid-in Capital   |                             | 60.000                       | -                | 60.000           | 60.000                     | -              | 60.000           |
| 16.2 Capital Reserves  |                             | 96.788                       | -                | 96.788           | 96.788                     | -              | 96.788           |
| 16.2.1 Share Premium   |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.2 Share Cancellation Profits  |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.3 Marketable Securities Valuation Reserve   |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.4 Tangible Assets Revaluation Reserve   |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.5 Intangible Assets Revaluation Reserve   |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.6 Investment Property Revaluation Reserve   |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.8 Hedging Reserves (Effective portion)  |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.9 Value Differences of Assets Held for Sale and Discontinued Operations                 |                             | -                            | -                | -                | -                          | -              | -                |
| 16.2.10 Other Capital Reserves   |                             | 96.788                       | -                | 96.788           | 96.788                     | -              | 96.788           |
| 16.3 Profit Reserves   |                             | 117.806                      | -                | 117.806          | 114.115                    | -              | 114.115          |
| 16.3.1 Legal Reserves  | II-(12)                     | 23.034                       | -                | 23.034           | 20.146                     | -              | 20.146           |
| 16.3.2 Status Reserves   |                             | -                            | -                | -                | -                          | -              | -                |
| 16.3.3 Extraordinary Reserves  | II-(12)                     | 91.503                       | -                | 91.503           | 90.700                     | -              | 90.700           |
| 16.3.4 Other Profit Reserves   | II-(13)                     | 3.269                        | -                | 3.269            | 3.269                      | -              | 3.269            |
| 16.4 Income or (Loss)  |                             | 57.011                       | -                | 57.011           | 36.613                     | -              | 36.613           |
| 16.4.1 Prior Years' Income/(Loss)  |                             | 1.843                        | -                | 1.843            | 1.769                      | -              | 1.769            |
| 16.4.2 Current Year Income/(Loss)  |                             | 55.168                       | -                | 55.168           | 34.844                     | -              | 34.844           |
| 16.5 Minority Shares   | II-(14)                     | -                            | -                | -                | -                          | -              | -                |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |                             | <b>2.340.027</b>             | <b>1.331.596</b> | <b>3.671.623</b> | <b>1.776.844</b>           | <b>578.938</b> | <b>2.355.782</b> |

The accompanying explanations and notes form an integral part of these financial statements.

# İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

## UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2012

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report, Originally Issued in Turkish, See Note I of Section Three

### II. OFF-BALANCE SHEET

|  | Note<br>(Section<br>Five-IV) | Current Period<br>31/12/2012 |                |                    | Prior Period<br>31/12/2011 |                  |                       |
|--|------------------------------|------------------------------|----------------|--------------------|----------------------------|------------------|-----------------------|
|  |                              | TL                           | FC             | TOTAL              | TL                         | FC               | TOTAL                 |
| <b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>                       |                              | <b>4.853.543</b>             | -              | <b>4.853.543</b>   | <b>3.227.120</b>           | -                | <b>3.227.120</b>      |
| <b>I. GUARANTEES AND WARRANTIES</b>                                      | III-(1)                      | <b>4.853.543</b>             | -              | <b>4.853.543</b>   | <b>3.227.120</b>           | -                | <b>3.227.120</b>      |
| 1.1. Letters of Guarantee  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.1.1. Guarantees Subject to State Tender Law                            |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.1.2. Guarantees Given for Foreign Trade Operations                     |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.1.3. Other Letters of Guarantee  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.2. Bank Acceptances  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.2.1. Import Letter of Acceptance                                       |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.2.2. Other Bank Acceptances  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.3. Letters of Credit   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.3.1. Documentary Letters of Credit                                     |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.3.2. Other Letters of Credit   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.4. Prefinancing Given as Guarantee                                     |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.5. Endorsements  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.5.1. Endorsements to the Central Bank of the Republic of Turkey        |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.5.2. Other Endorsements  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.6. Securities Issue Purchase Guarantees                                |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.7. Factoring Guarantees  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 1.8. Other Guarantees  |                              | 4.853.543                    | -              | 4.853.543          | 3.227.120                  | -                | 3.227.120             |
| 1.9. Other Collaterals   |                              | -                            | -              | -                  | -                          | -                | -                     |
| <b>II. COMMITMENTS</b>   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1. Irrevocable Commitments   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.1. Asset Purchase and Sales Commitments                              |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.2. Deposit Purchase and Sales Commitments                            |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.3. Share Capital Commitments to Associates and Subsidiaries          |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.4. Commitments for Loan Limits                                       |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.5. Securities Issue Brokerage Commitments                            |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.6. Commitments for Reserve Deposit Requirements                      |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.7. Commitments for Cheques   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.8. Tax and Fund Liabilities from Export Commitments                  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.9. Commitments for Credit Card Limits                                |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.10 v. Promotion Commitments for Credit Cards and Banking Services    |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.11. Receivables from Short Sale Commitments of Marketable Securities |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.12. Payables for Short Sale Commitments of Marketable Securities     |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.1.13. Other Irrevocable Commitments                                    |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.2. Revocable Commitments   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.2.1. Revocable Commitments for Loan Limits                             |                              | -                            | -              | -                  | -                          | -                | -                     |
| 2.2.2. Other Revocable Commitments                                       |                              | -                            | -              | -                  | -                          | -                | -                     |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                             |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.1. Hedging Derivative Financial Instruments                            |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.1.1. Transactions for Fair Value Hedge                                 |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.1.2. Transactions for Cash Flow Hedge                                  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.1.3. Transactions for Foreign Net Investment Hedge                     |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2. Trading Derivative Financial Instruments                            |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions                    |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.1.1. Forward Foreign Currency Transactions-Buy                       |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.1.2. Forward Foreign Currency Transactions-Sell                      |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.2.1. Foreign Currency Swap-Buy                                       |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.2.2. Foreign Currency Swap-Sell                                      |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.2.3. Interest Rate Swap-Buy  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.2.4. Interest Rate Swap-Sell   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.3. Foreign Currency, Interest rate and Securities Options            |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.3.1. Foreign currency call options                                   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.2.3.2. Foreign currency put options                                    |                              | -                            | -              | -                  | -                          | -                | -                     |
| 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   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 3.3. Other   |                              | -                            | -              | -                  | -                          | -                | -                     |
| <b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>                         |                              | <b>654.015.624</b>           | <b>887.521</b> | <b>654.903.145</b> | <b>17.748.820.699</b>      | <b>1.608.577</b> | <b>17.750.429.276</b> |
| <b>IV. ITEMS HELD IN CUSTODY</b>   |                              | <b>641.006.932</b>           | -              | <b>641.006.932</b> | <b>17.737.840.560</b>      | -                | <b>17.737.840.560</b> |
| 4.1. Customer Fund and Portfolio Balances                                |                              | 8                            | -              | 8                  | 8                          | -                | 8                     |
| 4.2. Investment Securities Held in Custody                               | III-(1)                      | 641.005.424                  | -              | 641.005.424        | 17.737.839.052             | -                | 17.737.839.052        |
| 4.3. Cheques Received for Collection                                     |                              | -                            | -              | -                  | -                          | -                | -                     |
| 4.4. Commercial Notes Received for Collection                            |                              | -                            | -              | -                  | -                          | -                | -                     |
| 4.5. Other Assets Received for Collection                                |                              | -                            | -              | -                  | -                          | -                | -                     |
| 4.6. Assets Received for Public Offering                                 |                              | -                            | -              | -                  | -                          | -                | -                     |
| 4.7. Other Items Under Custody   |                              | 1.500                        | -              | 1.500              | 1.500                      | -                | 1.500                 |
| 4.8. Custodians  |                              | -                            | -              | -                  | -                          | -                | -                     |
| <b>V. PLEDGES RECEIVED</b>   |                              | <b>13.008.692</b>            | <b>887.521</b> | <b>13.896.213</b>  | <b>10.980.139</b>          | <b>1.608.577</b> | <b>12.588.716</b>     |
| 5.1. Marketable Securities   |                              | 7.179.074                    | 887.521        | 8.066.595          | 7.014.940                  | 1.608.483        | 8.623.423             |
| 5.2. Guarantee Notes   |                              | -                            | -              | -                  | 2                          | -                | 2                     |
| 5.3. Commodity   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 5.4. Warranty  |                              | -                            | -              | -                  | -                          | -                | -                     |
| 5.5. Real Estate   |                              | -                            | -              | -                  | -                          | -                | -                     |
| 5.6. Other Pledged Items   |                              | 5.829.618                    | -              | 5.829.618          | 3.965.197                  | -                | 3.965.197             |
| 5.7. Pledged Items-Depository  |                              | -                            | -              | -                  | -                          | 94               | 94                    |
| <b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                |                              | -                            | -              | -                  | -                          | -                | -                     |
| <b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>                         |                              | <b>658.869.167</b>           | <b>887.521</b> | <b>659.756.688</b> | <b>17.752.047.819</b>      | <b>1.608.577</b> | <b>17.753.656.396</b> |

The accompanying explanations and notes form an integral part of these financial statements.



**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**  
**UNCONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIODS ENDED 31 DECEMBER 2012**

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report,  
 Originally Issued in Turkish, See Note I of Section Three

**III. INCOME STATEMENT**

|   | Note<br>(Section Five-III) | Current Period<br>01/01-31/12/2012 | Prior Period<br>01/01-31/12/2011 |
|---|----------------------------|------------------------------------|----------------------------------|
| <b>I. INTEREST INCOME</b>   | IV-(1)                     | <b>89.523</b>                      | <b>46.168</b>                    |
| 1.1 Interest on Loans   |                            | 11.498                             | 2.354                            |
| 1.2 Interest Received from Reserve Requirements   |                            | -                                  | -                                |
| 1.3 Interest Received from Banks  |                            | 75.625                             | 39.806                           |
| 1.4 Interest Received from Money Market Transactions  |                            | -                                  | -                                |
| 1.5 Interest Received from Marketable Securities Portfolio                                      |                            | 2.362                              | 3.932                            |
| 1.5.1 Financial Assets Held for Trading   |                            | -                                  | -                                |
| 1.5.2 Financial Assets at Fair Value through Profit or Loss                                     |                            | -                                  | -                                |
| 1.5.3 Available-for-sale Financial Assets   |                            | -                                  | -                                |
| 1.5.4 Investments Held-to-maturity  |                            | 2.362                              | 3.932                            |
| 1.6 Financial Lease Income  |                            | -                                  | -                                |
| 1.7 Other Interest Income   |                            | 38                                 | 76                               |
| <b>II. INTEREST EXPENSE (-)</b>   | IV-(2)                     | <b>13.835</b>                      | <b>14.911</b>                    |
| 2.1 Interest on Deposits (-)  |                            | -                                  | -                                |
| 2.2 Interest on Funds Borrowed (-)  |                            | 13.835                             | 14.911                           |
| 2.3 Interest on Money Market Borrowings (-)   |                            | -                                  | -                                |
| 2.4 Interest on Securities Issued (-)   |                            | -                                  | -                                |
| 2.5 Other Interest Expenses (-)   |                            | -                                  | -                                |
| <b>III. NET INTEREST INCOME (I - II)</b>  |                            | <b>75.688</b>                      | <b>31.257</b>                    |
| <b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>  |                            | <b>43.848</b>                      | <b>45.081</b>                    |
| 4.1 Fees and Commissions Received   |                            | 52.990                             | 51.339                           |
| 4.1.1 Non-cash Loans  |                            | 11.835                             | 8.526                            |
| 4.1.2 Other   | IV-(11)                    | 41.155                             | 42.813                           |
| 4.2 Fees and Commissions Paid (-)   | IV-(12)                    | 9.142                              | 6.258                            |
| 4.2.1 Non-cash Loans (-)  |                            | -                                  | -                                |
| 4.2.2 Other (-)   |                            | 9.142                              | 6.258                            |
| <b>V. DIVIDEND INCOME</b>   | IV-(3)                     | <b>4.691</b>                       | <b>7.205</b>                     |
| <b>VI. TRADING INCOME/(LOSS) (Net)</b>  | IV-(4)                     | <b>(135)</b>                       | <b>465</b>                       |
| 6.1 Securities trading gains/losses   |                            | -                                  | -                                |
| 6.2 Securities Trading Gains/(Losses) on Derivative Financial Instruments                       |                            | -                                  | -                                |
| 6.3 Foreign Exchange Gains/(Losses)   |                            | (135)                              | 465                              |
| <b>VII. OTHER OPERATING INCOME</b>  | IV-(5),(11)                | <b>168</b>                         | <b>70</b>                        |
| <b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>   |                            | <b>124.260</b>                     | <b>84.078</b>                    |
| <b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>                                  | IV-(6)                     | <b>8.585</b>                       | <b>7.080</b>                     |
| <b>X. OTHER OPERATING EXPENSES (-)</b>  | IV-(7)                     | <b>45.739</b>                      | <b>33.764</b>                    |
| <b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>  |                            | <b>69.936</b>                      | <b>43.234</b>                    |
| <b>XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>                                       |                            | -                                  | -                                |
| <b>XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b> |                            | -                                  | -                                |
| <b>XIV. INCOME/(LOSS) ON NET MONETARY POSITION</b>  |                            | -                                  | -                                |
| <b>XV. INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)</b>                     |                            | <b>69.936</b>                      | <b>43.234</b>                    |
| <b>XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)</b>   | IV-(8)                     | <b>(14.768)</b>                    | <b>(8.390)</b>                   |
| 16.1 Current Tax Provision  |                            | (15.974)                           | (8.463)                          |
| 16.2 Deferred Tax Provision   |                            | 1.206                              | 73                               |
| <b>XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)</b>                              | IV-(9)                     | <b>55.168</b>                      | <b>34.844</b>                    |
| <b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>   |                            | -                                  | -                                |
| 18.1 Income from Non-Current Assets Held for Sale   |                            | -                                  | -                                |
| 18.2 Sale Income from Associates, Subsidiaries and Joint Ventures                               |                            | -                                  | -                                |
| 18.3 Other Income from Discontinued Operations  |                            | -                                  | -                                |
| <b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>   |                            | -                                  | -                                |
| 19.1 Expense from Non-Current Assets Held for Sale  |                            | -                                  | -                                |
| 19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures                               |                            | -                                  | -                                |
| 19.3 Other Expenses from Discontinued Operations  |                            | -                                  | -                                |
| <b>XX. INCOME/(LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)</b>                    |                            | -                                  | -                                |
| <b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)</b>                                       |                            | -                                  | -                                |
| 21.1 Current tax provision  |                            | -                                  | -                                |
| 21.2 Deferred tax provision   |                            | -                                  | -                                |
| <b>XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)</b>                            |                            | -                                  | -                                |
| <b>XXIII. NET INCOME/(LOSS) (XVII+XXII)</b>   | IV-(10)                    | <b>55.168</b>                      | <b>34.844</b>                    |
| Earnings/(Loss) per share   |                            | <b>0,09195</b>                     | <b>0,05807</b>                   |

The accompanying explanations and notes form an integral part of these financial statements.

**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS**  
**ACCOUNTED IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012**

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report,  
 Originally Issued in Turkish, See Note I of Section Three

**IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY**

| INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY |  | Current Period   | Prior Period     |
|--|--|------------------|------------------|
|  |  | 01/01-31/12/2012 | 01/01-31/12/2011 |
| I.   | ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS              | -                | -                |
| II.  | REVALUATION DIFFERENCES OF TANGIBLE ASSETS   | -                | -                |
| III.   | REVALUATION DIFFERENCES OF INTANGIBLE ASSETS   | -                | -                |
| IV.  | FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS   | -                | -                |
| V.   | INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)                  | -                | -                |
| VI.  | PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)       | -                | -                |
| VII.   | EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS   | -                | -                |
| VIII.  | OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS  | -                | -                |
| IX.  | DEFERRED TAX ON VALUATION DIFFERENCES  | -                | -                |
| X.   | NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)   | -                | -                |
| XI.  | CURRENT PERIOD INCOME/LOSS   | -                | -                |
| 1.1  | Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)                                   | -                | -                |
| 1.2  | Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement          | -                | -                |
| 1.3  | Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement | -                | -                |
| 1.4  | Other  | -                | -                |
| XII.   | TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)   | -                | -                |

The accompanying explanations and notes form an integral part of these financial statements.

**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**  
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report,  
Originally Issued in Turkish, See Note I of Section Three

**V. STATEMENT OF CASH FLOWS**

|  | Note<br>(Section<br>Five-III)   | Current Period<br>31/12/2012 | Prior Period<br>31/12/2011 |
|--|---|------------------------------|----------------------------|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |   |                              |                            |
| 1.1  | Operating Profit Before Changes in Operating Assets and Liabilities           | 157.950                      | (59.584)                   |
| 1.1.1  | Interest Received   | 83.369                       | 46.069                     |
| 1.1.2  | Interest Paid   | (13.835)                     | (15.492)                   |
| 1.1.3  | Dividend Received   | 4.691                        | 7.205                      |
| 1.1.4  | Fees and Commissions Received   | 52.990                       | 51.339                     |
| 1.1.5  | Other Income  | 60                           | 532                        |
| 1.1.6  | Collections from Previously Written-off Loans and Other Receivables           | -                            | -                          |
| 1.1.7  | Payments to Personnel and Service Suppliers                                   | (27.047)                     | (24.093)                   |
| 1.1.8  | Taxes Paid  | (16)                         | 1.726                      |
| 1.1.9  | Other   | (57.738)                     | (126.870)                  |
| 1.2  | Changes in Operating Assets and Liabilities                                   | 1.089.469                    | 702.002                    |
| 1.2.1  | Net (Increase)/Decrease in Trading Securities                                 | (323)                        | 1.512                      |
| 1.2.2  | Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets    | -                            | -                          |
| 1.2.3  | Net (Increase)/Decrease in Due from Banks                                     | -                            | -                          |
| 1.2.4  | Net (Increase)/Decrease in Loans  | (25.934)                     | (61.045)                   |
| 1.2.5  | Net (Increase)/Decrease in Other Assets                                       | (137.005)                    | (62.790)                   |
| 1.2.6  | Net Increase/(Decrease) in Bank Deposits                                      | -                            | -                          |
| 1.2.7  | Net Increase/(Decrease) in Other Deposits                                     | -                            | -                          |
| 1.2.8  | Net Increase/(Decrease) in Funds Borrowed                                     | 609.194                      | 274.776                    |
| 1.2.9  | Net Increase/(Decrease) in Payables   | -                            | -                          |
| 1.2.10   | Net Increase/(Decrease) in Other Liabilities                                  | 643.537                      | 549.549                    |
| <b>I.</b>                                      | <b>Net Cash Provided from Banking Operations</b>                              | <b>1.247.419</b>             | <b>642.418</b>             |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b> |   |                              |                            |
| <b>II.</b>                                     | <b>Net Cash Provided from Investing Activities</b>                            | <b>44.738</b>                | <b>(28.037)</b>            |
| 2.1  | Cash Paid for Acquisition of Investments, Associates and Subsidiaries         | -                            | -                          |
| 2.2  | Cash Obtained from Disposal of Investments, Associates and Subsidiaries       | -                            | -                          |
| 2.3  | Purchases of Property and Equipment   | 3.969                        | (1.757)                    |
| 2.4  | Disposals of Property and Equipment   | 148                          | 68                         |
| 2.5  | Cash Paid for Purchase of Investments Available-for-Sale                      | -                            | -                          |
| 2.6  | Cash Obtained from Sale of Investments Available-for-Sale                     | -                            | -                          |
| 2.7  | Cash Paid for Purchase of Investment Securities                               | -                            | (29.510)                   |
| 2.8  | Cash Obtained from Sale of Investment Securities                              | 12.827                       | -                          |
| 2.9  | Other   | 35.732                       | 3.162                      |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b> |   |                              |                            |
| <b>III.</b>                                    | <b>Net Cash Provided from Financing Activities</b>                            | <b>(28.048)</b>              | <b>(25.771)</b>            |
| 3.1  | Cash Obtained from Funds Borrowed and Securities Issued                       | -                            | -                          |
| 3.2  | Cash Used for Repayment of Funds Borrowed and Securities Issued               | -                            | -                          |
| 3.3  | Issued Capital Instruments  | -                            | -                          |
| 3.4  | Dividends Paid  | 28.048                       | (25.771)                   |
| 3.5  | Payments for Finance Leases   | -                            | -                          |
| 3.6  | Other   | -                            | -                          |
| <b>IV.</b>                                     | <b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b> | <b>(73.468)</b>              | <b>112.433</b>             |
| <b>V.</b>                                      | <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>                   | <b>1.190.641</b>             | <b>701.043</b>             |
| <b>VI.</b>                                     | <b>Cash and Cash Equivalents at the Beginning of the Period</b>               | <b>2.138.151</b>             | <b>1.437.109</b>           |
| <b>VII.</b>                                    | <b>Cash and Cash Equivalents at the End of the Period</b>                     | <b>3.328.792</b>             | <b>2.138.152</b>           |

The accompanying explanations and notes form an integral part of these financial statements.

## İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report, Originally Issued in Turkish, See Note I of Section Three

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

|  | Note<br>(Section<br>Five-V)  | Paid-in<br>Capital | Adjustment to<br>Share Capital | Share<br>Premium | Share<br>Cancellation<br>Profits | Legal<br>Reserves | Status<br>Reserves | Extraordinary<br>Reserves |
|--|--|--------------------|--------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|
| <b>Prior Period - 01.01 - 31.12.2011</b> |  |                    |                                |                  |                                  |                   |                    |                           |
| <b>I.</b>                                | <b>Beginning Balance</b>   | <b>60.000</b>      | <b>96.788</b>                  | -                | -                                | <b>17.869</b>     | -                  | <b>89.952</b>             |
| <b>II.</b>                               | <b>Corrections according to TAS 8</b>  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 2.1                                      | The effect of corrections of errors  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 2.2                                      | The effects of changes in accounting policy  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>III.</b>                              | <b>New Balance (I+II)</b>  | <b>60.000</b>      | <b>96.788</b>                  | -                | -                                | <b>17.869</b>     | -                  | <b>89.952</b>             |
|  | <b>Changes in period</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>IV.</b>                               | <b>Increase/Decrease related to merger</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>V.</b>                                | <b>Marketable securities valuation differences</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>VI.</b>                               | <b>Hedging Funds (Effective Portion)</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 6.1                                      | Cash-flow hedge  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 6.2                                      | Net Foreign Investment Hedges  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>VII.</b>                              | <b>Tangible assets revaluation differences</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>VIII.</b>                             | <b>Intangible assets revaluation differences</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>IX.</b>                               | <b>Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures</b> | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>X.</b>                                | <b>Foreign Exchange Difference</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XI.</b>                               | <b>Changes due to the Disposal of Assets</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XII.</b>                              | <b>Changes due to the Reclassification of Assets</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XIII.</b>                             | <b>Effects of Changes in Equity of Investments in Associates</b>                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XIV.</b>                              | <b>Capital Increase</b>  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 14.1                                     | Cash   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 14.2                                     | Internal Resources   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XV.</b>                               | <b>Share Premium</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XVI.</b>                              | <b>Share Cancellation Profits</b>  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XVII.</b>                             | <b>Adjustment to Share Capital</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XVIII.</b>                            | <b>Other</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XIX.</b>                              | <b>Current Year Income or Loss</b>   | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XX.</b>                               | <b>Profit Distribution</b>   | <b>II-(15)</b>     | -                              | -                | -                                | <b>2.277</b>      | -                  | <b>748</b>                |
| 20.1                                     | Dividend Paid  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 20.2                                     | Transfers to Reserves  | -                  | -                              | -                | -                                | 2.277             | -                  | 748                       |
| 20.3                                     | Other (*)  | -                  | -                              | -                | -                                | -                 | -                  | -                         |
|  | <b>Period End Balance (III+IV+V+.....<br/>+XVIII+XIX+XX)</b>                                 | <b>60.000</b>      | <b>96.788</b>                  | -                | -                                | <b>20.146</b>     | -                  | <b>90.700</b>             |

(\*) The tax provision remaining from taxation of dividend which will be distributed to personnel, management and audit committee has been transferred from provision account to legal reserves with regard to decision on the Ordinary General Meeting dated 29 March 2011

The accompanying explanations and notes form an integral part of these financial statements.





## İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report, Originally Issued in Turkish, See Note I of Section Three

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

|  | Note<br>(Section<br>Five-V) | Paid-in<br>Capital | Adjustment to<br>Share Capital | Share<br>Premium | Share<br>Cancellation<br>Profits | Legal<br>Reserves | Status<br>Reserves | Extraordinary<br>Reserves |
|--|-----------------------------|--------------------|--------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|
| <b>Prior Period - 01.01 - 31.12.2012</b> |                             |                    |                                |                  |                                  |                   |                    |                           |
| <b>I.</b>                                |                             | <b>60.000</b>      | <b>96.788</b>                  | -                | -                                | <b>20.146</b>     | -                  | <b>90.700</b>             |
|  |                             |                    |                                |                  |                                  |                   |                    |                           |
|  |                             |                    |                                |                  |                                  |                   |                    |                           |
| <b>II.</b>                               |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>III.</b>                              |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>IV.</b>                               |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 4.1                                      |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 4.2                                      |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>V.</b>                                |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>VI.</b>                               |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>VII.</b>                              |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>VIII.</b>                             |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>IX.</b>                               |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>X.</b>                                |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XI.</b>                               |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XII.</b>                              |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 12.1                                     |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 12.2                                     |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XIII.</b>                             |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XIV.</b>                              |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XV.</b>                               |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XVI.</b>                              |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XVII.</b>                             |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| <b>XVIII.</b>                            | <b>II-(15)</b>              | -                  | -                              | -                | -                                | <b>2.888</b>      | -                  | <b>803</b>                |
| 18.1                                     |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
| 18.2                                     |                             | -                  | -                              | -                | -                                | 2.888             | -                  | 803                       |
| 18.3                                     |                             | -                  | -                              | -                | -                                | -                 | -                  | -                         |
|  |                             | <b>60.000</b>      | <b>96.788</b>                  | -                | -                                | <b>23.034</b>     | -                  | <b>91.503</b>             |

The accompanying explanations and notes form an integral part of these financial statements.



# İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report,  
Originally Issued in Turkish, See Note I of Section Three

### VII. PROFIT APPROPRIATION STATEMENT

|   | (*) Current Period<br>31/12/2012                                 | Prior Period<br>31/12/2011 |
|---|--|----------------------------|
| <b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b> |  |                            |
| 1.1   | CURRENT YEAR INCOME (**)   | 69.936                     |
| 1.2   | TAXES AND DUTIES PAYABLE (-)                                     | (14.768)                   |
| 1.2.1   | Corporate Tax (Income tax)                                       | (15.974)                   |
| 1.2.2   | Income withholding tax   | -                          |
| 1.2.3   | Other taxes and duties   | 1.206                      |
| <b>A.</b>                                     | <b>NET INCOME FOR THE YEAR (1.1-1.2)</b>                         | <b>55.168</b>              |
| 1.3   | PRIOR YEAR LOSSES (-)  | -                          |
| 1.4   | FIRST LEGAL RESERVES (-)   | -                          |
| 1.5   | OTHER STATUTORY RESERVES (-) (***)                               | (1.206)                    |
| <b>B.</b>                                     | <b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b> | <b>53.962</b>              |
| 1.6   | FIRST DIVIDEND TO SHAREHOLDERS (-)                               | -                          |
| 1.6.1   | To Owners of Ordinary Shares                                     | -                          |
| 1.6.2   | To Owners of Privileged Shares                                   | 27.741                     |
| 1.6.3   | To Owners of Preferred Shares                                    | -                          |
| 1.6.4   | To Profit Sharing Bonds  | -                          |
| 1.6.5   | To Holders of Profit and (Loss) Sharing Certificates             | -                          |
| 1.7   | DIVIDENDS TO PERSONNEL (-)                                       | -                          |
| 1.8   | DIVIDENDS TO BOARD OF DIRECTORS (-)                              | 3.375                      |
| 1.9   | SECOND DIVIDEND TO SHAREHOLDERS (-)                              | 766                        |
| 1.9.1   | To Owners of Ordinary Shares                                     | -                          |
| 1.9.2   | To Owners of Privileged Shares                                   | -                          |
| 1.9.3   | To Owners of Preferred Shares                                    | -                          |
| 1.9.4   | To Profit Sharing Bonds  | -                          |
| 1.9.5   | To Holders of Profit and (Loss) Sharing Certificates             | -                          |
| 1.10  | SECOND LEGAL RESERVES (-)  | -                          |
| 1.11  | STATUTORY RESERVES (-)   | 2.888                      |
| 1.12  | EXTRAORDINARY RESERVES   | -                          |
| 1.13  | OTHER RESERVES   | 803                        |
| 1.14  | SPECIAL FUNDS  | -                          |
| <b>II. DISTRIBUTION OF RESERVES</b>           |  |                            |
| 2.1   | APPROPRIATED RESERVES  | -                          |
| 2.2   | SECOND LEGAL RESERVES (-)  | -                          |
| 2.3   | DIVIDENDS TO SHAREHOLDERS (-)                                    | -                          |
| 2.3.1   | To owners of ordinary shares                                     | -                          |
| 2.3.2   | To owners of privileged shares                                   | -                          |
| 2.3.3   | To owners of preferred shares                                    | -                          |
| 2.3.4   | To profit sharing bonds  | -                          |
| 2.3.5   | To holders of profit and (loss) sharing certificates             | -                          |
| 2.4   | DIVIDENDS TO PERSONNEL (-)                                       | -                          |
| 2.5   | DIVIDENDS TO BOARD OF DIRECTORS (-)                              | -                          |
| <b>III. EARNINGS PER SHARE</b>                |  |                            |
| 3.1   | TO OWNERS OF ORDINARY SHARES                                     | -                          |
| 3.2   | TO OWNERS OF ORDINARY SHARES (%)                                 | -                          |
| 3.3   | TO OWNERS OF PRIVILEGED SHARES                                   | -                          |
| 3.4   | TO OWNERS OF PRIVILEGED SHARES (%)                               | -                          |
| <b>IV. DIVIDEND PER SHARE</b>                 |  |                            |
| 4.1   | TO OWNERS OF ORDINARY SHARES                                     | -                          |
| 4.2   | TO OWNERS OF ORDINARY SHARES (%)                                 | -                          |
| 4.3   | TO OWNERS OF PRIVILEGED SHARES                                   | -                          |
| 4.4   | TO OWNERS OF PRIVILEGED SHARES (%)                               | -                          |

(\*) Due to the fact that The Bank General Assembly Meeting has not been achieved by the report date, the decision regarding to profit distribution has not been taken.

(\*\*) The amount that must be kept on the bank and presented on the mandatory legal funds is deferred tax income of the related period

The accompanying explanations and notes form an integral part of these financial statements.

# İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

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### SECTION THREE

#### EXPLANATIONS ON ACCOUNTING POLICIES

##### I. Basis of Presentation

###### *Presentation of financial statements*

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents", "Turkish Accounting Standards" and "Turkish Financial Reporting Standards" issued by the Turkish Accounting Standards Board and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA.

The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated 10 February 2007. The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act") which is effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement

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###### *Preparation of financial statements at the current purchasing power*

The indicators which are explained in the BRSA resolution dated 21 April 2005 and numbered 1623 and 28 April 2005 dated circular and 5<sup>th</sup> Article of Number 14 Communiqué of Accounting Application Regulations - "Preparation of Financial Statements in Hyperinflationary Periods", which is revoked on 1 November 2006, are no longer valid and banks' obligation to prepare their financial statements according to this regulation is no longer in effect.

###### *The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles*

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II to XXVI below.

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

The Bank has placed its funds in domestic and foreign banks, in interbank money markets, and treasury bills and government bonds. These instruments are assumed to have higher yields compared to other financial instruments and bear lower risk. For the purposes of maintaining sufficient liquidity to meet all claims that might fall due, the Bank makes overnight or weekly placements in interbank money markets. The most significant financing resources are guarantees of the members, short term placements and the shareholders' equity of the Bank. In making long-term placements, the high yield principle is considered, and accordingly, the Bank invests in government bonds and treasury bills.

The Bank has no area of operations for which a return is achieved above the average rate of return and off-balance sheet risks.

The Bank carries transactions in securities and money markets. Accordingly, exchange rate and interest rate volatility are managed by matching its assets and liabilities. Related to the transactions in securities and money markets, transaction limits are established as risk limits.

Income and expenses which arise from foreign currency translation are accounted for at the period when transaction takes place. At period ends, balances of foreign currency asset and liability accounts are translated into TL by using period end T.R. Central Bank. Foreign exchange purchase rates. Exchange rate differences are accounted for as foreign currency gains and losses.

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The Bank has available for sale instruments in foreign currencies amounting to TL 272. In order to hedge interest rate risks arising from fixed or floating rate instruments, the Bank prefers short-term transactions.

The Bank hedges exchange rate risk arising from foreign currency denominated transactions by matching foreign currency liabilities with foreign currency assets.

The Bank has no investments in foreign entities.

**III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures**

As it is explained on the 8. Footnote of the first part of fifth section, the Bank doesn't have the control or significant efficiency of Central Registration Entity, although the Bank owns 65% of it. Since the fair value measurement has not been properly realized in the financial statements, the related association has been measured with the historical cost after the deduction of impairment provision.

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

The Bank has no derivative instruments used for hedging purposes as of the balance sheet date.

**V. Interest Income and Expenses**

Interest income and expenses are recognized at fair value and accounted for on accrual basis by effective interest rate method (the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability) by taking into account principle amount.

In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

**VI. Fees and Commission Income and Expenses**

The Bank performs custody and settlement services for marketable securities, precious metals and other securities arising from purchases and sales of those assets.

Additionally, the Bank opens custody accounts for its customers, corporate investors and companies quoted on the ISE and on other stock exchange markets, performs transfers, settlements and offsets between the accounts of securities intermediary companies and investors; performs procedures related to obtaining of bonus shares, use of preemptive rights, timely collection of dividends, principal and interest, exchange of certificates representing marketable and other securities and additional financial services.

On the above operations, the Bank receives custody and service commission income from its customers. These fees and commissions are accrued on a monthly basis under other operating income.

**VII. Explanations and Disclosures on Financial Assets**

Financial instruments comprise financial assets and financial liabilities. Financial instruments constitute the basis of Bank's trading activities and operations. The risks related with these instruments comprise a major part of the total risk taken by the Bank. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. 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. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial trade date and settlement date as in the assets that the institution settles.

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. 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.

Fair value differences are not accounted for assets carried at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders' equity.

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The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

### *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. The book values of these assets approximate their fair values.

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

These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale and buying back in a near future. (ii) The financial assets which are classified as financial assets at fair value through profit or loss by the Bank at inception. The Bank use such classification above when permitted or for the purposes of providing a more proper disclosure.

In this group, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of debt securities that are traded in an active market are determined based on quoted prices.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to interest income or diminution in value of marketable securities accounts. As explained in detail in Section VI: "Other Explanations and Notes", the realized gains and losses and related interest income/expense accruals of these securities are recorded in related income statement accounts, unless the securities belong to Problematic securities intermediary members.

### *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 fulfilment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Interest income gained from held to maturity investments are accounted for as interest income in income statement.

### *Available for Sale Financial Assets*

Available for sale financial assets comprise from all of the securities except originated loans and receivables, held to maturity investments and trading assets. These assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. At the disposal of available for sale financial assets, value increase/decrease that are recorded in the securities value increase fund under equity are transferred to income statement.

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

### *Loans and Specific Provisions*

Loans are financial assets which have fixed payment terms and are not traded in an active market.

Loans are initially recognized at cost and measured at amortized cost by using effective interest rate. The duties, charges and other expenses paid for the collaterals obtained against loans are accepted as transaction costs and reflected to customers.



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In case of the evidences regarding the uncollectibility of the loans given, the Bank classifies these and allocates provision in accordance with the regulations and accounts them in the related period's profit/loss accounts. The collections made related to loans for which provision is made in the current period are offset in "Provision for Loans and Other Receivables" and "Interest Received from Non-performing Loans" account. As per the Bank management's evaluation of the loan book, there is a provision set for the loans and other receivables that may be doubtful or uncollectible in accordance with the related regulations.

**VIII. 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 initial recognition 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 recognized. The explanations on impairment of loans and receivables have been disclosed in Section three, VII.

**IX. Offsetting of Financial Assets and Liabilities**

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, no offsetting is made with respect to financial assets and liabilities.

**X. Explanations on Sales and Repurchase Agreements and Lending of Securities**

Repurchase agreements are classified as their purposes on the securities portfolio and evaluated by the principals of the portfolio which they belong to. The bank has no repurchase transaction as of the balance sheet date.

Receivables from reverse repurchase agreements are accounted for under "Receivables from Reverse Repurchase Agreements" account in the balance sheet. The difference between purchase and Sale price determined by these agreements is accrued over the life of agreements according to effective interest rate method. The interest income accrual calculated is disclosed under other liabilities as a liability when reverse repurchase agreements are related to problematic securities intermediary members, as described in detail in Section Six: "Other Explanations and Notes". The Bank does not have any marketable securities lending transaction.

**XI. Explanations on Assets Held for Sale and Discontinued Operations**

Assets which satisfy to be classified as held for sale are measured by the lower of carrying value and fair value less costs to sell and these assets are not amortized; and are separately presented in the financial statements. For an asset (or else the group of assets) to be classified as held for sale; the asset should be ready for immediate sale in frequently seen and accustomed terms and the probability of sale should be high. For the probability of sale to be high, appropriate level of management should have made a plan for the sale of the asset (or else the group of assets) and a program should have been initiated in order to determine buyers as well as complete 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 cancelling the plan is low. Certain events and conditions may extend the duration of completion of sale to more than one year.

If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

A discontinued operation is a 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 has no discontinued operations during the period.

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

As of the balance sheet date, there is no goodwill in the accompanying non-consolidated financial statements of the Bank.

The intangible assets which have been bought before 1 January 2005 are amortized based on historical cost which has been revised according to inflation effects dated 31 December 2004 and the items which have been bought in the following dates are amortized based on purchase cost with the allocation of accumulated depreciation and impairments. The intangible assets are amortized based on straight line amortization regarding useful life periods. The amortization method and period are revised periodically every year.

Intangible assets of the Bank are basically software license costs. There is no criteria applied for determination of amortization period of those assets, but Turkish Tax Legislations have been taken into consideration. Economic useful life of assets acquired before 2004 is determined as 5 years, and the assets acquired in 2004 and in the following periods is determined as 3 years. Economic useful lives determined are in accordance with the criteria stated in the Turkish Accounting Standards- that is TAS 38-Intangible Assets. Computer programs widely used in the Bank are generated within the Bank by the personnel of the Bank, and the expenses related to those assets are not capitalized. Computer software is only purchased in case of urgent need and special projects.

### XIII. Explanations on Tangible Fixed Assets

Tangible fixed assets are initially recognized at acquisition cost and any other cost incurred so as to get the fixed asset ready for use.

Tangible fixed assets are depreciated with straight-line method. Tangible fixed assets are depreciated with the rates determined by the Ministry of Finance based on useful lives. These useful lives are in line with the criteria stated in "TAS 16 - Tangible Assets" released by Turkish Accounting Standards Board. Depreciation Rates for Tangible Fixed Assets are as following:

|   | Useful Life (Year) | Depreciation Rate |
|---|--------------------|-------------------|
| Buildings                               | 50                 | 2%                |
| Furniture, Fixture and Office Equipment | 4-15               | 6,67 - 25%        |
| Other Tangible Fixed Assets             | 2-16               | 6,25 - 50%        |

Tangible fixed assets are accounted for at cost less accumulated depreciation and impairment, if any. Along with the statement of the property and equipment, the effects of any revaluation according to related regulations are eliminated.

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.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

### XIV. Explanations on Leasing Transactions

The Bank as Lessor

The Bank does not have any leasing transactions as lessor.

The Bank as Lessee

The Bank does not have any assets which are acquired by financial leasing as of the balance sheet date.

### XV. 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 on 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.

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**XXVI. Explanations on Liabilities Regarding Employee Benefits**

In Turkey, under law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Bank. In retirement and involuntarily leaving, the Bank records the present value of the defined benefit obligation.

There is no indemnity obligations related to the employees who are employed with contract of limited duration but more than 12 month period.

As of 31 December 2011, 10 member out of the 209 employees of the Bank participated to İMKB Takas ve Saklama Bankası Guarantee Fund (the "Fund") which was established in order to pay to the Bank any probable deficit or charge or embezzlement which might be due by these members. The Bank has no obligation to the Fund.

**XVII. Explanations on Taxation**

Income tax expense represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit at enacted tax rates, and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of the reporting period. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled is recognized in income statement as income or expense. Deferred tax that relates to items that are recognized directly in equity, in the same or a different period, is recognized directly in equity. Deferred tax assets and liabilities are netted of.

The current taxes payable and advance taxes are offset since they relate to each other.

The Bank has adjusted its statutory financial statements with inflation accounting as of 1 January 2004 in accordance with Law No. 298.

Some modifications have been made in the tax legislation with Law 4842 published in the Official Gazette number 25088 on 24 April 2003. Under these modifications, investment and development banks, which are not allowed to accept deposit, are allowed to deduct loan loss provisions from the tax base in accordance with item 2 of the article 20 of Banking Law and the amendment introduced by the article 35 of the Law numbered 4842.

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### **XVIII. Additional Explanations on Funds borrowed**

The Bank has not issued any convertible bonds

The Bank has not also issued any borrowing instruments.

#### *ISE Guarantee Fund*

The ISE Guarantee Fund is created from the sources of ISE in order to prevent possible delays in the settlement of marketable securities. The Fund assures that members with receivable balances are not affected by delays in payments by members for balances due. The ISE Guarantee Fund is recorded in the Interbank Money Market Placements in assets and Other Liabilities components of the balance sheet.

#### *Turkish Derivative Exchange Cash Guarantees*

Exchange of contracts, which are bought and sold in Turkish Derivative Exchange ("TDE"), and other operations related to the exchange such as transfer of guarantees to related accounts, valuation, and administration and transaction monitoring are followed by the Bank in the way compatible with related current law. TDE cash guarantees obtained have been classified in Interbank Money Market Placements and in Other External Resources on the financial statements. The amount that is hold as reserve requirements at CBT are followed at cash reserves and CBT accounts.

### **XIX. Turkish Derivative Exchange Cash Guarantees**

The Bank does not have any shares issued in the current period.

### **XX. Explanations on Acceptances**

The Bank performs acceptances with its customers simultaneously and follows them in off balance sheet liabilities.

The Bank has no acceptances that have been included as a liability against an asset.

### **XXI. Explanations on Government Incentives**

There are no government incentives utilized by the Bank as of the balance sheet date.

### **XXII. Explanations on Segment Reporting**

Operational field is distinguishable section of the Bank that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note VIII in Section Four. The Bank operates mainly in clearing-operation, custody, loans and treasury.

### **XXIII. Explanations on Related Parties**

For the purpose of these financial statements, key management personnel and board members are referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" in the Article 49 of the Banking Act No: 5411. The transactions with related parties are disclosed in detail in Note V of Section Five.

### **XXIV. Explanations on Cash and Cash Equivalents**

For the purposes of the preparation of statement of cash flows, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

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**XXV. Reclassifications**

None.

**XXVI. Explanations on Other Matters**

None.

**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 1 November 2006 in the Official Gazette numbered 26333. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 26,32% (31 December 2010: 36,85%).

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.

Trading Accounts and the values deducted from the capital base in the shareholders' equity computation are excluded in calculation of 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.

Trading Accounts Counterparty receivables related to non-cash loans is multiplied with the loan conversion rates presented in article 5 of "Communique on Measurement and Assessment of Capital Adequacy of Banks" and risk mitigation is applied in accordance with "Communique on Credit Risk Mitigation Techniques", calculated by applying the risk weights presented in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In calculation of the basis of the value at credit risk for the derivative financial instruments and the receivables from counterparties indicated on the bank accounting are multiplied by the rates presented in the Appendix-2 of the "Communique on Measurement and Assessment of Capital Adequacy of Banks", is subjected to risk reduction presented in "Communique on Credit Risk Mitigation Techniques " and then included in the relevant exposure category presented in the article 6 of the "Communique on Measurement and Assessment of Capital Adequacy of Banks" and weighted to risk weight classification indicated as per Appendix-1 of the Regulation

According to the Clause 7 of the " Communiqué on Measurement and Assessment of Capital Adequacy of Banks" presented in the article 5 of the regulation, "counterparty credit risk" is calculated for repurchase transactions, marketable securities and commodity market transactions.

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Information related to the capital adequacy ratio: (TL, %)

| Amount subject to credit risk   | Risk Weights   |          |                  |                |                  |          |          |
|---|----------------|----------|------------------|----------------|------------------|----------|----------|
|   | 0%             | 10%      | 20%              | 50%            | 100%             | 150%     | 200%     |
| <b>Risk Categories:</b>   |                |          |                  |                |                  |          |          |
| Conditional and unconditional receivables from Central Governments or Central Banks               | 344.078        | -        | 478              | -              | -                | -        | -        |
| Conditional and unconditional receivables from Regional Management or Local Governments           | -              | -        | -                | -              | -                | -        | -        |
| Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures    | -              | -        | -                | -              | -                | -        | -        |
| Conditional and unconditional receivables from Multilateral Development Banks                     | -              | -        | -                | -              | -                | -        | -        |
| Conditional and unconditional receivables from International Organizations                        | -              | -        | -                | -              | -                | -        | -        |
| Conditional and unconditional receivables from Banks and Brokerage Corporation                    | 28             | -        | 4.221.774        | 385.220        | 1.126.732        | -        | -        |
| Conditional and unconditional corporate receivables   | -              | -        | -                | -              | -                | -        | -        |
| Conditional and unconditional retail receivables  | -              | -        | -                | -              | -                | -        | -        |
| Conditional and unconditional collateralized by real estate mortgages receivables                 | -              | -        | -                | -              | -                | -        | -        |
| Non-performing receivables  | -              | -        | -                | -              | -                | -        | -        |
| Receivables defined in high risk category by BRSA   | -              | -        | -                | -              | -                | -        | -        |
| Securities collateralized by mortgages  | -              | -        | -                | -              | -                | -        | -        |
| Securitization positions  | -              | -        | -                | -              | -                | -        | -        |
| Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations | -              | -        | -                | -              | -                | -        | -        |
| Investments in nature of Collective Investment funds  | -              | -        | -                | -              | -                | -        | -        |
| Other receivables   | 44             | -        | 6.573            | -              | 14.805           | -        | -        |
| <b>Total Value at Risk</b>  |                |          |                  |                |                  |          |          |
| <b>Total Value at Weighted Risk</b>   | <b>344.150</b> | <b>-</b> | <b>4.228.825</b> | <b>385.220</b> | <b>1.141.537</b> | <b>-</b> | <b>-</b> |

Summary information related to the capital adequacy ratio:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR) | 174.393        | 84.700       |
| Capital Requirement for Market Risk (CRMR)                             | 92             | 7            |
| Capital Requirement for Operational Risk (CROR)                        | 10.279         | 10.400       |
| Equity   | 345.180        | 312.958      |
| Equity/((CRCR+CRMR+CROR)*12,5*100)                                     | 14,95          | 26,32        |



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**Information related to the components of shareholders' equity:**

|   | <b>31 December 2012</b> | <b>31 December 2011</b> |
|---|-------------------------|-------------------------|
| <b>CORE CAPITAL</b>   | 60.000                  | 60.000                  |
| Paid-in capital   | 60.000                  | 60.000                  |
| Nominal capital   | -                       | -                       |
| Capital commitments (-)   | -                       | -                       |
| Inflation adjustment to share capital   | 96.788                  | 96.788                  |
| Share premium   | -                       | -                       |
| Share cancellation profits  | -                       | -                       |
| Legal reserves  | 117.806                 | 114.115                 |
| Inflation adjustment of legal reserves  | -                       | -                       |
| Profit  | 57.011                  | 36.613                  |
| Current period profit   | 55.168                  | 34.844                  |
| Prior period profit   | 1.843                   | 1.769                   |
| Provisions for possible risks (up to 25% of core capital)   | -                       | -                       |
| Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital  | -                       | -                       |
| Primary subordinated loans  | -                       | -                       |
| Uncovered portion of loss with reserves (-)   | -                       | -                       |
| Current period loss (net)   | -                       | -                       |
| Prior period loss   | -                       | -                       |
| Cost of Leasehold Improvements (-)  | -                       | -                       |
| Intangible assets (-)   | 1.504                   | 1.054                   |
| Deferred tax asset amount exceeding 10% of core capital (-)   | -                       | -                       |
| Limit exceeding amount regarding the third clause of article 56 of the Law (-)  | -                       | -                       |
| <b>Total Core Capital</b>   | <b>330.101</b>          | <b>306.462</b>          |
| <b>SUPPLEMENTARY CAPITAL</b>  |                         |                         |
| General provisions  | 19.904                  | 11.321                  |
| 45% of the movables revaluation fund  | -                       | -                       |
| 45% of the immovables revaluation fund  | -                       | -                       |
| Bonus shares of investment in associates, subsidiaries and joint ventures acquired as a free and unrecognised In profit   | -                       | -                       |
| Primary subordinated loans that are not considered in the calculation of core capital   | -                       | -                       |
| Secondary subordinated loans  | -                       | -                       |
| 45% of from available-for-sale financial assets and investments in associates and subsidiaries valuation reserve  | -                       | -                       |
| Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (Except inflation adjustment of legal reserves, status reserves and extraordinary reserves)   | -                       | -                       |
| <b>Total Supplementary Capital</b>  | <b>19.904</b>           | <b>11.321</b>           |
| <b>CAPITAL</b>  | <b>350.005</b>          | <b>317.783</b>          |
| <b>DEDUCTIONS FROM THE CAPITAL</b>  | <b>4.825</b>            | <b>4.825</b>            |
| Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more   | 4.825                   | 4.825                   |
| Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals   | -                       | -                       |
| Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts   | -                       | -                       |
| Loan granted to Customer against the Articles 50 and 51 of the Banking Law  | -                       | -                       |
| The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed of according to banking law article 57 as they have been held for more than five years from the acquisition date | -                       | -                       |
| Securitisation positions deducted from equity preferred   | -                       | -                       |
| Other Deduction Items   | -                       | -                       |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>345.180</b>          | <b>312.958</b>          |

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### **I. Information on applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:**

In Takasbank, studies are continuing to determine the capital necessary to cover the risks incurred/to be incurred; to create an internal capital adequacy assessment process to ensure that the capital requirement is assessed with a risk-oriented and prudential point of view in parallel with strategic purposes; and to establish capital adequacy policies and maintain capital adequacy in line with the Bank's risk profile and risk appetite. It is essential that the capital plans take into consideration factors such as credit change expectations in balance sheet items, future resources and use of funds, and change of capital adequacy with profit distribution depending on economic cycle. The capital plans should also consider market, credit and operational risks that directly affect legal capital adequacy ratio as well as liquidity risk and interest rate risk arising from banking accounts.

As specified in Article 45 of "Regulation on Internal Systems of Banks," the Risk Management Team is responsible for the design and execution of the assessment process. The bank's top management is responsible for integrating capital planning and management into general risk management culture and approach.

### **II. Explanations Related to Credit Risk**

The debtors of the cash and non-cash loans extended by the Bank are financial sector companies.

The credit limits are determined according to the types of the loans of the Bank. The credit limits are determined as cash and non-cash limits by taking into consideration the types of loans. The loans given are classified as (1-12) month, (12-24) month or (24+) month maturities. However, the Bank extends short-term loans for a maximum of 1 month. The loans of the Bank aim to fund the liquidity needs of securities intermediary institutions in shares, bonds and bills markets. Since the Bank guarantees securities lending operations when a security is not returned by the borrower, and guarantees payments and collections in the Takasbank money market, which is similar to interbank money market; these transactions are followed under non-cash loan items. In addition, the Bank also extends loans to its employees in accordance with the regulations.

The risk limits and allocations determined for daily transactions and concentrations related to off-balance sheet risks are monitored daily.

The credit worthiness of borrowers is monitored regularly in accordance with the related legislation. Independently audited financial statements of the borrowers prepared as per the regulation of Capital Markets Board are examined for the loans extended. The credit limits are amended according to the financial positions of the companies and collaterals against loans are taken in accordance with the application principles for lending operations. After the financial analysis, investigation and other examinations performed on the companies applying for loans, loan limits are proposed to the Board of Directors for approval. Loan limits become effective after approved by the Board of Directors. Limit change requests are revised on a six monthly basis unless substantive changes occur in the financial positions of customers.

The Bank has no forward and option contracts or any other similar agreements.

The Bank has not been exposed to credit risk since the risk is minimized by receiving collaterals and determining loan limits according to the financial strength of the companies. Therefore, in the short term, there is no specific need to enter into any transaction to decrease or terminate its credit exposure.

The Bank has no liquidated non-cash loans, restructured loans or long-term commitments.

The Bank has no lending and banking transactions in foreign countries.

The Bank calculates general provisions for credit risk and receives cash and/or cash equivalent collaterals.

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As of the balance sheet date;

|  |        |
|--|--------|
| Number of Customers - Cash Loan                  | 12     |
| Number of Customers - Non-Cash Loan              | 28     |
| General Loan Loss Reserves (TL)                  | 19.904 |
| Specific Provision for Non Performing Loans (TL) | 1.637  |

Credits, collection of principal or interest payments which are deferred for more than thirty days after their maturity date or payment date for various reasons, but which do not fulfil the delay time condition necessary for classification as "Third Class" as specified in "Regulation on Principles and Procedures in Respect of Qualifying Loans and Other Receivables by Banks and Equivalentents to Be Allocated for the Same" published on the Official Gazette No. 26333, dated 1 November 2006, and amended with the regulation published on the Official Gazette No. 27119, dated 23 January 2009, are qualified as "non-performing loans" in the accounting application, and all receivables under third, fourth and fifth groups in the same Regulation are accepted as "depreciated loans" in the application of this Regulation. They are accepted as such regardless of whether accrued interests and quasi-profit liabilities of the borrower are added to the capital or refinanced.

The Bank allocates equivalentents for III, IV. and V. group credits pursuant to "Regulation on Principles and Procedures in Respect of Qualifying Loans and Other Receivables by Banks and Equivalentents to Be Allocated for the Same."

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Total amount of incurred risks after offsetting transactions (before credit risk reduction), regardless of the credit risk reduction,  
and average amount of risks separated according to different risk classes and types for the related period:

| <b>Exposure classifications</b>  | <b>Current Period<br/>Risk Amount</b> | <b>Average<br/>Risk Amount</b> |
|--|---------------------------------------|--------------------------------|
| Conditional and unconditional receivables from central governments or central banks                | 344.078                               | 277.713                        |
| Conditional and unconditional receivables from regional or local governments                       | -                                     | -                              |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | -                                     | -                              |
| Conditional and unconditional receivables from multilateral development banks                      | -                                     | -                              |
| Conditional and unconditional receivables from international organizations                         | -                                     | -                              |
| Conditional and unconditional receivables from banks and brokerage houses                          | 8.167.604                             | 7.442.052                      |
| Conditional and unconditional corporate receivables  | -                                     | -                              |
| Conditional and unconditional retail receivables   | -                                     | -                              |
| Conditional and unconditional secured mortgage receivables   | -                                     | -                              |
| Past due receivables   | -                                     | -                              |
| Receivables defined in high risk category by BRSA  | -                                     | -                              |
| Securities collateralised by mortgages   | -                                     | -                              |
| Securitisation positions   | -                                     | -                              |
| Short-term receivables from banks, stockbrokers and corporate                                      | -                                     | -                              |
| Investments of natured collective investment enterprise  | -                                     | -                              |
| Other receivables  | 14.821                                | 14.590                         |

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### Profile of significant exposures in major regions:

#### Exposure Categories

|  | Conditional and unconditional exposures to central governments or central banks | Conditional and unconditional exposures to regional governments or local authorities | Conditional and unconditional receivables from administrative units and non-commercial enterprises | Conditional and unconditional exposures to multilateral development banks | Conditional and unconditional exposures to international organisations | Conditional and unconditional exposures to banks and brokerage houses | Conditional and unconditional exposures to corporates |
|--|---|--|--|---|--|---|---|
| <b>Current Period</b>                        |   |  |  |   |  |   |   |
| Domestic                                     | 344.556   | -  | -  | -   | -  | 5.698.467   | -   |
| European Union (EU) Countries                | -   | -  | -  | -   | -  | 33.155  | -   |
| OECD Countries*                              | -   | -  | -  | -   | -  | -   | -   |
| Off-Shore Banking Regions                    | -   | -  | -  | -   | -  | -   | -   |
| USD, Canada                                  | -   | -  | -  | -   | -  | 2.132   | -   |
| Other Countries                              | -   | -  | -  | -   | -  | -   | -   |
| Associates, Subsidiaries and Joint -Ventures | -   | -  | -  | -   | -  | -   | -   |
| Unallocated Assets/Liabilities**             | -   | -  | -  | -   | -  | -   | -   |
| <b>Total</b>                                 | <b>344.556</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>   | <b>5.733.754</b>  | <b>-</b>  |

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

(\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

### Risk profile by Sectors or Counterparties:

#### Exposure Categories

|                                 | Conditional and unconditional exposures to central governments or central banks | Conditional and unconditional exposures to regional governments or local authorities | Conditional and unconditional receivables from administrative units and non-commercial enterprises | Conditional and unconditional exposures to multilateral development banks | Conditional and unconditional exposures to international organisations | Conditional and unconditional exposures to banks and brokerage houses | Conditional and unconditional exposures to corporates |
|---------------------------------|---|--|--|---|--|---|---|
| <b>Agriculture</b>              |   |  |  |   |  |   |   |
| Farming and Stockbreeding       | -   | -  | -  | -   | -  | -   | -   |
| Forestry                        | -   | -  | -  | -   | -  | -   | -   |
| Fishery                         | -   | -  | -  | -   | -  | -   | -   |
| <b>Manufacturing</b>            |   |  |  |   |  |   |   |
| Mining and Quarrying            | -   | -  | -  | -   | -  | -   | -   |
| Production                      | -   | -  | -  | -   | -  | -   | -   |
| Electricity, Gas and Water      | -   | -  | -  | -   | -  | -   | -   |
| Construction                    | -   | -  | -  | -   | -  | -   | -   |
| Services                        | -   | -  | -  | -   | -  | 5.733.754   | -   |
| Wholesale and Retail Trade      | -   | -  | -  | -   | -  | -   | -   |
| Accommodation and Dining        | -   | -  | -  | -   | -  | -   | -   |
| Transportation and Telecom.     | -   | -  | -  | -   | -  | -   | -   |
| Financial Institutions          | -   | -  | -  | -   | -  | 5.733.754   | -   |
| Real Estate and Rental Services | -   | -  | -  | -   | -  | -   | -   |
| Professional Services           | -   | -  | -  | -   | -  | -   | -   |
| Educational Services            | -   | -  | -  | -   | -  | -   | -   |
| Health and Social Services      | -   | -  | -  | -   | -  | -   | -   |
| Other                           | 344.556   | -  | -  | -   | -  | -   | -   |
| <b>Total</b>                    | <b>344.556</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>   | <b>5.733.754</b>  | <b>-</b>  |

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| Conditional and unconditional retail exposures | Conditional and unconditional exposures secured by real estate property | Past due receivables | Receivables defined in high risk category by BRSA | Exposures in the form of bonds secured by mortgages | Securitization Positions | Short term exposures to banks, brokerage houses and corporates | Exposures in the form of collective investment undertakings | Other receivables |
|--|---|----------------------|---|---|--------------------------|--|---|-------------------|
| -  | -   | 1.637                | -   | -   | -                        | -  | 21.422  | 6.066.082         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | 33.155            |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 |
| -  | -   | -                    | -   | -   | -                        | -  | -   | 2.132             |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 |
| -  | -   | 1.637                | -   | -   | -                        | -  | 21.422  | 6.101.369         |

| Conditional and unconditional retail exposures | Conditional and unconditional exposures secured by real estate property | Past due receivables | Receivables defined in high risk category by BRSA | Exposures in the form of bonds secured by mortgages | Securitization Positions | Short term exposures to banks, brokerage houses and corporates | Exposures in the form of collective investment undertakings | Other receivables | TL        | FC        | Total     |
|--|---|----------------------|---|---|--------------------------|--|---|-------------------|-----------|-----------|-----------|
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | 1.637                | -   | -   | -                        | -  | -   | -                 | 4.403.321 | 1.332.070 | 5.735.391 |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | 1.637                | -   | -   | -                        | -  | -   | -                 | 4.403.321 | 1.332.070 | 5.735.391 |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | -                 | -         | -         | -         |
| -  | -   | -                    | -   | -   | -                        | -  | -   | 21.422            | 160.912   | 205.066   | 365.978   |
| -  | -   | 1.637                | -   | -   | -                        | -  | -   | 21.422            | 4.564.233 | 1.537.136 | 6.101.369 |



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**Analysis of maturity-bearing exposures according to remaining maturities:**

| Exposure classifications   | Term To Maturity |                |                |               |                |
|--|------------------|----------------|----------------|---------------|----------------|
|  | Up to 1<br>Month | 1-3<br>Month   | 3-6<br>Month   | 6-12<br>Month | Over<br>1 year |
| Conditional and unconditional exposures to central governments or central banks                    | 344.073          | -              | -              | -             | -              |
| Conditional and unconditional exposures to regional governments or local authorities               | -                | -              | -              | -             | -              |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | -                | -              | -              | -             | -              |
| Conditional and unconditional exposures to multilateral development banks                          | -                | -              | -              | -             | -              |
| Conditional and unconditional exposures to international organisations                             | -                | -              | -              | -             | -              |
| Conditional and unconditional exposures to banks and brokerage houses                              | 5.278.675        | 202.042        | 182.343        | 70.693        | -              |
| Conditional and unconditional exposures to corporates  | -                | -              | -              | -             | -              |
| Conditional and unconditional retail exposures   | -                | -              | -              | -             | -              |
| Conditional and unconditional exposures secured by real estate property                            | -                | -              | -              | -             | -              |
| Past due receivables   | 1.637            | -              | -              | -             | -              |
| Receivables defined in high risk category by BRSA  | -                | -              | -              | -             | -              |
| Exposures in the form of bonds secured by mortgages  | -                | -              | -              | -             | -              |
| Securitization Positions   | -                | -              | -              | -             | -              |
| Short term exposures to banks, brokerage houses and corporates                                     | -                | -              | -              | -             | -              |
| Exposures in the form of collective investment undertakings  | -                | -              | -              | -             | -              |
| Other receivables  | 21.422           | -              | -              | -             | -              |
| <b>Total</b>   | <b>5.645.807</b> | <b>202.042</b> | <b>182.343</b> | <b>70.693</b> | <b>-</b>       |

(\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

**Information about the risk exposure categories:**

The Bank's credit rating system for assessing the client's credit rating was revised and restructured in 2011. Studies are carried out twice, and the allocable upper limit is determined for each organization in 2012, using financial statements and company introductory information form, the company general information form, protested bill records, transaction volumes in equity securities-bonds-bills-futures markets, the TL custody balance, the final situation of customer-based accounts, default and intelligence data as well as printed and visual media news. Therefore, a limit increase or allocation requests from intermediary firms are assessed within a certain system and creditworthiness is determined.

There are no financial assets, the maturity or contract conditions of which are revised again (31 December 2011: None).

Details on the Bank's overdue depreciated financial assets are provided in the fifth chapter, first part, footnote No. 5 of the report.

**Exposures by risk weights:**

| Risk Weights                 |         |     |           |         |     |           |      | Deductions<br>from Equity |
|------------------------------|---------|-----|-----------|---------|-----|-----------|------|---------------------------|
|                              | 0%      | 10% | 20%       | 50%     | 75% | 100%      | 150% |                           |
| Exposures before Credit Risk |         |     |           |         |     |           |      |                           |
| Mitigation                   | 344.094 | -   | 4.228.881 | 385.220 | -   | 1.141.537 | -    | -                         |
| Exposures after Credit Risk  |         |     |           |         |     |           |      |                           |
| Mitigation                   | 344.150 | -   | 4.228.825 | 385.220 | -   | 1.141.537 | -    | -                         |

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**Informations in terms of major sectors and type of counterparties:**

None.

**Information about Value Adjustment and Change in Provisions**

|                     | 31.12.2011<br>Balance | Provision for<br>Period | Provision<br>Reversals | Write off<br>from Asset | Other<br>Adjustments* | 31.12.2012<br>Balance |
|---------------------|-----------------------|-------------------------|------------------------|-------------------------|-----------------------|-----------------------|
| Specific Provisions | 1.637                 | -                       | -                      | -                       | -                     | 1.637                 |
| General Provisions  | 11.321                | 8.583                   | -                      | -                       | -                     | 19.904                |

**III. Explanations Related to Market Risk**

The Bank's risk management operations, applied in accordance with Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" and "Regulations about Bank's Internal Systems" are conducted by The Board of Directors.

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, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts 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. Besides the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and results are reported daily to the management.

**Information Related to Market Risk:**

|  | Amount |
|--|--------|
| (I) Capital Requirement against General Market Risk - Standard Method                    | 8      |
| (II) Capital Requirement against Specific Risks - Standard Method                        | -      |
| Capital requirement against Specific Risks of Securitisation Positions- Standard Method  | -      |
| (III) Capital Requirement against Currency Exchange Risk - Standard Method               | -      |
| (IV) Capital Requirement against Commodity Risks - Standard Method                       | -      |
| (V) Capital Requirement against Exchange Risks - Standard Method                         | -      |
| (VI) Capital Requirement against Market Risks of Options - Standard Method               | -      |
| (VII) Capital requirement against Counterparty Credit Risks - Standard Method            | -      |
| (VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model | -      |
| (IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)                | 8      |
| (X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)                           | 100    |

**Average market risk table calculated at month ends during the period:**

|                                    | Current Period |            |            | Prior Period |            |           |
|------------------------------------|----------------|------------|------------|--------------|------------|-----------|
|                                    | Average        | Maximum    | Minimum    | Average      | Maximum    | Minimum   |
| Interest Rate Risk                 | 116            | 200        | 50         | 227          | 350        | 88        |
| Common Stock Risk                  | -              | -          | -          | -            | -          | -         |
| Currency Risk                      | 456            | 472        | 440        | -            | -          | -         |
| Commodity Risk                     | -              | -          | -          | -            | -          | -         |
| Settlement Risk                    | -              | -          | -          | -            | -          | -         |
| Option Risk                        | -              | -          | -          | -            | -          | -         |
| <b>Total Value Subject to Risk</b> | <b>572</b>     | <b>672</b> | <b>490</b> | <b>227</b>   | <b>350</b> | <b>88</b> |

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#### Information on Counterparty Credit Risk

Bank has no counterparty credit risk as of 31 December 2012 (31 December 2011: None).

#### IV. Explanations Related to Operational Risk

Operational risk has been calculated using the Basic Indicator Approach. Balance subject to operational risk is calculated by considering gross income of prior three fiscal years 2011, 2010 and 2009 in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on 28 June 2012 in the Official Gazette numbered 28337 and the forty-third part of the Communiqué - "The Calculation of Balance Subject to Operational Risk". The amount subject to Operational Risk for the current period is TL128.482 (31 December 2011: TL129.994).

|  | 31.12.2010 | 31.12.2011 | 31.12.2012 | Total/<br>Positive<br>Year | Rate (%) | Total   |
|--|------------|------------|------------|----------------------------|----------|---------|
| GROSS Income                                       | 67.183     | 61.472     | 76.916     | 68.524                     | 15       | 10.279  |
| Amount subject to Operational Risk<br>(Total*12,5) |            |            |            |                            |          | 128.482 |

#### V. Explanations Related to Currency Risk

The Bank is subject to the reserve requirements in relation to the foreign currency guarantees received for the Stock Exchange Money Market, Derivatives Market, collaterals obtained for cash loans and non-cash loans and foreign currency amounts deposited in the Bank's accounts as guarantee and the foreign currency amounts left in the unrestricted accounts of customers consisting of banks and brokerage firms except the foreign settlement transaction commissions and foreign currency amounts kept for its own transactions in accordance with the agreements made in foreign currencies. Therefore, the Bank performs its obligations in two-weekly periods in ratios designated in blocked accounts of the Central Bank of Turkey. The foreign currency amounts, kept due to the reserve requirements, are creating an excess amount of assets with regard to the ratio of assets to liabilities.

Since the Bank is not exposed to foreign currency risk, there are no derivatives used to hedge the risks associated with foreign currency debt instruments and net investments in foreign currencies.

The Bank's foreign currency risk management strategy is to use asset liability management in order to avoid the foreign currency risk of foreign currency denominated assets and liabilities.

The Bank's foreign exchange bid rates as of the date of the financial statements and five working days prior to that date:

| Current Period                               | 1 USD   | 1 EUR   | 1 GBP   | 100 JPY |
|--|---------|---------|---------|---------|
| Foreign Currency Rate Considered by the Bank | 1,78260 | 2,35170 | 2,87080 | 2,06560 |
| Prior;                                       |         |         |         |         |
| 30/12/2012                                   | 1,78290 | 2,36570 | 2,88230 | 2,07500 |
| 29/12/2012                                   | 1,78480 | 2,35660 | 2,87870 | 2,08660 |
| 28/12/2012                                   | 1,78770 | 2,35860 | 2,87960 | 2,10490 |
| 27/12/2012                                   | 1,78930 | 2,36510 | 2,89500 | 2,11510 |
| 24/12/2012                                   | 1,78690 | 2,36050 | 2,90030 | 2,12090 |
| Simple arithmetic averages for last 30 days  | 1,77892 | 2,33434 | 2,87103 | 2,12400 |

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**Foreign currency sensitivity:**

According to TFRS7, sensitivity of foreign currency assets and liabilities of the Bank to a probable change in exchange rates that might have a substantial effect is analyzed. In the analysis presented below, a 10% change in USD and Euro currencies are anticipated.

|      | Change in currency rate in % | Effect on profit or loss |                  | Effect on equity |                  |
|------|------------------------------|--------------------------|------------------|------------------|------------------|
|      |                              | 31 December 2012         | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| USD  | 10 increase                  | 12                       | 159              | 12               | 159              |
| USD  | 10 decrease                  | (12)                     | (159)            | (12)             | (159)            |
| EURO | 10 increase                  | 35                       | 10               | 35               | 35               |
| EURO | 10 decrease                  | (35)                     | (10)             | (35)             | (35)             |

**Information on the foreign currency risk of the Bank:**

| Current Period   | EUR            | USD            | Other      | Total            |
|--|----------------|----------------|------------|------------------|
| <b>Assets</b>  |                |                |            |                  |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | -              | 205.066        | -          | <b>205.066</b>   |
| Due From Other Banks   | 550.634        | 575.982        | 116        | <b>1.126.732</b> |
| Financial Assets at Fair Value Through Profit and Loss   | -              | -              | -          | -                |
| Money Market Placements  | -              | -              | -          | -                |
| Available-For-Sale Financial Assets  | 272            | -              | -          | <b>272</b>       |
| Loans  | -              | -              | -          | -                |
| Subsidiaries, Associates and Entities Under Common Control   | -              | -              | -          | -                |
| Held-To-Maturity Investments   | -              | -              | -          | -                |
| Derivative Financial Assets for Hedging Purposes   | -              | -              | -          | -                |
| Tangible Assets  | -              | -              | -          | -                |
| Intangible Assets  | -              | -              | -          | -                |
| Other Assets   | -              | -              | -          | -                |
| <b>Total Assets</b>  | <b>550.906</b> | <b>781.048</b> | <b>116</b> | <b>1.332.070</b> |
| <b>Liabilities</b>   |                |                |            |                  |
| Bank Deposits  | -              | -              | -          | -                |
| Foreign Currency Deposits  | -              | -              | -          | -                |
| Money Market Borrowings  | -              | -              | -          | -                |
| Funds Provided From Other Financial Institutions   | 544.454        | 514.516        | -          | <b>1.058.970</b> |
| Securities Issued  | -              | -              | -          | -                |
| Sundry Creditors   | 6.094          | 266.413        | 115        | <b>272.622</b>   |
| Derivative Financial Liabilities for Hedging Purposes  | -              | -              | -          | -                |
| Other Liabilities  | 4              | -              | -          | <b>4</b>         |
| <b>Total Liabilities</b>   | <b>550.552</b> | <b>780.929</b> | <b>115</b> | <b>1.331.596</b> |
| <b>Net Balance Sheet Position</b>  | <b>354</b>     | <b>119</b>     | <b>1</b>   | <b>474</b>       |
| Financial Derivative Assets  | -              | -              | -          | -                |
| Financial Derivative Liabilities   | -              | -              | -          | -                |
| Non-Cash Loans   | -              | -              | -          | -                |
| <b>Prior Period</b>  |                |                |            |                  |
| Total Assets   | 190.076        | 390.857        | 117        | 581.050          |
| Total Liabilities  | 189.387        | 389.542        | 9          | 578.938          |
| <b>Net Balance Sheet Position</b>  | <b>689</b>     | <b>1.315</b>   | <b>108</b> | <b>2.112</b>     |
| Net Off-Balance Sheet Position   | -              | -              | -          | -                |
| Financial Derivative Assets  | -              | -              | -          | -                |
| Financial Derivative Liabilities   | -              | -              | -          | -                |
| Non-Cash Loans   | -              | -              | -          | -                |

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#### VI. Explanations Related to Interest Rate Risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank. General and specific interest rate risk tables in the standard method, by including assets and liabilities, are taken into account in determination of Capital Adequacy Standard Ratio and to calculate the overall interest rate risk of the Bank.

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analyzes. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

To evaluate its funding resources, the Bank enters into foreign currency and TL depot transactions, repurchase agreements, time and demand deposit transactions and foreign exchange transactions with the Central Bank of Turkey or other banks. The related transactions undertaken by the Fund Management Department are made with the banks having transaction limits designated by the Board of Directors under the regulations set out in "Treasury Transaction Limits".

Other than securities guaranteed or issued by the Turkish Treasury, the Bank does not include any debt instruments in its portfolio during the year 2012. The Bank does not undertake any liability due to using derivative financial instruments attributable to its transactions in evaluating its funding resources.

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

| Closing Balances of Current Period   | Up to 1<br>Month | 1-3<br>Month   | 3-12<br>Month  | 1-5<br>Year | 5 Year<br>and over | Non-<br>Interest<br>Bearing | Total            |
|--|------------------|----------------|----------------|-------------|--------------------|-----------------------------|------------------|
| <b>Assets</b>  |                  |                |                |             |                    |                             |                  |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 132.896          | -              | -              | -           | -                  | 196.742                     | <b>329.638</b>   |
| Due From Other Banks   | 2.700.988        | 202.638        | 253.028        | -           | -                  | 33.370                      | <b>3.190.024</b> |
| Financial Assets at Fair Value Through Profit and Loss   | -                | 3.887          | 71             | -           | -                  | -                           | <b>3.958</b>     |
| Money Market Placements  | 14.077           | -              | -              | -           | -                  | -                           | <b>14.077</b>    |
| Financial Assets Available-For-Sale  | -                | -              | -              | -           | -                  | 1.351                       | <b>1.351</b>     |
| Loans  | 107.306          | -              | -              | -           | -                  | -                           | <b>107.306</b>   |
| Held-To-Maturity Investments   | -                | -              | -              | -           | -                  | -                           | -                |
| Other Assets (*)   | -                | -              | -              | -           | -                  | 25.269                      | <b>25.269</b>    |
| <b>Total Assets</b>  | <b>2.955.267</b> | <b>206.525</b> | <b>253.099</b> | -           | -                  | <b>256.732</b>              | <b>3.671.623</b> |
| <b>Liabilities</b>   |                  |                |                |             |                    |                             |                  |
| Bank Deposits  | -                | -              | -              | -           | -                  | -                           | -                |
| Other Deposits   | -                | -              | -              | -           | -                  | -                           | -                |
| Money Market Borrowings  | -                | -              | -              | -           | -                  | -                           | -                |
| Sundry Creditors   | 1.373.496        | -              | -              | -           | -                  | 599.872                     | <b>1.973.368</b> |
| Securities Issued  | -                | -              | -              | -           | -                  | -                           | -                |
| Funds Provided From Other Financial Institutions   | 1.307.796        | -              | -              | -           | -                  | 21.517                      | <b>1.329.313</b> |
| Other Liabilities (*)  | -                | -              | -              | -           | -                  | 368.942                     | <b>368.942</b>   |
| <b>Total Liabilities</b>   | <b>2.681.292</b> | -              | -              | -           | -                  | <b>990.331</b>              | <b>3.671.623</b> |
| Balance Sheet Long Position  | 273.975          | 206.525        | 253.099        | -           | -                  | -                           | <b>733.599</b>   |
| Balance Sheet Short Position   | -                | -              | -              | -           | -                  | (733.599)                   | <b>(733.599)</b> |
| Off-Balance Sheet Long Position  | -                | -              | -              | -           | -                  | -                           | -                |
| Off-Balance Sheet Short Position   | -                | -              | -              | -           | -                  | -                           | -                |
| <b>Total Position</b>  | <b>273.975</b>   | <b>206.525</b> | <b>253.099</b> | -           | -                  | <b>(733.599)</b>            | -                |

(\*) Other assets and liabilities in non-interest bearing column are presented below.

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| <b>Other Assets</b>  | <b>Current Year</b> |
|----------------------|---------------------|
| -Tangible assets     | 12.124              |
| -Intangible assets   | 1.504               |
| -Subsidiaries        | 4.825               |
| -Stationary supplies | 27                  |
| -Deferred tax assets | 2.287               |
| -Sundry debtors      | 3.321               |
| -Temporary accounts  | 1.181               |
| <b>Total</b>         | <b>25.269</b>       |

| <b>Other Liabilities</b> | <b>Current Year</b> |
|--------------------------|---------------------|
| -Provisions              | 31.421              |
| -Current tax liability   | 5.916               |
| -Shareholder's equity    | 331.605             |
| <b>Total</b>             | <b>368.942</b>      |

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

| <b>Current Period</b>   | <b>EUR</b> | <b>USD</b> | <b>JPY</b> | <b>TL</b> |
|---|------------|------------|------------|-----------|
| <b>Assets</b>   |            |            |            |           |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -          | -          | -          | -         |
| Due From Other Banks  | 2,26       | 2,25       | -          | 6,21      |
| Financial Assets at Fair Value Through Profit and Loss  | -          | -          | -          | 6,13      |
| Money Market Placements   | -          | -          | -          | -         |
| Financial Assets Available-For-Sale   | -          | -          | -          | -         |
| Loans   | -          | -          | -          | 6,20      |
| Investments held to maturity  | -          | -          | -          | -         |
| <b>Liabilities</b>  |            |            |            |           |
| Bank Deposits   | 0,56       | 0,61       | -          | -         |
| Other Deposits  | -          | -          | -          | -         |
| Money Market Borrowings   | -          | -          | -          | -         |
| Other creditors   | -          | -          | -          | 5,70      |
| Securities Issued   | -          | -          | -          | -         |
| Funds Provided From Other Financial Institutions  | -          | -          | -          | -         |



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

| Closing Balances of Prior Period   | Up to 1<br>Month | 1-3<br>Month   | 3-12<br>Month | 1-5<br>Year | 5 Year<br>and Over | Non-Interest<br>Bearing (*) | Total            |
|--|------------------|----------------|---------------|-------------|--------------------|-----------------------------|------------------|
| <b>Assets</b>  |                  |                |               |             |                    |                             |                  |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 81.360           | -              | -             | -           | -                  | 59.155                      | <b>140.515</b>   |
| Due From Other Banks   | 1.866.805        | 150.642        | 30.030        | -           | -                  | 3.174                       | <b>2.050.651</b> |
| Financial Assets at Fair Value Through Profit and Loss   | 1.881            | 1.073          | 720           | -           | -                  | -                           | <b>3.674</b>     |
| Money Market Placements  | 8.131            | -              | -             | -           | -                  | -                           | <b>8.131</b>     |
| Financial Assets Available-For-Sale  | -                | -              | -             | -           | -                  | 1.135                       | <b>1.135</b>     |
| Loans  | 81.405           | -              | -             | -           | -                  | -                           | <b>81.405</b>    |
| Held-To-Maturity Investments   | 14.910           | -              | 31.728        | -           | -                  | -                           | <b>46.638</b>    |
| Other Assets (*)   | -                | -              | -             | -           | -                  | 23.633                      | <b>23.633</b>    |
| <b>Total Assets</b>  | <b>2.054.492</b> | <b>151.715</b> | <b>62.478</b> | -           | -                  | <b>87.097</b>               | <b>2.355.782</b> |
| <b>Liabilities</b>   |                  |                |               |             |                    |                             |                  |
| Bank Deposits  | -                | -              | -             | -           | -                  | -                           | -                |
| Other Deposits   | -                | -              | -             | -           | -                  | -                           | -                |
| Money Market Borrowings  | -                | -              | -             | -           | -                  | -                           | -                |
| Sundry Creditors   | 1.097.415        | -              | -             | -           | -                  | 323.181                     | <b>1.420.596</b> |
| Securities Issued  | -                | -              | -             | -           | -                  | -                           | -                |
| Funds Provided From Other Financial Institutions   | 583.945          | -              | -             | -           | -                  | 21.555                      | <b>605.500</b>   |
| Other Liabilities (*)  | -                | -              | -             | -           | -                  | 329.686                     | <b>329.686</b>   |
| <b>Total Liabilities</b>   | <b>1.681.360</b> | -              | -             | -           | -                  | <b>674.422</b>              | <b>2.355.782</b> |
| Balance Sheet Long Position  | 373.132          | 151.715        | 62.478        | -           | -                  | -                           | <b>587.325</b>   |
| Balance Sheet Short Position   | -                | -              | -             | -           | -                  | (587.325)                   | <b>(587.325)</b> |
| Off-Balance Sheet Long Position  | -                | -              | -             | -           | -                  | -                           | -                |
| Off-Balance Sheet Short Position   | -                | -              | -             | -           | -                  | -                           | -                |
| <b>Total Position</b>  | <b>373.132</b>   | <b>151.715</b> | <b>62.478</b> | -           | -                  | <b>(587.325)</b>            | -                |

(\*) Other assets and liabilities in non-interest bearing column are presented below.

|                          |                     |
|--------------------------|---------------------|
| <b>Other Assets</b>      | <b>Prior Period</b> |
| -Tangible assets         | 10.332              |
| -Intangible assets       | 1.054               |
| -Subsidiaries            | 4.825               |
| -Stationary supplies     | 23                  |
| -Deferred tax asset      | 1.081               |
| -Other debtors           | 5.671               |
| -Suspense accounts       | 647                 |
| <b>Total</b>             | <b>23.633</b>       |
| <b>Other Liabilities</b> | <b>Prior Period</b> |
| -Provisions              | 17.497              |
| -Current tax liability   | 4.673               |
| -Shareholder's equity    | 307.516             |
| <b>Total</b>             | <b>329.686</b>      |

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

| Prior Period  | EUR  | USD  | JPY | TL    |
|---|------|------|-----|-------|
| <b>Assets</b>   |      |      |     |       |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -    | -    | -   | -     |
| Due From Other Banks And Financial Institutions   | 3,50 | 3,93 | -   | 11,17 |
| Financial Assets At Fair Value Through Profit And Loss  | -    | -    | -   | 7,96  |
| Money Market Placements   | -    | -    | -   | -     |
| Financial Assets Available-For-Sale   | -    | -    | -   | -     |
| Loans   | -    | -    | -   | 11,28 |
| Held-To-Maturity Investments  | -    | -    | -   | 9,03  |
| <b>Liabilities</b>  |      |      |     |       |
| Bank Deposits   | 0,99 | 0,92 | -   | -     |
| Other Deposits  | -    | -    | -   | -     |
| Money Market Borrowings   | -    | -    | -   | -     |
| Other Creditors   | -    | -    | -   | 6,25  |
| Securities Issued   | -    | -    | -   | -     |
| Funds Provided From Other Financial Institutions  | -    | -    | -   | -     |

According to TFRS 7 sensitivity of assets and liabilities of the Bank to a probable change in interest rates that might have a substantial effect is not important as Bank's financial instruments are short term and have fixed interest rate. Thus, presentation of financial information related with interest rate sensitivity is not required.

**Interest rate risk on banking accounts:**

| Type of Currency                  | Shock Applied (+/- x basis point) | Gains/(Losses) | Gains/Equity-(Losses)/Equity |
|-----------------------------------|-----------------------------------|----------------|------------------------------|
| TL                                | 200                               | (1.808)        | (0.55)                       |
| TL                                | (200)                             | 1.808          | 0.55                         |
| USD                               | 100                               | 6              | 0.01                         |
| USD                               | (100)                             | (6)            | (0.01)                       |
| EURO                              | 100                               | 4              | 0                            |
| EURO                              | (100)                             | 4              | 0                            |
| <b>Total (of negative shocks)</b> |                                   | <b>1.798</b>   | <b>0.55</b>                  |
| <b>Total (of positive shocks)</b> |                                   | <b>(1.798)</b> | <b>(0.55)</b>                |

**Equity share position risk in banking accounts**

As of balance sheet date, bank has no equity share position risk.

**VII. Explanations Related to Liquidity Risk**

The Bank management takes guarantees for Stock Exchange Money Market and settlement transactions and places TL funds in short-term in order to remain liquid.

The effective management of the risks arising from money market instruments is the fundamental strategy of the management. Even in the most uncertain market conditions, the Bank maintains risk minimization through reducing risks of market instruments, diversifying instruments, matching of maturities, and obtaining optimum liquidity level. For this reason, the Bank is significantly liquid and is a fund provider in the Interbank Money Market and CB Interbank markets. The Bank has no term borrowings. Turkish Lira and foreign currency sales transactions with banks are done within the limits determined by the Board of Directors and monitored by the internal audit and inspection units.

The interest rates of payments, assets and liabilities are matched. Since there is no mismatch, there is no need for the measurement of the effect on profitability.

The Bank's short and long-term liquidity needs are met by its own resources.

The Bank's cash flows are utilized in short term investments and public sector debt securities depending upon its equity and the funds of cash collaterals obtained due to the amounts remaining in the unrestricted accounts of the members, stock

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exchange money market, derivatives market, securities trading loans and securities lending operations. There is no need for maintaining liquidity by overnight or one-week placements in interbank money market.

The Bank manages its liquidity risk by having enough cash and cash equivalent resources in order to meet present and probable debt obligations, by being able to close short positions and by being able to fund loan requirements.

Liquidity position is assessed and managed considering the market-wide and Bank-specific factors. The most important scenario among these scenarios is to maintain the ratio of net liquid assets/payables to clients in limits.

Ratios throughout the period are as below:

|                | Current Period (%) | Prior Period (%) |
|----------------|--------------------|------------------|
| Period average | 195                | 122              |
| Highest        | 236                | 305              |
| Lowest         | 131                | 100              |

Presentation of assets and liabilities according to their remaining maturities:

| Current Period   | Demand           | Up to 1<br>Month | 1-3<br>Month   | 3-12<br>Month  | 1-5<br>Year | 5 Year<br>and Over | Undistributed    | Total            |
|--|------------------|------------------|----------------|----------------|-------------|--------------------|------------------|------------------|
| <b>Assets</b>  |                  |                  |                |                |             |                    |                  |                  |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 329.638          | -                | -              | -              | -           | -                  | -                | <b>329.638</b>   |
| Due From Other Banks and Financial Institutions  | 33.370           | 2.700.988        | 202.638        | 253.028        | -           | -                  | -                | <b>3.190.024</b> |
| Financial Assets at Fair Value Through Profit and Loss   | -                | -                | 3.887          | 71             | -           | -                  | -                | <b>3.958</b>     |
| Money Market Placements  | -                | 14.077           | -              | -              | -           | -                  | -                | <b>14.077</b>    |
| Financial Assets Available-For-Sale  | 1.351            | -                | -              | -              | -           | -                  | -                | <b>1.351</b>     |
| Loans  | -                | 107.306          | -              | -              | -           | -                  | -                | <b>107.306</b>   |
| Held-To-Maturity Investments   | -                | -                | -              | -              | -           | -                  | -                | -                |
| Other Assets (*)   | -                | 3.198            | -              | -              | -           | -                  | 22.071           | <b>25.269</b>    |
| <b>Total Assets</b>  | <b>364.359</b>   | <b>2.825.569</b> | <b>206.525</b> | <b>253.099</b> | -           | -                  | <b>22.071</b>    | <b>3.671.623</b> |
| <b>Liabilities</b>   |                  |                  |                |                |             |                    |                  |                  |
| Bank Deposits  | -                | -                | -              | -              | -           | -                  | -                | -                |
| Other Deposits   | -                | -                | -              | -              | -           | -                  | -                | -                |
| Funds Provided From Other Financial Institutions   | -                | 1.307.796        | -              | -              | -           | -                  | 21.517           | <b>1.329.313</b> |
| Money Market Borrowings  | -                | -                | -              | -              | -           | -                  | -                | -                |
| Securities Issued  | -                | -                | -              | -              | -           | -                  | -                | -                |
| Sundry Creditors   | 599.872          | 1.373.496        | -              | -              | -           | -                  | -                | <b>1.973.368</b> |
| <b>Other Liabilities</b>   | -                | 8.349            | 3.805          | -              | -           | -                  | 356.788          | <b>368.942</b>   |
| <b>Total Liabilities</b>   | <b>599.872</b>   | <b>2.689.641</b> | <b>3.805</b>   | -              | -           | -                  | <b>378.305</b>   | <b>3.671.623</b> |
| <b>Liquidity Gap</b>   | <b>(235.513)</b> | <b>135.928</b>   | <b>202.720</b> | <b>253.099</b> | -           | -                  | <b>(356.234)</b> | -                |
| Prior Period   |                  |                  |                |                |             |                    |                  |                  |
| Total Assets   | 144.824          | 1.978.156        | 151.715        | 62.478         | -           | -                  | 18.609           | <b>2.355.782</b> |
| Total Liabilities  | 323.181          | 1.683.803        | 2.615          | -              | -           | -                  | 346.183          | <b>2.355.782</b> |
| <b>Liquidity Gap</b>   | <b>(178.357)</b> | <b>294.353</b>   | <b>149.100</b> | <b>62.478</b>  | -           | -                  | <b>(327.574)</b> | -                |

(\*) Accounts that constitute the balance sheet assets such as fixed assets, participation and subsidiaries, prepaid expenses, receivables for follow up those are required to maintain banking operations and are not convertible to cash in short term period are recorded into this account.

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**Analysis of financial assets and liabilities by remaining contractual maturities:**

|                          | Demand   | Up to 1<br>Month | 1-3<br>Month | 3-12<br>Month | 1-5<br>Year | 5 Year<br>and Over | Undistributed | Total            |
|--------------------------|----------|------------------|--------------|---------------|-------------|--------------------|---------------|------------------|
| <b>31 December 2012,</b> |          |                  |              |               |             |                    |               |                  |
| Placements               | -        | -                | -            | -             | -           | -                  | -             | -                |
| Repo                     | -        | -                | -            | -             | -           | -                  | -             | -                |
| Funds borrowed           | -        | 1.058.877        | -            | -             | -           | 1.058.877          | 93            | 1.058.970        |
| Other                    | -        | 270.343          | -            | -             | -           | 270.343            | -             | 270.343          |
| <b>Total</b>             | <b>-</b> | <b>1.329.220</b> | <b>-</b>     | <b>-</b>      | <b>-</b>    | <b>1.329.220</b>   | <b>93</b>     | <b>1.329.313</b> |

**31 December 2012,**

|                |          |                |          |          |          |                |           |                |
|----------------|----------|----------------|----------|----------|----------|----------------|-----------|----------------|
| Placements     | -        | -              | -        | -        | -        | -              | -         | -              |
| Repo           | -        | -              | -        | -        | -        | -              | -         | -              |
| Funds Borrowed | -        | 499.752        | -        | -        | -        | 499.752        | 24        | 449.776        |
| Other          | -        | 155.724        | -        | -        | -        | 155.724        | -         | 155.724        |
| <b>Total</b>   | <b>-</b> | <b>605.476</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>605.476</b> | <b>24</b> | <b>605.500</b> |

**Securitisation positions:**

The Bank does not apply securitisation as of 31 December 2012.

**Credit Risk Mitigation Techniques:**

The Bank does not perform in-and off-balance sheet netting. The Bank's cash credit transactions consist of loans extended to intermediary firms. Equity securities, treasury bills, government bonds, a letter of guarantee, investment fund participation certificates and cash blockage collateral may be obtained for extended cash credits. Takasbank Money Market (TPP) transactions are regarded as non-cash credits because of our guarantorship in TPP. Cash, a letter of guarantee, treasury bills, government bonds, investment fund participation certificates, equity securities and Euro bonds are accepted as guarantee in TPP.

Regarding guarantees taken for TPP and cash credit transactions, equity securities are valued according to their weighted average price in the last session on the day of valuation, or, if the transaction is not realised, according to the arithmetic average of best purchase and best sales orders in the last session; Government Bonds and Treasury Bills are valued according to "Current Bond Rates" determined at İMKB (Debt Instruments Market) on the day of valuation; FC cash amounts and FC letters of guarantee are valued according to the currency buying rate announced by Central Bank of the Republic of Turkey for the day following the day of valuation; Investment Fund Participation Certificates are valued according to the prices announced on the day of valuation; and Euro Bonds are valued according to Bloomberg Generic Price (BGN) published at 17:00. In consequence of guarantee valuation carried out every day, in the event that the depreciation of the guarantees exceeds the limits determined by the Bank, a margin call is made to ensure that the guarantees are brought to the level of the initial guarantee.

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**Collaterals in terms of Risk Categories:**

| <b>Exposure classifications</b>  | <b>Amount</b>    | <b>Financial Collaterals</b> | <b>Other/Physical Collaterals</b> | <b>Guarantees and Credit Derivatives</b> |
|--|------------------|------------------------------|-----------------------------------|--|
| Conditional and unconditional receivables from central governments or central banks                | 344.556          | -                            | -                                 | -  |
| Conditional and unconditional receivables from regional or local governments                       | -                | -                            | -                                 | -  |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | -                | -                            | -                                 | -  |
| Conditional and unconditional receivables from multilateral development banks                      | -                | -                            | -                                 | -  |
| Conditional and unconditional receivables from international organizations                         | -                | -                            | -                                 | -  |
| Conditional and unconditional receivables from banks and brokerage houses                          | 5.733.754        | 5.733.754                    | -                                 | -  |
| Conditional and unconditional corporate receivables  | 4                | -                            | -                                 | -  |
| Conditional and unconditional retail receivables   | -                | -                            | -                                 | -  |
| Conditional and unconditional secured mortgage receivables   | -                | -                            | -                                 | -  |
| Past due receivables   | 1.637            | -                            | -                                 | -  |
| Receivables in high risk category defined by BRSA  | -                | -                            | -                                 | -  |
| Securities collateralised by mortgages   | -                | -                            | -                                 | -  |
| Securitisation positions   | -                | -                            | -                                 | -  |
| Short-term receivables from banks, stockbrokers and corporates                                     | -                | -                            | -                                 | -  |
| Investments of natured collective investment enterprise  | -                | -                            | -                                 | -  |
| Other receivables  | 21.422           | -                            | -                                 | -  |
| <b>Total</b>   | <b>6.101.369</b> | <b>5.733.754</b>             | -                                 | -  |

**VIII. Risk management objectives and policies**

The purpose of the Bank's risk management system is to ensure that incurred risks are defined, measured, monitored and controlled. This is done by means of policies, implementing procedures and limits determined to monitor, control, and, if necessary, change both the risk-return structure included in the Bank's future cash flows and therefore the quality and level of activities- as well as the internal capital requirement related to risk profiles.

The establishment of an optimum balance between incurred costs has been adopted as the Bank's general risk policy for the purpose of carrying out the Bank's activities prudentially by taking a minimum level of risk, and, in case of risks that are compulsory to take or have, the Bank delimits, manages, reduces and controls damages, loss and risks that may occur in consequence of realizing such risks.

The Risk Management Team carries out its activities under the Board of Directors via the Audit Committee. Risk management activities consist of the measurement, monitoring, control and reporting of risks, and are performed by Risk Management Team personnel.

Within the scope of the risk management system, a reporting system has been established to analyze and assess incurred risks efficiently. Systems that allow extensive reports regarding liquidity, market, credit and operational risks are created in order to be used in risk management, strategy determination and decision-making. Reports are presented to units responsible for the formation and monitoring of risk at regular intervals, together with the Board of Directors and top management.

Compliance of the Bank's cash and non-cash credit transactions to banking legislation and related internal legislation as well as to the credit limits determined by the Board of Directors is continuously monitored and controlled by the Risk Management Team. Credit extensions within the scope of approved credit risk limits are continuously monitored by the Risk Management Team and reported to the top management, the Audit Committee and the Board of Directors.

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The Bank's general policy on the management of market risk is to establish and implement an optimum portfolio and maturity structure for the purposes of avoiding liquidity problems, optimizing risk-return balance, making use of resources with the highest efficiency rates by taking a minimum level of risk, and taking precautions to prevent changes in prices and rates in financial markets from affecting the Bank's profitability in a negative way.

Within the scope of its operational risk management policy, the Bank not only regards human resources as the most important source but also adopts business continuity as its basic principle by carrying out system and process-oriented (not person-oriented) activities for the purpose of maintaining organizational structure.

**IX. Explanations Related To Presentation of Financial Assets and Liabilities at Fair Value**

Current period marketable securities for investment purposes are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The estimated fair value of funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the banks, money market placements, and funds borrowed from other financial institutions and sundry creditors reflect their fair values since they are short-term.

The table below shows the book value and the fair value of the financial assets and liabilities.

|  | Book Value       |                  | Fair Value       |                  |
|--|------------------|------------------|------------------|------------------|
|  | Current Period   | Prior Period     | Current Period   | Prior Period     |
| <b>Financial Assets</b>                              | <b>3.316.716</b> | <b>2.191.634</b> | <b>3.316.716</b> | <b>2.190.945</b> |
| Financial Assets at Fair Value Through profit/(Loss) | 3.958            | 3.674            | 3.958            | 3.674            |
| Money Market Placements                              | 14.077           | 8.131            | 14.077           | 8.131            |
| Banks  | 3.190.024        | 2.050.651        | 3.190.024        | 2.050.651        |
| Available-For-Sale Financial Assets                  | 1.351            | 1.135            | 1.351            | 1.135            |
| Held-To-Maturity Investments                         | -                | 46.638           | -                | 45.949           |
| Loans  | 107.306          | 81.405           | 107.306          | 81.405           |
| <b>Financial Liabilities</b>                         | <b>3.302.681</b> | <b>2.026.096</b> | <b>3.302.681</b> | <b>2.026.096</b> |
| Placements on banks                                  | -                | -                | -                | -                |
| Other placements                                     | -                | -                | -                | -                |
| Funds Borrowed From Other Financial Institutions     | 1.329.313        | 605.500          | 1.329.313        | 605.000          |
| Sundry Creditors                                     | 1.973.368        | 1.420.596        | 1.973.368        | 1.420.596        |



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The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market.

|  | Quoted Price  | Valuation techniques - where market value is observable | Valuation techniques - where market value is not observable | Fair Value Not Available |
|--|---------------|---|---|--------------------------|
| <b>Current Period</b>                            |               |   |   |                          |
| <b>Financial Assets</b>                          | <b>3.958</b>  | <b>3.311.407</b>  | <b>1.351</b>  | -                        |
| Money Market Placements                          | -             | 14.077  | -   | -                        |
| Banks  | -             | 3.190.024   | -   | -                        |
| Financial Assets Held for Trading                | 3.958         | -   | -   | -                        |
| Available-For-Sale Financial Assets              | -             | -   | 1.351   | -                        |
| Held-to-Maturity Investments                     | -             | -   | -   | -                        |
| Loans  | -             | 107.306   | -   | -                        |
| <b>Financial Liabilities</b>                     | -             | <b>3.302.681</b>  | -   | -                        |
| Funds Borrowed From Other Financial Institutions | -             | 1.329.313   | -   | -                        |
| Sundry Creditors                                 | -             | 1.973.368   | -   | -                        |
| <b>Prior Period</b>                              |               |   |   |                          |
| <b>Financial Assets</b>                          | <b>49.623</b> | <b>2.140.187</b>  | <b>1.135</b>  | -                        |
| Money Market Placements                          | -             | 8.131   | -   | -                        |
| Banks  | -             | 2.050.651   | -   | -                        |
| Financial Assets Held for Trading                | 3.674         | -   | -   | -                        |
| Available-For-Sale Financial Assets              | -             | -   | 1.135   | -                        |
| Held-to-Maturity Investments                     | 45.949        | -   | -   | -                        |
| Loans  | -             | 81.405  | -   | -                        |
| <b>Financial Liabilities</b>                     | -             | <b>2.026.096</b>  | -   | -                        |
| Funds Borrowed From Other Financial Institutions | -             | 605.500   | -   | -                        |
| Sundry Creditors                                 | -             | 1.420.596   | -   | -                        |

**X. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions**

The Bank carries out trading, custody, management and advisory services on others' behalf and account.

TL 8 (31 December 2011: TL 8), in the off balance sheet contingencies and commitments table, consists of sales and securities which are traded on ISE. Under the fiduciary transactions agreement, there are no transactions carried out with other financial institutions and there are no financial services rendered directly in this context.

According to the Articles of Association of the Bank, the services and operations of the Bank are performing the custody of the securities, precious metals and other securities and the clearing and settlement of cash and security commitments arising from the purchases and sales on stock exchanges. The Bank realizes transactions necessary for transfers, settlement, offsetting, and discharge of debts, securities obtained for custody and other marketable securities; obtaining bonus share, use of preemptive rights, collection of interest and principle at maturity, dividends, and exchanges of documents representing the securities and other instruments and similar financial services. Also, the Bank provides the clearing and settlement service of guarantees of derivative transactions on Turkish Derivative Exchange. Related to above mentioned transactions, the total amount of guarantees obtained from Bank's customers comprising treasury bills, government bonds, letter of guarantees and stocks are listed below.

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**XI. Explanations on Segment Reporting**

The Bank operates mainly in clearing-operation, custody, loans and treasury.

| <b>Current Period</b>                                       | <b>Clearing and Operation</b> | <b>Custody</b> | <b>Loans and Money Market</b> | <b>Treasury</b>  | <b>Others</b>  | <b>Total</b>     |
|---|-------------------------------|----------------|-------------------------------|------------------|----------------|------------------|
| Cash and Balances with Central Bank                         | -                             | -              | -                             | 329.638          | -              | <b>329.638</b>   |
| Financial Assets At Fair Value Through Profit or Loss (Net) | -                             | -              | -                             | -                | 3.958          | <b>3.958</b>     |
| Banks   | -                             | -              | -                             | 3.190.024        | -              | <b>3.190.024</b> |
| Money Markets   | -                             | -              | -                             | -                | 14.077         | <b>14.077</b>    |
| Available-For-Sale Financial Assets (Net)                   | -                             | -              | -                             | 1.351            | -              | <b>1.351</b>     |
| Loans   | -                             | -              | 107.306                       | -                | -              | <b>107.306</b>   |
| Held-to-Maturity Securities (Net)                           | -                             | -              | -                             | -                | -              | -                |
| Subsidiaries  | -                             | -              | -                             | -                | -              | -                |
| Joint Ventures (Net)  | -                             | -              | -                             | 4.825            | -              | <b>4.825</b>     |
| Property and Equipment (Net)                                | -                             | -              | -                             | -                | 12.124         | <b>12.124</b>    |
| Intangible Assets (Net)                                     | -                             | -              | -                             | -                | 1.504          | <b>1.504</b>     |
| Tax Asset   | -                             | -              | -                             | -                | 2.287          | <b>2.287</b>     |
| Other Assets  | -                             | 3.198          | -                             | -                | 1.331          | <b>4.529</b>     |
| <b>Total Assets</b>   | -                             | <b>3.198</b>   | <b>107.306</b>                | <b>3.525.838</b> | <b>35.281</b>  | <b>3.671.623</b> |
| Funds Borrowed  | -                             | -              | -                             | 1.058.970        | -              | <b>1.058.970</b> |
| Miscellaneous Payables                                      | 1.946.179                     | 1.605          | 15.431                        | -                | 10.153         | <b>1.973.368</b> |
| Other Liabilities   | 270.343                       | -              | -                             | -                | -              | <b>270.343</b>   |
| Provisions  | -                             | -              | 19.904                        | -                | -              | <b>19.904</b>    |
| Tax Liability   | -                             | -              | -                             | -                | 5.916          | <b>5.916</b>     |
| Shareholders' Equity  | -                             | -              | -                             | -                | 331.605        | <b>331.605</b>   |
| <b>Total Liabilities</b>                                    | <b>2.216.522</b>              | <b>1.605</b>   | <b>35.335</b>                 | <b>1.058.970</b> | <b>359.191</b> | <b>3.671.623</b> |

| <b>Prior Period</b>   | <b>Clearing and Operation</b> | <b>Custody</b> | <b>Loans and Money Market</b> | <b>Treasury</b>  | <b>Others</b>  | <b>Total</b>     |
|---|-------------------------------|----------------|-------------------------------|------------------|----------------|------------------|
| Cash and Balances with Central Bank                         | -                             | -              | -                             | 140.515          | -              | <b>140.515</b>   |
| Financial Assets At Fair Value Through Profit or Loss (Net) | -                             | -              | -                             | -                | 3.674          | <b>3.674</b>     |
| Banks   | -                             | -              | -                             | 2.050.651        | -              | <b>2.050.651</b> |
| Money Markets   | -                             | -              | -                             | -                | 8.131          | <b>8.131</b>     |
| Available-For-Sale Financial Assets (Net)                   | -                             | -              | -                             | 1.135            | -              | <b>1.135</b>     |
| Loans   | -                             | -              | 81.405                        | -                | -              | <b>81.405</b>    |
| Held-to-Maturity Securities (Net)                           | -                             | -              | -                             | 46.638           | -              | <b>46.638</b>    |
| Subsidiaries  | -                             | -              | -                             | -                | -              | -                |
| Joint Ventures (Net)  | -                             | -              | -                             | 4.825            | -              | <b>4.825</b>     |
| Property and Equipment (Net)                                | -                             | -              | -                             | -                | 10.332         | <b>10.332</b>    |
| Intangible Assets (Net)                                     | -                             | -              | -                             | -                | 1.054          | <b>1.054</b>     |
| Tax Asset   | -                             | -              | -                             | -                | 1.081          | <b>1.081</b>     |
| Other Assets  | -                             | 5.024          | -                             | -                | 1.317          | <b>6.341</b>     |
| <b>Total Assets</b>   | -                             | <b>5.024</b>   | <b>81.405</b>                 | <b>2.243.764</b> | <b>25.589</b>  | <b>2.355.782</b> |
| Funds Borrowed  | -                             | -              | -                             | 449.776          | -              | <b>449.776</b>   |
| Miscellaneous Payables                                      | 1.408.790                     | 1.743          | 6.078                         | -                | 3.985          | <b>1.420.596</b> |
| Other Liabilities   | 155.724                       | -              | -                             | -                | -              | <b>155.724</b>   |
| Provisions  | -                             | -              | 11.321                        | -                | 6.176          | <b>17.497</b>    |
| Tax Liability   | -                             | -              | -                             | -                | 4.673          | <b>4.673</b>     |
| Shareholders' Equity  | -                             | -              | -                             | -                | 307.516        | <b>307.516</b>   |
| <b>Total Liabilities</b>                                    | <b>1.564.514</b>              | <b>1.743</b>   | <b>17.399</b>                 | <b>449.776</b>   | <b>322.350</b> | <b>2.355.782</b> |

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| <b>Current Period</b>                                     | <b>Clearing and Operation</b> | <b>Custody</b> | <b>Loans and MM</b> | <b>Treasury</b> | <b>Others</b>   | <b>Total</b>    |
|---|-------------------------------|----------------|---------------------|-----------------|-----------------|-----------------|
| Net interest income                                       | 26                            | -              | 11.510              | 64.152          | -               | <b>75.688</b>   |
| Net fees and commission income and other operating income | 31.090                        | 923            | 11.835              | -               | -               | <b>43.848</b>   |
| Dividend income   | -                             | -              | -                   | 4.691           | -               | <b>4.691</b>    |
| Net trading income  | -                             | -              | -                   | (135)           | -               | <b>(135)</b>    |
| Other operating income                                    | -                             | -              | -                   | -               | 168             | <b>168</b>      |
| Provision for loan losses and other receivables           | -                             | -              | 8.585               | -               | -               | <b>8.585</b>    |
| Other operating expenses                                  | -                             | -              | -                   | -               | 45.739          | <b>45.739</b>   |
| <b>Profit/Loss before tax</b>                             | <b>31.116</b>                 | <b>923</b>     | <b>14.760</b>       | <b>68.708</b>   | <b>(45.571)</b> | <b>69.936</b>   |
| Tax provision   | -                             | -              | -                   | -               | (14.768)        | <b>(14.768)</b> |
| <b>Net Profit/Loss</b>                                    | <b>31.116</b>                 | <b>923</b>     | <b>14.760</b>       | <b>68.708</b>   | <b>(60.339)</b> | <b>55.168</b>   |

| <b>Prior Period</b>                                       | <b>Clearing and Operation</b> | <b>Custody</b> | <b>Loans and MM</b> | <b>Treasury</b> | <b>Others</b>   | <b>Total</b>   |
|---|-------------------------------|----------------|---------------------|-----------------|-----------------|----------------|
| Net interest income                                       | 69                            | -              | 2.361               | 28.827          | -               | <b>31.257</b>  |
| Net fees and commission income and other operating income | 35.189                        | 1.366          | 8.526               | -               | -               | <b>45.081</b>  |
| Dividend income   | -                             | -              | -                   | 7.205           | -               | <b>7.205</b>   |
| Net trading income  | -                             | -              | -                   | 465             | -               | <b>465</b>     |
| Other operating income                                    | -                             | -              | -                   | -               | 70              | <b>70</b>      |
| Provision for loan losses and other receivables           | -                             | -              | 7.080               | -               | -               | <b>7.080</b>   |
| Other operating expenses                                  | -                             | -              | -                   | -               | 33.764          | <b>33.764</b>  |
| <b>Profit/Loss before tax</b>                             | <b>35.258</b>                 | <b>1.366</b>   | <b>3.807</b>        | <b>36.497</b>   | <b>(33.694)</b> | <b>43.234</b>  |
| Tax provision   | -                             | -              | -                   | -               | (8.390)         | <b>(8.390)</b> |
| <b>Net Profit/Loss</b>                                    | <b>35.258</b>                 | <b>1.366</b>   | <b>3.807</b>        | <b>36.497</b>   | <b>(42.084)</b> | <b>34.844</b>  |

## SECTION FIVE

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

#### I. Explanations Related to the Assets

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

1.a) Information on cash and balances with the Central Bank of Turkey:

|  | <b>Current Period</b> |                | <b>Prior Period</b> |               |
|--|-----------------------|----------------|---------------------|---------------|
|  | <b>TL</b>             | <b>FC</b>      | <b>TL</b>           | <b>FC</b>     |
| Cash in TL/Foreign Currency              | 16                    | -              | 4                   | -             |
| Balances with the Central Bank of Turkey | 124.556               | 205.066        | 78.117              | 62.394        |
| Other                                    | -                     | -              | -                   | -             |
| <b>Total</b>                             | <b>124.572</b>        | <b>205.066</b> | <b>78.121</b>       | <b>62.394</b> |

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

|                             | <b>Current Period</b> |              | <b>Prior Period</b> |               |
|-----------------------------|-----------------------|--------------|---------------------|---------------|
|                             | <b>TL</b>             | <b>FC</b>    | <b>TL</b>           | <b>FC</b>     |
| Unrestricted demand deposit | 124.556               | 8.340        | 78.117              | 62.394        |
| Unrestricted time deposit   | -                     | -            | -                   | -             |
| Restricted time deposit (*) | -                     | -            | -                   | -             |
| <b>Total</b>                | <b>124.556</b>        | <b>8.340</b> | <b>78.117</b>       | <b>62.394</b> |

(\*) Information related to reserve deposits presented under unrestricted demand deposit:

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As of 31 December 2012, the Turkish Lira required reserve ratios are determined to be within the range of 5% and 11% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2011: 5%-11% for all Turkish Lira liabilities), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6% and 11% (31 December 2011: 6%-11% for all foreign currency liabilities). According to the amendments dated 18 December 2012 and 22 January 2013, the Turkish Lira required reserve ratios are determined to be within the range of 5% and 11.25% depending on the maturity structure of deposits denominated in Turkish Lira and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6% and 12%.

No interest is charged by CBRT for Turkish Lira and foreign currency denominated reserve requirements.

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

2.a) i. Information on financial assets at fair value through profit and loss given as collateral or blocked: The Bank has no financial assets at fair value through profit and loss given as collateral or blocked as of the balance sheet date (31 December 2011: None).

2.a) ii. Financial assets at fair value through profit and loss subject to repurchase agreements: The Bank has no financial assets at fair value through profit and loss subject to repurchase agreements as of the balance sheet date (31 December 2011: None).

2.b) Positive differences related to derivative financial assets held-for-trading: The Bank has no positive differences related to derivative financial assets held-for-trading as of the balance sheet date (31 December 2011: None).

### 3. Information on Banks:

3.a) Information on banks:

|                                 | Current Period   |                  | Prior Period     |                |
|---------------------------------|------------------|------------------|------------------|----------------|
|                                 | TL               | FC               | TL               | FC             |
| Banks                           | 2.063.292        | 1.126.732        | 1.532.284        | 518.367        |
| Domestic                        | 2.062.747        | 1.091.720        | 1.532.284        | 494.163        |
| Foreign                         | 545              | 35.012           | -                | 24.204         |
| Branches and head office abroad | -                | -                | -                | -              |
| <b>Total</b>                    | <b>2.063.292</b> | <b>1.126.732</b> | <b>1.532.284</b> | <b>518.367</b> |

3.b) Information on foreign bank accounts:

|                           | Unrestricted Amount |               | Restricted Amount |              |
|---------------------------|---------------------|---------------|-------------------|--------------|
|                           | Current Period      | Prior Period  | Current Period    | Prior Period |
| European Union Countries  | 33.700              | 3.029         | -                 | -            |
| USA and Canada            | 1.857               | 21.282        | -                 | -            |
| OECD Countries (*)        | -                   | -             | -                 | -            |
| Off-shore banking regions | -                   | -             | -                 | -            |
| Other                     | -                   | -             | -                 | -            |
| <b>Total</b>              | <b>35.557</b>       | <b>24.311</b> | <b>-</b>          | <b>-</b>     |

(\*) OECD Countries outside U.S., Canada and European Union Countries

3.c) Information on receivables from money markets

The details about the receivables from Money Markets are as below:

|                             | Current Period | Prior Period |
|-----------------------------|----------------|--------------|
| Reverse Repo member balance | 14.077         | 8.131        |
| <b>Total</b>                | <b>14.077</b>  | <b>8.131</b> |

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

4.a) i. Information on financial assets available-for-sale given as collateral or blocked: The Bank has no financial assets available-for-sale given as collateral or blocked as of the balance sheet date (31 December 2011: None).

4.a) ii. Information on financial assets available-for-sale subject to repurchase agreements: The Bank has no financial assets available-for-sale subject to repurchase agreements as of the balance sheet date (31 December 2011: None).

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#### 4.b) Information on available for sale assets:

| Name  | Current Period |              |           | Prior Period |           |
|---|----------------|--------------|-----------|--------------|-----------|
|   | Acquired On    | Amount       | Ratio (%) | Amount       | Ratio (%) |
| Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.                | 21.06.2002     | 555          | 4,10      | 328          | 4,10      |
| İzmir Vadeli İşlem ve Opsiyon Borsası A.Ş.                | 03.01.2011     | 323          | 3,00      | 323          | 3,00      |
| Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. | 29.07.2011     | 200          | 10,00     | 200          | 10,00     |
| SASE-Sarajevo Menkul Kıymetler Borsası                    | 18.05.2011     | 168          | 5,00      | 174          | 5,00      |
| S.W.I.FT SCRL   | 24.04.2009     | 105          | 0,32      | 108          | 0,32      |
| Gelişen Bilgi Teknolojileri A.Ş.                          | 27.03.2006     | -            | -         | 2            | 2,78      |
| <b>Total</b>  |                | <b>1.351</b> |           | <b>1.135</b> |           |

|                                    | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Debt securities                    | -              | -            |
| Quoted on a stock exchange         | -              | -            |
| Not quoted on a stock exchange     | -              | -            |
| Share certificates                 | <b>1.351</b>   | <b>1.135</b> |
| Quoted on a stock exchange         | -              | -            |
| Not quoted on a stock exchange (*) | 1.351          | 1.135        |
| Impairment provision (-)           | -              | -            |
| <b>Total</b>                       | <b>1.351</b>   | <b>1.135</b> |

(\*) All unquoted available for sale financial investments of the Bank are accounted for at cost.

#### 5. Information on loans:

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

|  | Current Period |                  | Prior Period  |                  |
|--|----------------|------------------|---------------|------------------|
|  | Cash           | Non-Cash         | Cash          | Non-Cash         |
| Direct loans granted to shareholders   | 92.649         | 2.051.242        | 78.859        | 3.002.338        |
| Corporate shareholders                 | 92.649         | 2.051.242        | 78.859        | 3.002.338        |
| Real person shareholders               | -              | -                | -             | -                |
| Indirect loans granted to shareholders | -              | -                | -             | -                |
| Loans granted to employees             | -              | -                | 2             | -                |
| <b>Total</b>                           | <b>92.649</b>  | <b>2.051.242</b> | <b>78.861</b> | <b>3.002.338</b> |

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

|                                 | Standard Loans and Other Receivables |   |       | Loans and Other Receivables Under Close Monitoring |   |       |
|---------------------------------|--------------------------------------|---|-------|--|---|-------|
|                                 | Loans and Other Receivables (Total)  | Loans and other receivables with revised contract terms |       | Loans and Other Receivables (Total)                | Loans and other receivables with revised contract terms |       |
|                                 |                                      | Restructured or Rescheduled                             | Other |  | Restructured or Rescheduled                             | Other |
| <b>Cash Loans</b>               |                                      |   |       |  |   |       |
| <b>Non-specialized loans</b>    | <b>107.306</b>                       | -   | -     | -  | -   | -     |
| Working capital loans           | -                                    | -   | -     | -  | -   | -     |
| Export loans                    | -                                    | -   | -     | -  | -   | -     |
| Import loans                    | -                                    | -   | -     | -  | -   | -     |
| Loans given to financial sector | 107.306                              | -   | -     | -  | -   | -     |
| Consumer loans                  | -                                    | -   | -     | -  | -   | -     |
| Credit cards                    | -                                    | -   | -     | -  | -   | -     |
| Other                           | -                                    | -   | -     | -  | -   | -     |
| <b>Specialized loans</b>        | -                                    | -   | -     | -  | -   | -     |
| <b>Other receivables</b>        | -                                    | -   | -     | -  | -   | -     |
| <b>Total</b>                    | <b>107.306</b>                       | -   | -     | -  | -   | -     |

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c) Loans according to their maturity structure:

|   | 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 |
| <b>Cash Loans</b>                                       |                                      |                             |  |                             |
| <b>Short-term loans and other receivables</b>           | <b>107.306</b>                       | -                           | -  | -                           |
| Non-specialized loans                                   | 107.306                              | -                           | -  | -                           |
| Specialized loans                                       | -                                    | -                           | -  | -                           |
| Other Receivables                                       | -                                    | -                           | -  | -                           |
| <b>Medium and long-term loans and other receivables</b> | -                                    | -                           | -  | -                           |
| Non-specialized loans                                   | -                                    | -                           | -  | -                           |
| Non-specialized loans                                   | -                                    | -                           | -  | -                           |
| Other Receivables                                       | -                                    | -                           | -  | -                           |
| <b>Total</b>  | <b>107.306</b>                       | -                           | -  | -                           |

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

The Bank has no consumer loans, individual credit cards, personnel loans and credit cards as of the balance sheet date (31 December 2011: 2).

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

The Bank has no commercial loans with installment and corporate credit cards as of the balance sheet date (31 December 2011: None).

f) Loans according to borrowers:

|              | Current Period | Prior Period  |
|--------------|----------------|---------------|
| Public       | -              | -             |
| Private      | 107.306        | 81.405        |
| <b>Total</b> | <b>107.306</b> | <b>81.405</b> |

g) Domestic and foreign loans:

|                | Current Period | Prior Period  |
|----------------|----------------|---------------|
| Domestic loans | 107.306        | 81.405        |
| Foreign loans  | -              | -             |
| <b>Total</b>   | <b>107.306</b> | <b>81.405</b> |

h) Loans granted to subsidiaries and associates: The Bank has no loans granted to subsidiaries and associates as of the balance sheet date (31 December 2011: None).

i) Specific provisions provided against loans:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Loans and receivables with limited collectability  | -              | -            |
| Loans and receivables with doubtful collectability | -              | -            |
| Uncollectable loans and receivables                | 1.637          | 1.637        |
| <b>Total</b>                                       | <b>1.637</b>   | <b>1.637</b> |

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

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: The Bank has no loans and other receivables included in non-performing loans which are restructured or rescheduled as of the balance sheet date (31 December 2011: None).



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j.2) Information on movement of non-performing loans:

|   | III. Group  | IV. Group   | V. Group                               |
|---|---|---|--|
|   | Loans and<br>Receivables With<br>Limited Collectability | Loans and<br>Receivables<br>With Doubtful<br>Collectability | Uncollectible Loans<br>and Receivables |
| <b>Prior period end balance</b>                             | -   | -   | <b>1.637</b>                           |
| Additions (+)   | -   | -   | -                                      |
| Transfers From Other Categories of Non-performing Loans (+) | -   | -   | -                                      |
| Transfers to Other Categories of Non-performing Loans (-)   | -   | -   | -                                      |
| Collections (-)   | -   | -   | -                                      |
| Write-offs (-)  | -   | -   | -                                      |
| Corporate and Commercial Loans                              | -   | -   | -                                      |
| Retail Loans  | -   | -   | -                                      |
| Credit Cards  | -   | -   | -                                      |
| Other   | -   | -   | -                                      |
| <b>Current Period End Balance</b>                           |   |   | <b>1.637</b>                           |
| Specific provision (-)                                      | -   | -   | 1.637                                  |
| <b>Net Balance Sheet Balance</b>                            | -   | -   | -                                      |

j.3) Information on foreign currency non-performing loans and other receivables: The Bank has no foreign currency non-performing loans as of the balance sheet date (31 December 2011: None).

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

|  | III. Group  | IV. Group   | V. Group                               |
|--|---|---|--|
|  | Loans and<br>Receivables<br>With Doubtful<br>Collectability | Loans and<br>Receivables<br>With Doubtful<br>Collectability | Uncollectible Loans<br>and Receivables |
| <b>Current Period (Net)</b>                      | -   | -   | -                                      |
| Loans to Real Persons and Legal Entities (Gross) | -   | -   | 1.637                                  |
| Specific Provision Amount (-)                    | -   | -   | 1.637                                  |
| Loans to Real Persons and Legal Entities (Net)   | -   | -   | -                                      |
| Banks (Gross)                                    | -   | -   | -                                      |
| Specific Provision Amount (-)                    | -   | -   | -                                      |
| Banks (Net)                                      | -   | -   | -                                      |
| Other Loans and Receivables (Gross)              | -   | -   | -                                      |
| Specific Provision Amount (-)                    | -   | -   | -                                      |
| Other Loans and Receivables (Net)                | -   | -   | -                                      |
| <b>Prior Period (Net)</b>                        | -   | -   | -                                      |
| Loans to Real Persons and Legal Entities (Gross) | -   | -   | 1.637                                  |
| Specific Provision Amount (-)                    | -   | -   | 1.637                                  |
| Loans to Real Persons and Legal Entities (Net)   | -   | -   | -                                      |
| Banks (Gross)                                    | -   | -   | -                                      |
| Specific Provision Amount (-)                    | -   | -   | -                                      |
| Banks (Net)                                      | -   | -   | -                                      |
| Other Loans and Receivables (Gross)              | -   | -   | -                                      |
| Specific Provision Amount (-)                    | -   | -   | -                                      |
| Other Loans and Receivables (Net)                | -   | -   | -                                      |

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k) Main principles of liquidation policy for uncollectible loans and receivables: The Bank has no uncollectible loans and receivables as of the balance sheet date (31 December 2011: None).

l) Explanations about the policy for the asset's write-off: The general policy for the receivables write-off under follow-up is to write-off the receivables from asset which cannot be collected in process of a legal enforcement.

m) Other explanations and disclosures: Collaterals and credit enhancement obtained during the year: The details of the collaterals obtained for cash loans as of 31 December 2012 and 2011 are as follows:

|                        | <b>Current Period</b> | <b>Prior Period</b> |
|------------------------|-----------------------|---------------------|
| Equity Shares (quoted) | 28.230                | 20.261              |
| Letters of Guarantee   | 119.685               | 96.335              |
|                        | <b>147.915</b>        | <b>116.596</b>      |

**6. Investments held to maturity:**

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

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Held-to-maturity investments given as collateral or blocked | -                     | 42.337              |
| Unrealized accrual related to these investments             | -                     | 4.301               |
| <b>Total</b>  | <b>-</b>              | <b>46.638</b>       |

6.a) ii. Held-to-maturity investments subject to repurchase agreements: As of the balance sheet date, the Bank has no held-to-maturity investments subject to repurchase agreements (31 December 2011: None).

6.b) Information on held-to-maturity public sector debt instruments:

|                                      | <b>Current Period</b> | <b>Prior Period</b> |
|--------------------------------------|-----------------------|---------------------|
| Government Bond                      | -                     | 46.638              |
| Treasury Bill                        | -                     | -                   |
| Other Public Sector Debt Instruments | -                     | -                   |
| <b>Total</b>                         | <b>-</b>              | <b>46.638</b>       |

6.c) Information on held-to-maturity investments:

|                                | <b>Current Period</b> | <b>Prior Period</b> |
|--------------------------------|-----------------------|---------------------|
| Debt securities                | -                     | 46.638              |
| Quoted on a stock exchange     | -                     | 46.638              |
| Not quoted on a stock exchange | -                     | -                   |
| Impairment provision (-)       | -                     | -                   |
| <b>Total</b>                   | <b>-</b>              | <b>46.638</b>       |

6.d) Movement of held-to-maturity investments

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Beginning balance                               | 46.638                | 19.196              |
| Foreign currency differences on monetary assets | -                     | -                   |
| Purchases during year                           | -                     | 29.510              |
| Disposals through sales and redemptions         | (34.000)              | (6.000)             |
| Impairment provision (-)                        | -                     | -                   |
| Effect of unearned coupon income on cost        | (12.638)              | 3.932               |
| <b>Closing Balance</b>                          | <b>-</b>              | <b>46.638</b>       |

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#### 7. Information on associates (net):

7.a) Information on the unconsolidated associates: The Bank has no unconsolidated associates (31 December 2011: None). Informations related Central Registry Agency are presented in the disclosure no.8.

7.b) Information on the unconsolidated associates: None (31 December 2011: None). The Bank has no consolidated associates (31 December 2011: None).

7.c) Explanations of consolidated associates: None (31 December 2011: None).

7.d) Information on sector information on consolidated associates: None (31 December 2011: None).

7.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2011: None).

#### 8. Information on subsidiaries (Net):

8.a) Information on the unconsolidated subsidiaries:

| Description                 | Address<br>(City/Country) | Bank's share percentage-<br>If different voting<br>percentage (%) | Bank risk group's share<br>percentage (%) |
|-----------------------------|---------------------------|---|---|
| Merkezi Kayıt Kuruluşu A.Ş. | İstanbul/Türkiye          | 28,57   | 65,00                                     |

Bank's share in Merkezi Kayıt Kuruluşu A.Ş. ("Central Securities Registry Agency") is 65% and the Bank's voting right is 28,57% (2/7) according to its Articles of Association. Although the Bank possesses more than 20% of the voting rights of Central Securities Registry Agency. The Bank does not have significant influence over the company. For this reason the associate is not consolidated. This subsidiary is carried at cost amounting to TL 4.825 thousand in the financial statements.

| Total Assets (*) | Shareholder's<br>Equity | Total Fixed<br>Asset | Interest<br>Income | Income from<br>Marketable<br>Securities<br>Portfolio | Current<br>Period Profit/<br>(Loss) | Prior Periods'<br>Profits/<br>(Losses) | Fair<br>Value |
|------------------|-------------------------|----------------------|--------------------|--|-------------------------------------|--|---------------|
| 73.722           | 56.407                  | 13.038               | 4.484              | -  | 19.085                              | 14.887                                 | -             |

(\*) Audited financial statements, prepared as of 31 December 2012, in accordance with the Turkish Accounting Standards.

|   |               |
|---|---------------|
| Paid-in capital                                     | 6.000         |
| Legal reserves                                      | 23.078        |
| Extraordinary reserves                              | -             |
| Other reserves                                      | 1.310         |
| Profit/loss   | 26.018        |
| Prior periods profit/loss                           | 6.933         |
| Current period net profit/loss                      | 19.085        |
| Leasehold Improvements on Operational<br>Leases (-) | -             |
| Intangible Assets (-)                               | (1.415)       |
| <b>Total Core Capital</b>                           | <b>54.991</b> |
| <b>Supplementary Capital</b>                        | <b>-</b>      |
| <b>Capital</b>                                      | <b>54.991</b> |
| <b>Net Usable Equity</b>                            | <b>54.991</b> |

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There is no assessment of subsidiaries' internal capital adequacy

Paid capital is indicated in the main agreement of the Bank as Turkish Liras and registered in the trade registry.

Legal reserves are the reserve funds which are indicated in the Turkish Trade Act's (numbered 6762) 466. dam's first paragraph and second paragraph's third subparagraph, and 467. dam and accounted from related year's profit.

8.b) Information on the consolidated subsidiaries:

i. Information on the consolidated subsidiaries: The Bank has no consolidated subsidiaries as of the balance sheet date (31 December 2011: None).

ii. Information on movement of consolidated subsidiaries: The Bank has no consolidated subsidiaries as of the balance sheet date (31 December 2011: None).

iii. Sectoral information on the consolidated subsidiaries and the related carrying amounts: The Bank has no consolidated subsidiaries as of the balance sheet date (31 December 2011: None).

iv. Consolidated subsidiaries quoted on the stock exchange: The Bank has no quoted consolidated subsidiaries as of the balance sheet date (31 December 2011: None).

**9. Information on entities under common control (joint ventures):** The Bank has no entities under common control as of the balance sheet date (31 December 2011: None).

**10. Information on finance lease receivables (Net):** The Bank has no finance lease receivables as of the balance sheet date (31 December 2011: None).

**11. Information on derivative financial assets for hedging purposes:** The Bank has no derivative financial assets for hedging purposes as of the balance sheet date (31 December 2011: None).

**12. Information on tangible assets:**

|                        | Prior Year's Closing Balance<br>31 December 2011 | Additions    | Disposals       | Closing Year Balance<br>31 December 2012 |
|------------------------|--|--------------|-----------------|--|
| <b>Cost:</b>           |  |              |                 |  |
| Land and buildings     | 13.577   | 640          | (1.380)         | 12.837                                   |
| Leased tangible assets | 8.646  | -            | (8.646)         | -  |
| Vehicles               | 480  | -            | (147)           | 333                                      |
| Other                  | 4.859  | 2.195        | (1.201)         | 5.853                                    |
| <b>Total Cost</b>      | <b>27.562</b>                                    | <b>2.835</b> | <b>(11.374)</b> | <b>19.023</b>                            |

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|                                       | Prior Year's<br>Closing Balance<br>31 December 2011 | Charge for<br>the Year | Disposals     | Closing Year<br>Balance<br>31 December 2012 |
|---------------------------------------|---|------------------------|---------------|---|
| <b>Accumulated Depreciation:</b>      |   |                        |               |   |
| Land and buildings                    | (4.508)   | (251)                  | 1.380         | (3.379)                                     |
| Leased tangible assets                | (8.646)   | -                      | 8.646         | -   |
| Vehicles                              | (334)   | (75)                   | 147           | (262)                                       |
| Other                                 | (3.742)   | (717)                  | 1.201         | (3.258)                                     |
| <b>Total Accumulated Depreciation</b> | <b>(17.230)</b>                                     | <b>(1.043)</b>         | <b>11.374</b> | <b>(6.899)</b>                              |
| <b>Net Book Value</b>                 | <b>10.332</b>                                       |                        |               | <b>12.124</b>                               |

|                        | Prior Year's<br>Closing Balance<br>31 December 2010 | Additions  | Disposals   | Current Year's<br>Closing Balance<br>31 December 2011 |
|------------------------|---|------------|-------------|---|
| <b>Cost:</b>           |   |            |             |   |
| Lands and buildings    | 13.579  | -          | (2)         | 13.577  |
| Leased tangible assets | 8.646   | -          | -           | 8.646   |
| Vehicles               | 480   | -          | -           | 480   |
| Other                  | 4.301   | 624        | (66)        | 4.859   |
| <b>Total Cost</b>      | <b>27.006</b>                                       | <b>624</b> | <b>(68)</b> | <b>27.562</b>   |

|                                       | Prior Year's<br>Closing Balance<br>31 December 2010 | Charge for<br>the year | Disposals    | Current Year's<br>Closing Balance<br>31 December 2011 |
|---------------------------------------|---|------------------------|--------------|---|
| <b>Accumulated Amortization:</b>      |   |                        |              |   |
| Leasehold improvements                | (4.264)   | -                      | (244)        | (4.508)   |
| Leasehold tangible assets             | (8.646)   | -                      | -            | (8.646)   |
| Vehicles                              | (253)   | -                      | (81)         | (334)   |
| Other                                 | (3.390)   | -                      | (352)        | (3.742)   |
| <b>Total Accumulated Amortization</b> | <b>(16.553)</b>                                     | <b>-</b>               | <b>(677)</b> | <b>(17.230)</b>                                       |
| <b>Net Book Value</b>                 | <b>10.453</b>                                       |                        |              | <b>10.332</b>   |

12.a) If impairment amount on individual asset booked or reversed in the current period is material for the overall financial statements:

- Reason and conditions for booking or reversing impairment: The details for reason and conditions for booking or reversing impairment are given in note (12.b) of the report (31 December 2011: None).
- Amount of impairment booked or reversed in the financial statements: The details for amount recorded or reversed impairment in the financial statements are given in part (12.b) of the Report.

12.b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: There is no material impairment provision set or cancelled in the current period (31 December 2011: None).

There is no impairment accounted related to property and equipment in the current period.

12.c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: There are no pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets as of the balance sheet date (31 December 2011: None).

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**13. Information on intangible assets:**

|                                       | Prior Year<br>Closing Balance<br>31 December 2011 | Additions    | Disposals    | Closing Balance<br>31 December 2012 |
|---------------------------------------|---|--------------|--------------|-------------------------------------|
| <b>Cost:</b>                          |   |              |              |                                     |
| Leasehold improvements                | -   | -            | -            | -                                   |
| Other intangible assets               | 3.584   | 1.134        | -            | 4.718                               |
| <b>Total Cost</b>                     | <b>3.584</b>                                      | <b>1.134</b> | <b>-</b>     | <b>4.718</b>                        |
| <b>Accumulated Amortization:</b>      |   |              |              |                                     |
| Leasehold improvements                | -   | -            | -            | -                                   |
| Other intangible assets               | (2.530)   | -            | (684)        | (3.214)                             |
| <b>Total Accumulated Amortization</b> | <b>(2.530)</b>                                    | <b>-</b>     | <b>(684)</b> | <b>(3.214)</b>                      |
| <b>Net Book Value</b>                 | <b>1.054</b>                                      |              |              | <b>1.504</b>                        |

|                                       | Prior Year<br>Closing Balance<br>31 December 2010 | Additions    | Disposals    | Closing Balance<br>31 December 2011 |
|---------------------------------------|---|--------------|--------------|-------------------------------------|
| <b>Cost:</b>                          |   |              |              |                                     |
| Leasehold improvements                | -   | -            | -            | -                                   |
| Other intangible assets               | 2.451   | 1.133        | -            | 3.584                               |
| <b>Total Cost</b>                     | <b>2.451</b>                                      | <b>1.133</b> | <b>-</b>     | <b>3.584</b>                        |
| <b>Accumulated Amortization:</b>      |   |              |              |                                     |
| Leasehold improvements                | -   | -            | -            | -                                   |
| Other intangible assets               | (2.154)   | -            | (376)        | (2.530)                             |
| <b>Total Accumulated Amortization</b> | <b>(2.154)</b>                                    | <b>-</b>     | <b>(376)</b> | <b>(2.530)</b>                      |
| <b>Net Book Value</b>                 | <b>297</b>  |              |              | <b>1.054</b>                        |

a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: The Bank has no intangible fixed asset that is material to the financial statements as a whole as of the balance sheet date (31 December 2011: None).

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: The Bank has no intangible fixed assets acquired through government grants accounted for at fair value at initial recognition as of the balance sheet date (31 December 2011: None).

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: The Bank has no intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition (31 December 2011: None).

d) The book value of intangible fixed assets that are pledged or restricted for use: The Bank has no intangible fixed assets that are pledged or restricted for use as of the balance sheet date (31 December 2011: None).

e) Amount of purchase commitments for intangible fixed assets: There are no purchase commitments for intangible fixed assets as of the balance sheet date (31 December 2011: None).

f) Information on revalued intangible assets according to their types: There is no revalued intangible asset as of the balance sheet date (31 December 2011: None).

g) Amount of total research and development expenses recorded in income statement within the period if any: There are no research and development expenses recorded in income statement within the period (31 December 2011: None).



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h) Positive or negative consolidation goodwill on entity basis: There is no positive or negative consolidation goodwill as of the balance sheet date (31 December 2011: None).

i) Information on goodwill: There is no goodwill as of the balance sheet date (31 December 2011: None).

j) Movements on goodwill in the current period: There is no goodwill as of the balance sheet date (31 December 2011: None).

**14. Information on investment property:** There is no investment property as of the balance sheet date(31 December 2011: None).

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

a) As of 31 December 2012, deferred tax asset is TL 2.287 (31 December 2011: TL 1.081).

Distribution of deferred tax asset:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Provision for Employee Termination Benefits                                  | 695            | 720          |
| Difference between Book Value and Tax Base of Tangible and intangible assets | (16)           | 23           |
| Valuation Differences of Marketable Securities                               | -              | (138)        |
| Other Provisions   | 1.608          | 476          |
| <b>Total</b>   | <b>2.287</b>   | <b>1.081</b> |

b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: There are no temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods as of the balance sheet date (31 December 2011: None).

c) Allowance for deferred tax and deferred tax assets from reversal of allowance: There is no allowance for deferred tax and deferred tax assets from reversal of allowance as of the balance sheet date (31 December 2011: None)

d) Movement of deferred tax asset:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| January 1                                      | 1.081          | 1.008        |
| Effect of change in effective tax rate         | -              | -            |
| Deferred tax (charge)/benefit                  | 1.206          | 73           |
| Deferred tax (charge)/benefit (Net)            | 1.206          | 73           |
| Deferred tax accounted in Shareholders' Equity | -              | -            |
| <b>Deferred Tax Asset</b>                      | <b>2.287</b>   | <b>1.081</b> |

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

There are no assets held for sale and discontinued operations as of the balance sheet date (31 December 2011:None).

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**17. Information on other assets:**

Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments). The details of other assets are presented below.

Breakdown of other assets:

|                                     | Current Period |  | Prior Period |  |
|-------------------------------------|----------------|--|--------------|--|
| Commission receivables from members | 3.198          |  | 5.024        |  |
| Prepaid expenses                    | 1.180          |  | 646          |  |
| Custody accruals                    | 27             |  | 23           |  |
| Cash guarantees given               | 10             |  | 5            |  |
| Other                               | 114            |  | 643          |  |
| <b>Total</b>                        | <b>4.529</b>   |  | <b>6.341</b> |  |

**II. Explanations and Notes Related to the Liabilities**

**1. Explanations related to deposits:**

a) Information on maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

c) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad:

The Bank's head office is in Istanbul, Turkey.

d) Saving deposits not guaranteed by insurance:

The Bank is not authorized to accept deposits.

**2. Information on derivative financial liabilities held-for-trading:**

The Bank has no derivative financial liabilities held-for-trading as of 31 December 2012 and 2011.

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

|  | Current Period |                  | Prior Period |                |
|--|----------------|------------------|--------------|----------------|
|  | TL             | FC               | TL           | FC             |
| Loans from Central Bank of Turkey          | -              | -                | -            | -              |
| From Domestic Banks and Institutions       | -              | 1.058.970        | -            | 449.776        |
| From Foreign Banks, Institutions and Funds | -              | -                | -            | -              |
| <b>Total</b>                               | -              | <b>1.058.970</b> | -            | <b>449.776</b> |

b) Maturity analysis of Funds borrowed:

|                      | Current Period |                  | Prior Period |                |
|----------------------|----------------|------------------|--------------|----------------|
|                      | TL             | FC               | TL           | FC             |
| Short-term           | -              | 1.058.970        | -            | 449.776        |
| Medium and long-term | -              | -                | -            | -              |
| <b>Total</b>         | -              | <b>1.058.970</b> | -            | <b>449.776</b> |

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

The liabilities of the Bank consist of taxes payable, similar payables and cash collaterals and current accounts of the members. The Bank also has liabilities regarding the amounts held due to managing the guarantee funds established for common stock, government bond and Treasury bill markets on the Istanbul Stock Exchange and managing the guarantee funds and guarantees of transactions in Turkish Derivative Exchange.

#### 4. Information on funds provided from repurchase agreement transactions:

There are no funds provided from repurchase agreement transactions as of the balance sheet date (31 December 2011: None).

#### 5. 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:

The breakdown of other liabilities is as below:

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| ISE Guarantee Fund - Share Certificates | 73.118         | 69.060         |
| ISE Guarantee Fund - Bond               | 60.821         | 57.488         |
| Other                                   | 136.404        | 29.176         |
| <b>Total</b>                            | <b>270.343</b> | <b>155.724</b> |

The Breakdown of Miscellaneous Payables which is the majority of the passive total of the balance sheet is as below:

|                                       | Current Period   |                | Prior Period     |                |
|---------------------------------------|------------------|----------------|------------------|----------------|
|                                       | TL               | FC             | TL               | FC             |
| Cash Guarantees                       | 1.618.914        | 265.080        | 1.223.203        | 126.462        |
| Other Cash Guarantees                 | 75.594           | 7.542          | 67.846           | 2.700          |
| Expense Accruals                      | 6.238            | -              | 385              | -              |
| -Capital Market Board's share fee (*) | 5.908            | -              | -                | -              |
| -Other                                | 330              | -              | 385              | -              |
| <b>Total</b>                          | <b>1.700.746</b> | <b>272.622</b> | <b>1.291.434</b> | <b>129.162</b> |

(\*) Capital Market Board's share fee consists of the expense accrual of the commission fees which will be paid to the CMB for the year 2012 in accordance with the Article 28 of the CMB's regulations dated 25 February 2011.

#### 6. Explanations on financial 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: There are no installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank as of the balance sheet date 31 December 2011: None).

b) The explanation on modifications in agreements and new obligations resulting from such modifications: There are no modifications in agreements and new obligations resulting from such modifications as of the balance sheet date (31 December 2011: None).

c) Explanation on finance lease payables: There are no finance lease payables as of the balance sheet date (31 December 2011: None).

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d) Explanations regarding operational leases: There are no operational leases as of the balance sheet date (31 December 2011: None).

e) Explanations on the lesser and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: There are no lesser and lessee in sale and lease back transactions as of the balance sheet date (31 December 2011: None).

### 7. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes as of the balance sheet date (31 December 2011: None).

### 8. Information on provisions

a) Information on general loan loss provisions:

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| <b>General Provisions</b>                         |                |               |
| Provisions for First Group Loans and Receivables  | 5.493          | 2.214         |
| Provisions for Second Group Loans and Receivables | -              | -             |
| Provisions for Non-cash Loans                     | 14.411         | 9.107         |
| Other   | -              | -             |
| <b>Total</b>                                      | <b>19.904</b>  | <b>11.321</b> |

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: There are no foreign exchange losses on the foreign currency indexed loans and finance lease receivables as of the balance sheet date (31 December 2011: None).

c) The specific provisions provided for unindemnified non cash loans: There are no specific provisions provided for unindemnified non cash loans (31 December 2011: None).

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

Under Turkish Labour Law, the Bank is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60<sup>th</sup> article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. As the maximum liability is revised semi annually, the maximum amount of TL 3.129,25 (31 December 2011: TL 2.917,27) effective from 1 January 2013 has been taken into consideration in calculation of provision for employment termination benefits.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The main assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2012, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the balance sheet date have been calculated assuming an annual inflation rate of 5% (31 December 2011: 5,1%) and a discount rate of 8% (31 December 2011: 10%), resulting in a real discount rate of approximately 3,75% (31 December 2011: 4,66%). The anticipated rate of forfeitures is considered.

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|  | Current Period | Prior Period |
|--|----------------|--------------|
| <b>Total</b>   | <b>9.782</b>   | <b>9.753</b> |
| The ratio of provision to undiscounted total liabilities               | 6.306          | 6.153        |
| Provision for employee termination (Presented in financial statements) | 3.476          | 3.600        |
| Total liabilities of employee terminations (Undiscounted)              | 55,12          | 58,51        |

As of 31 December 2012, the Bank provided a reserve of TL 2.215 (31 December 2011: TL 1.239) for the unused vacation. This balance is classified under Reserve for Employee Benefits in the financial statements.

#### d.1) Movement of employee termination benefits

|                      | Current Period | Prior Period |
|----------------------|----------------|--------------|
| As of January 1      | 3.600          | 2.929        |
| Paid during the year | (1.206)        | (372)        |
| Charge for the year  | 1.082          | 1.043        |
| Service charge       | 911            | 1.021        |
| Interest charge      | 171            | 22           |
| <b>Total</b>         | <b>3.476</b>   | <b>3.600</b> |

#### d.2) The reserve for the employee benefits

|                            | Current Period | Previous Period |
|----------------------------|----------------|-----------------|
| Unused vacation provision  | 2.215          | 1.239           |
| Retirement bonus provision | -              | 1.142           |
| <b>Total</b>               | <b>2.215</b>   | <b>2.381</b>    |

#### e) Information on other provisions:

e.1) Information on provisions for possible losses: There are no provisions for possible losses as of the balance sheet date (31 December 2011: None).

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

|                                      | Current Period | Prior Period |
|--------------------------------------|----------------|--------------|
| Other Provisions                     | 5.826          | 195          |
| Capital Market Board's Share Fee (*) | 5.794          | -            |
| Provision for Legal Claims (**)      | 32             | 195          |
| <b>Total</b>                         | <b>5.826</b>   | <b>195</b>   |

(\*) Capital Market Board's Share Fee consists of commission fee which will be paid to the CMB in accordance with the Article 28 of the CMB's regulation dated 25 February 2011. The calculation of the expense accrual, which will be paid to the CMB in 2013, is based on 10% of the current year's income accounts, excluding interest income. Additionally, CMB has discretion to change the commission fee amount. Besides, Bank has changed its estimation about determination of the payment period of the commission fee and booked the accrual in its financial statements as of 31 December 2012.

(\*\*) According to Information from the Law Department of the Bank, there are seventeen cases which filed against the bank and still ongoing. One of these cases is the case prosecuted by Investors Protection Fund which have been brought an action against the case of bank with the demand of cancellation of pledged right on the Capital Market Instruments as a collateral of credits used by a brokerage house whose operations have been interrupted by CMB and it has been decided to liquidate gradually. Other seven cases are relevant with mentioned CMB cases that are about claim for return of the capital market instruments pledged by the customers of brokerage firm. One of the remaining cases is related with compensation of the loss which was occurred due to payment made by a brokerage house to Istanbul 8<sup>th</sup> directorate of enforcement.

The remaining court cases are concerning dividend distribution and overtime claims of the bank's employees whose employment contracts were terminated. The Bank has recorded TL 32 (31 December 2011: TL 195) provision related to these cases in the financial statements within the context of TAS 37. As of the balance sheet date, there is one more ongoing case filed by the Bank.

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Provisions for Cases Beginning Balance | 195            | 161          |
| Additions                              | -              | 34           |
| Payments                               | (163)          | -            |
| <b>Provisions for Cases Year End</b>   | <b>32</b>      | <b>195</b>   |

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f) Liabilities Resulting from Retirement Benefits: The Bank has no accounted retirement provision as of the balance sheet date (31 December 2011: TL 1.142).

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": There are no liabilities for pension funds established in accordance with Social Security Institution as of the balance sheet date (31 December 2011: None).

f.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post retirement benefits for the employees: As of 31 December 2012, 3 of the Bank's 216 employees participated to the İMKB Takas ve Saklama Bankası Guarantee Fund (the "Fund") which was established in order to pay to the Bank any probable deficit or charge or embezzlement which might be due by these 3 members. The Bank has no obligation to the Fund as of the balance sheet date.

**9. Explanations on taxes payable:**

a) Information on current tax liability:

a.1) Corporate tax:

|                                    | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Provision for Corporate Taxes      | 15.974         | 8.463        |
| Advance Taxes (-)                  | 12.169         | 5.848        |
| <b>Provision for current taxes</b> | <b>3.805</b>   | <b>2.615</b> |

a.2) Information on taxes payable:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Corporate Taxes Payable                  | 3.805          | 2.615        |
| Taxation on Securities                   | 350            | 331          |
| Property Tax                             | -              | -            |
| Banking Insurance Transaction Tax (BITT) | 582            | 653          |
| Foreign Exchange Transaction Tax         | -              | -            |
| Value Added Tax Payable                  | 44             | 11           |
| Other                                    | 757            | 712          |
| <b>Total</b>                             | <b>5.538</b>   | <b>4.322</b> |

a.3) Information on premiums:

|                                   | Current Period | Prior Period |
|-----------------------------------|----------------|--------------|
| Social Security Premiums-Employee | 175            | 153          |
| Social Security Premiums-Employer | 166            | 167          |
| Unemployment Insurance-Employee   | 12             | 11           |
| Unemployment Insurance-Employer   | 25             | 20           |
| <b>Total</b>                      | <b>378</b>     | <b>351</b>   |

b) Explanations on deferred tax liabilities, if any: There are no deferred tax liabilities as of the balance sheet date (31 December 2011: None).

**10. Information on liabilities regarding assets held for sale and discontinued operations:**

There are no liabilities regarding assets held for sale and discontinued operations as of the balance sheet date (31 December 2011: None).

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

There are no subordinated loans the Bank used as of the balance sheet date (31 December 2011: None).



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**12. Information on Shareholders' Equity:**

**a) Presentation of Paid-in capital:**

|                  | <b>Current Period</b> | <b>Prior Period</b> |
|------------------|-----------------------|---------------------|
| Common stock (*) | 60.000                | 60.000              |
| Preferred stock  | -                     | -                   |

(\*) As of 31 December 2012 The Bank has totally 600.000.000 issued share certificates. 2.000 of these shares are preferred shares.

**b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so, amount of registered share capital ceiling:** Registered share capital system is not applied as of the balance sheet date (31 December 2011: Not applied).

**c) Information on share capital increases and their sources; other information on increased capital shares in current period:** There are no capital increases in the period ending at 31 December 2012 (31 December 2011: None).

**d) Information on share capital increases from revaluation funds:** There are no share capital increases from revaluation funds in the period ending at 31 December 2012 (31 December 2011: 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:** There are no capital commitments in the last fiscal year and at the end of the following interim period as of the balance sheet date (31 December 2011: 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:**

Due to the Bank's liquid position and good relations with other banks, the Bank has the means to provide low cost financing and place it in domestic market which leads to profits. In parallel with this, if similar circumstances will occur in the future, it can be predicted that profitability will increase and this will improve the equity of the Bank with retained profits.

**g) Information on preferred shares:**

As of 31 December 2012, the Bank has preferred shares with a nominal value of TL 200. According to the article six of the Articles of Association, the shares which represent group A shares of the newly issued group A and B shares belong only to Istanbul Stock Exchange and cannot be transferred. Besides, according to the Bank's Articles of Association - article 9/b, four members of the board of directors are chosen by the General Assembly, among the candidates presented by group A shareholders.

**h) Information on marketable securities value increase fund:** The Bank has no marketable securities value increase fund as of the balance sheet date (31 December 2011: None).

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### i) Information on extraordinary reserves:

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| Reserves appropriated by the General Assembly | 91.503         | 90.700        |
| <b>Total</b>                                  | <b>91.503</b>  | <b>90.700</b> |

### 13. Other Information on Shareholders' Equity:

There is no change in other reserves (31 December 2011: None).

### 14. Information on minority shares:

There are no minority shares as of the balance sheet date (31 December 2011: None).

### 15. Information on profit distribution:

According to the decision taken at the General Assembly held on 30 March 2012, it has been decided to distribute a profit of TL 31.882 to shareholders and personnel on 4 April 2012. (2011: According to the decision taken at the General Assembly held on 29 March 2011, it has been decided to distribute a profit of TL 25.771 to shareholders and personnel on 1 April 2010).

## III. Explanations and Notes Related to the Off-Balance Sheet Accounts

### 1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments: There are no irrevocable loan commitments as of the balance sheet date (31 December 2011: None).

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

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits: There are no non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits as of the balance sheet date

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Non-cash loans given against achieving cash loans | -                | -                |
| With maturity of 1 year or less than 1 year       | -                | -                |
| With maturity of more than 1 year                 | -                | -                |
| Other non-cash loans (*)                          | 4.853.543        | 3.227.120        |
| <b>Total</b>                                      | <b>4.853.543</b> | <b>3.227.120</b> |

(\*) Guarantees given to Stock Exchange Money Market for Payables.

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Information on sectoral risk breakdown of non-cash loans:

|                                      | Current Period   |            |    |     | Prior Period     |            |    |     |
|--------------------------------------|------------------|------------|----|-----|------------------|------------|----|-----|
|                                      | TL               | (%)        | FC | (%) | TL               | (%)        | FC | (%) |
| <b>Agricultural</b>                  | -                | -          | -  | -   | -                | -          | -  | -   |
| Farming and raising livestock        | -                | -          | -  | -   | -                | -          | -  | -   |
| Forestry                             | -                | -          | -  | -   | -                | -          | -  | -   |
| Fishery                              | -                | -          | -  | -   | -                | -          | -  | -   |
| Manufacturing                        | -                | -          | -  | -   | -                | -          | -  | -   |
| Mining                               | -                | -          | -  | -   | -                | -          | -  | -   |
| Production                           | -                | -          | -  | -   | -                | -          | -  | -   |
| Electric, gas and water              | -                | -          | -  | -   | -                | -          | -  | -   |
| Construction                         | -                | -          | -  | -   | -                | -          | -  | -   |
| <b>Services</b>                      | <b>4.853.543</b> | <b>100</b> | -  | -   | <b>3.227.120</b> | <b>100</b> | -  | -   |
| Wholesale and retail trade           | -                | -          | -  | -   | -                | -          | -  | -   |
| Hotel, food and beverage services    | -                | -          | -  | -   | -                | -          | -  | -   |
| Transportation and telecommunication | -                | -          | -  | -   | -                | -          | -  | -   |
| Financial institutions               | 4.853.543        | 100        | -  | -   | 3.227.120        | 100        | -  | -   |
| Real estate and renting services     | -                | -          | -  | -   | -                | -          | -  | -   |
| Self-employment services             | -                | -          | -  | -   | -                | -          | -  | -   |
| Education services                   | -                | -          | -  | -   | -                | -          | -  | -   |
| Health and social services           | -                | -          | -  | -   | -                | -          | -  | -   |
| Other                                | -                | -          | -  | -   | -                | -          | -  | -   |
| <b>Total</b>                         | <b>4.853.543</b> | <b>100</b> | -  | -   | <b>3.227.120</b> | <b>100</b> | -  | -   |

Information on I. and II. Group non-cash loans:

|                                     | I. Group         |    | II. Group |    |
|-------------------------------------|------------------|----|-----------|----|
|                                     | TL               | FC | TL        | FC |
| <b>Non-cash loans</b>               | <b>4.853.543</b> | -  | -         | -  |
| Letters of guarantee                | -                | -  | -         | -  |
| Bank acceptances                    | -                | -  | -         | -  |
| Letters of credit                   | -                | -  | -         | -  |
| Endorsements                        | -                | -  | -         | -  |
| Underwriting commitments            | -                | -  | -         | -  |
| Factoring commitments               | -                | -  | -         | -  |
| Other commitments and contingencies | 4.853.543        | -  | -         | -  |

b.2) Guarantees, temporary guarantees, collateral and other warranties: As of balance sheet date there is no guarantees, temporary guarantees, collateral and warranties (31 December 2011: None).

c) Information related to Non-Cash Loans:

As bank functions as a bridge between seller and buyer in money market operations in which bank has a market maker role and guarantees that the debts will be paid, bank follows the risks which occurred in this market in non-cash loans accounts. The limits are defined for the members and it is required to have continued guarantees. These mentioned guarantees are hold in bank as defined credit limits' multiples according to their liquidity.

d) Information related to Market Securities Hedges; the market securities hedges, TL 640.759.079 of the TL 641.005.424 balance of market securities hedges are investment funds as the other TL 246.345 balance consists of share certificate hedges.

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### 2. Information related to derivative financial instruments:

The Bank has no derivative financial instruments as of 31 December 2012 and 2011.

Breakdown of the Bank's foreign currency forward and swap transactions as of the balance sheet date based on currencies are disclosed below in their TL equivalents: The Bank has no foreign currency forward and swap transactions as of the balance sheet date (31 December 2011: None).

#### Fair Value Hedges

Net profit/(loss) due to hedging instruments of the Bank: There is no profit/(loss) due to hedging instruments of the Bank for the year ended at 31 December 2012 (31 December 2011: None).

#### Net Investment Hedges:

The periods when cash flows are expected to be realized regarding cash flow hedges and the periods when cash flows are expected to affect profit or loss, as of 31 December 2012: As of the balance sheet date, there are no periods when cash flows are expected to be realized about cash flow hedges and the periods when cash flows are expected to affect profit or loss (31 December 2011: None).

#### Net Investment Hedges at the Foreign Companies

There are no hedging instruments related to net investment hedge as of the balance sheet date (31 December 2011: None).

### 3. Explanations on contingent liabilities and assets:

a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other ventures: The Bank has no entities under common control as of the balance sheet date (31 December 2011: None).

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: The Bank has no share in entities under common control and accordingly in its own contingent liabilities as of the balance sheet date (31 December 2011: None).

a.3) The Bank's contingent liabilities resulting from liabilities of other ventures in entities under common control (joint ventures): The Bank has no contingent liabilities resulting from liabilities of other venturers in entities under common control as of the balance sheet date (31 December 2011: None).

b) Accounting and presentation of contingent assets and liabilities in the financial statements: The Bank has no Contingent assets and liabilities as of the balance sheet date (31 December 2011: None).

### 4. Custodian and intermediary services:

The Bank carries out custody transactions for marketable securities, precious metals and other securities and executes the settlement of commitments and receivables arising from cash and securities purchase and sale in the stock exchanges. Besides, the Bank opens custody accounts for its customers, institutional investors and companies quoted on the Istanbul Stock Exchange and on other stock exchange markets, performs the transfers, settlements and offsets between the accounts of the intermediary companies and the individual investors; performs the procedures related to the obtaining of bonus shares, use of preemptive rights, timely collection of dividends, principal and interest, exchange of certificates representing the marketable and other securities and additional financial services.

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**5. The information on the Bank's rating by the international rating introductions:**

There is no rating for the Bank that is prepared by international rating agencies as of the balance sheet date (31 December 2011: None).

**IV. Explanations and Notes Related to the Income Statement**

**1. Information on interest income**

**a) Information on interest on loans:**

|  | Current Period |    | Prior Period |    |
|--|----------------|----|--------------|----|
|  | TL             | FC | TL           | FC |
| <b>Interest on Loans</b>                                 | <b>11.498</b>  | -  | <b>2.354</b> | -  |
| Short term loans   | 11.498         | -  | 2.354        | -  |
| Medium and long term loans                               | -              | -  | -            | -  |
| Interest on non-performing loans                         | -              | -  | -            | -  |
| Premiums received from Resource Utilization Support Fund | -              | -  | -            | -  |
| <b>Total</b>   | <b>11.498</b>  | -  | <b>2.354</b> | -  |

**b) Information on interest received from banks:**

|                                 | Current Period |               | Prior Period  |              |
|---------------------------------|----------------|---------------|---------------|--------------|
|                                 | TL             | FC            | TL            | FC           |
| Central Bank of Turkey          | -              | -             | -             | -            |
| Domestic banks                  | 54.645         | 20.975        | 35.647        | 4.142        |
| Foreign banks                   | -              | 5             | -             | 17           |
| Branches and head office abroad | -              | -             | -             | -            |
| <b>Total</b>                    | <b>54.645</b>  | <b>20.980</b> | <b>35.647</b> | <b>4.159</b> |

**c) Interest received from marketable securities portfolio:**

|  | Current Period |    | Prior Period |    |
|--|----------------|----|--------------|----|
|  | TL             | FC | TL           | FC |
| Trading securities                                     | -              | -  | -            | -  |
| Financial assets at fair value through profit and loss | -              | -  | -            | -  |
| Available-for-sale securities                          | -              | -  | -            | -  |
| Held-to-maturity securities                            | 2.362          | -  | 3.932        | -  |
| <b>Total</b>   | <b>2.362</b>   | -  | <b>3.932</b> | -  |

**d) Information on interest income received from associates and subsidiaries:** There is no interest Income received from associates and subsidiaries as of the balance sheet date (31 December 2011: None).

**e) Other information:** None (31 December 2011: None).

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**2. Information on interest expense**

**a) Information on interest on funds borrowed:**

|                                 | Current Period |          | Prior Period  |          |
|---------------------------------|----------------|----------|---------------|----------|
|                                 | TL             | FC       | TL            | FC       |
| Banks                           | 13.835         | -        | 14.911        | -        |
| The Central Bank of Turkey      | -              | -        | -             | -        |
| Domestic banks                  | 13.835         | -        | 14.911        | -        |
| Foreign banks                   | -              | -        | -             | -        |
| Branches and head office abroad | -              | -        | -             | -        |
| Other financial institutions    | -              | -        | -             | -        |
| <b>Total</b>                    | <b>13.835</b>  | <b>-</b> | <b>14.911</b> | <b>-</b> |

**b) Information on interest expense to associates and subsidiaries:** There is no interest expense to associates and subsidiaries as of the balance sheet date (31 December 2011: None).

**c) Information on interest expense to marketable securities issued:** There is no interest expense to marketable securities issued as of the balance sheet date (31 December 2011: None).

**d) Distribution of interest expense on deposits based on maturity of deposits:** There is no interest expense on deposits as of the balance sheet date (31 December 2011: None).

**3. Information on dividend income:**

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Trading Securities                                     | -              | -            |
| Financial assets at fair value through profit and loss | -              | -            |
| Available-for-sale securities                          | 84             | 66           |
| Other (Investment in subsidiaries)                     | 4.607          | 7.139        |
| <b>Total</b>   | <b>4.691</b>   | <b>7.205</b> |

**4. Information on net trading income:**

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Income                                     | <b>81</b>      | <b>692</b>   |
| Gains on capital market operations         | -              | -            |
| Gains on derivative financial instruments  | -              | -            |
| Foreign exchange gains                     | 81             | 692          |
| <b>Losses (-)</b>                          | <b>(216)</b>   | <b>(227)</b> |
| Losses on capital market operations        | -              | -            |
| Losses on derivative financial instruments | -              | -            |
| Foreign exchange losses                    | (216)          | (227)        |
| <b>Total (Net)</b>                         | <b>(135)</b>   | <b>465</b>   |



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

Other operating income mainly consists of commission and fee income obtained related with shares and public sector debt securities custody, customer name based custody, account maintenance, bonus share collection and stock exchange settlement operations in line with the main activities of the Bank.

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Collection from the prior periods expenses | 100            | 2            |
| Income from sales of the assets            | 47             | 39           |
| Other income                               | 21             | 29           |
| <b>Total</b>                               | <b>168</b>     | <b>70</b>    |

Including new developments and significant factors affecting the Bank's income and unusual items arising from the information about the nature and amount of income:

The Bank does not have extraordinary income that substantially affects the profit and loss (31 December 2011: None)

#### 6. Provision expenses of banks for loans and other receivables:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Specific provisions for loans and other receivables      | -              | -            |
| - III. Group Loans and Receivables                       | -              | -            |
| - IV. Group Loans and Receivables                        | -              | -            |
| - V. Group Loans and Receivables                         | -              | -            |
| General provision expenses                               | 8.585          | 7.080        |
| Provision expenses for possible losses                   | -              | -            |
| Marketable securities impairment losses                  | -              | -            |
| - Financial assets at fair value through profit and loss | -              | -            |
| - Investment securities available for sale               | -              | -            |
| Impairment provision expense                             | -              | -            |
| - Associates   | -              | -            |
| - Subsidiaries   | -              | -            |
| - Entities under common control (Joint Ventures)         | -              | -            |
| - Investments held to maturity                           | -              | -            |
| Other  | -              | -            |
| <b>Total</b>   | <b>8.585</b>   | <b>7.080</b> |

#### 7. Information on other operating expenses:

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| Personnel expenses                        | 27.047         | 24.094        |
| Reserve for employee termination benefits | 1.082          | 1.021         |
| Depreciation charges of fixed assets      | 1.043          | 746           |
| Amortization charges of intangible assets | 624            | 375           |
| Other operating expenses                  | 5.875          | 4.238         |
| Maintenance expenses                      | 139            | 113           |
| Advertisement expenses                    | 24             | 34            |
| Other expenses                            | 5.712          | 4.091         |
| Losses on sale of assets                  | 1              | -             |
| Other                                     | 10.067         | 3.290         |
| <b>Total</b>                              | <b>45.739</b>  | <b>33.764</b> |

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**8. Information on profit/(loss) from continued and discontinued operations before taxes:**

a) Bank presents deferred tax asset and the resulting deferred tax benefit in its financial statements.

|                               | <b>Current Period</b> | <b>Prior Period</b> |
|-------------------------------|-----------------------|---------------------|
| Current income tax charge     | (15.974)              | (8.463)             |
| Deferred tax benefit/(charge) | 1.206                 | 73                  |
| <b>Total</b>                  | <b>(14.768)</b>       | <b>(8.390)</b>      |

b) Deferred tax benefit on temporary differences

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Amortized cost effect of held-to-maturity investments                                   | 138                   | (233)               |
| Retirement pay provision  | (25)                  | 134                 |
| Time deposits amortized cost effect   | -                     | -                   |
| Useful life differences on tangible and intangible fixed assets (Tax legislation & TAS) | (39)                  | (29)                |
| Other provisions  | 1.132                 | 201                 |
| <b>Total</b>  | <b>1.206</b>          | <b>73</b>           |

c) Tax reconciliation:

|                                  | <b>Current Period</b> | <b>Prior Period</b> |
|----------------------------------|-----------------------|---------------------|
| Profit before tax                | 69.936                | 43.234              |
| Corporate tax rate               | 20%                   | 20%                 |
| Calculated tax                   | 13.987                | 8.647               |
| Effects of undeductable expenses | 5.903                 | 3.772               |
| Other tax exempt income          | (34.658)              | (20.809)            |
| <b>Tax expense</b>               | <b>(14.768)</b>       | <b>(8.390)</b>      |

**9. Information on net profit/(loss) from continued and discontinued operations:**

As of 31 December 2012, net profit of the Bank is TL 55.168 (31 December 2011: TL 34.844).

**10. 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 complete understanding

Bank's performance for the period: There is no particular disclosure to explain performance of the Bank for the current period. (31 December 2011: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: There is no effect of changes in accounting estimates on income statement for the current period (31 December 2011: None).

c) Profit or loss attributable to minority shares: There is no profit or loss attributable to minority shares as of the balance sheet date (31 December 2011: None).

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**11. 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:**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Other fees and commissions                      | 38.992                | 41.399              |
| - Turkish derivative exchange commissions       | 6.366                 | 11.388              |
| - Custody commissions                           | 8.001                 | 8.678               |
| - Customer account maintenance commissions      | 7.007                 | 8.864               |
| - Exchange commissions                          | 5.070                 | 4.779               |
| - Service commissions                           | 4.199                 | 1.959               |
| - Blockage transaction commissions              | 117                   | 109                 |
| - Commissions for problematic member portfolios | 87                    | 55                  |
| - Expense recharges                             | 34                    | 22                  |
| - Other   | 8.111                 | 5.545               |
| Transfer commissions                            | 2.157                 | 1.409               |
| Other commission                                | 6                     | 5                   |
| <b>Total Banking Service Income</b>             | <b>41.155</b>         | <b>42.813</b>       |
| Collection due to previous year's expenses      | 40                    | 39                  |
| Income on sales of assets                       | 100                   | 2                   |
| Other income                                    | 28                    | 29                  |
| <b>Total Non-Interest Income</b>                | <b>168</b>            | <b>70</b>           |

**12. Information for the fees and commissions given:**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Capital Market Board's share fee (*)      | 5.908                 | 3.869               |
| Central Securities depository commissions | 1.442                 | 934                 |
| Electronic fund transfer commissions      | 778                   | 597                 |
| Other Commissions                         | 1.014                 | 858                 |
| <b>Fees and commissions expense</b>       | <b>9.142</b>          | <b>6.258</b>        |

(\*) Capital Market Board's share fee consists of the commission fees paid to the CMB for the year 2011 in accordance with the Article 28 of the CMB's regulation dated 25 February 2011. The calculation of the fee, which will be paid to the CMB, is based on 10% of the previous year's income accounts, excluding interest income. Additionally, CMB has discretion to change the commission fee amount.

b) Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods: There are changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods as of the period ending at 31 December 2012 (31 December 2011: None).

**V. Explanations and Notes Related to Statement of Shareholders' Equity Movement**

a) Decrease resulting from revaluation of financial assets available for sale: There is no decrease resulting from revaluation of financial assets available for sale as of the balance sheet date (31 December 2011: None).

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b) Increase in cash flow risk hedging items: There is no increase in cash flow risk hedging items as of the balance sheet date (31 December 2011: None).

b.1) Reconciliation of beginning and ending balances: There is no increase in cash flow hedge items at the beginning and ending of the period ending at 31 December 2012 (31 December 2011: None).

b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity: There is no cash flow hedge transaction as of the balance sheet date (31 December 2011: None).

c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: There is no currency difference at the beginning and ending of the period ending at 31 December 2012 (31 December 2011: None).

d) Net investment hedges: There is no net investment hedge as of the balance sheet date (31 December 2011: None).

e) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: There are no dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements.

f) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been held as of the date of the accompanying financial statements are authorized for issue.

g) Proposals to the General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements is authorized for issue.

h) Amounts transferred to legal reserves:

The General Assembly of the Bank decided to distribute TL31.882 net profit calculated as per the prevailing regulations as of 31 December 2012 at the meeting on 30 March 2012. The General Assembly appropriated the second legal reserve of TL2.888 Thousand on dividends payable.

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Amounts transferred to reserves from retained earnings (+) | 2.888          | 2.277        |

i) Information on shares issued: The Bank has no new shares issued as of the balance sheet date (31 December 2011: None).

### VI. Explanations and Notes Related To Statement of Cash Flows

#### 1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Other items" amounting to TL (57.738) (31 December 2011: TL 126.870) in "Operating profit before changes in operating assets and liabilities" consist of fees and commissions paid and other expenses other than personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

"Net increase/decrease in other liabilities" amounting to TL 643.537 (31 December 2011: TL 549.549) in "Changes in operating assets and liabilities" consists of changes in sundry creditors and other liabilities. "Net increase/decrease in other assets" with a total amount of TL (137.005) (31 December 2011: TL 62.790) consists of changes in sundry debtors and other assets.

The effect of changes in foreign currencies on cash and cash equivalents is TL (73.468) (31 December 2011: TL 112.433).

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**2. Cash and cash equivalents in the beginning and at the end of the period:**

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flows statement:

| <b>Beginning of the period</b>                                | <b>Current Period</b> | <b>Prior Period</b>   |
|---|-----------------------|-----------------------|
| <b>Cash</b>   | <b>81.364</b>         | <b>68.969</b>         |
| Cash in TL/Foreign Currency                                   | 4                     | 7                     |
| Central Bank - Unrestricted amount                            | 81.360                | 68.962                |
| Other   | -                     | -                     |
| <b>Cash equivalents</b>                                       | <b>2.058.782</b>      | <b>1.370.008</b>      |
| Banks   | 2.050.651             | 564.739               |
| Money market placements                                       | 8.131                 | 805.269               |
| <b>Total Cash and Cash Equivalents</b>                        | <b>2.140.146</b>      | <b>1.438.977</b>      |
| Accruals (-)  | (1.994)               | (1.868)               |
| <b>Total cash and cash equivalents in cash flow statement</b> | <b>2.138.152</b>      | <b>1.437.109</b>      |
| <b>End of the period</b>                                      | <b>Current Period</b> | <b>Current Period</b> |
| <b>Cash</b>   | <b>132.912</b>        | <b>81.364</b>         |
| Cash in TL/Foreign Currency                                   | 16                    | 4                     |
| Central Bank - Unrestricted amount                            | 132.896               | 81.360                |
| Other   | -                     | -                     |
| <b>Cash equivalents</b>                                       | <b>3.204.101</b>      | <b>2.058.782</b>      |
| Banks   | 3.190.024             | 2.050.651             |
| Money market placements                                       | 14.077                | 8.131                 |
| <b>Total Cash and Cash Equivalents</b>                        | <b>3.337.013</b>      | <b>2.140.146</b>      |
| Accruals (-)  | (8.221)               | (1.994)               |
| <b>Total cash and cash equivalents in cash flow statement</b> | <b>3.328.792</b>      | <b>2.138.152</b>      |

**VII. Explanations and notes related to Bank's risk group**

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

a) Current Period:

| <b>Bank's Risk Group</b>       | <b>Subsidiaries, associates and entities under common control (Joint Venture)</b> |                 | <b>Direct and indirect shareholders of the Bank</b> |             | <b>Other entities included in the risk group</b> |             |
|--------------------------------|---|-----------------|---|-------------|--|-------------|
|                                | <b>Cash</b>   | <b>Non-cash</b> | <b>Cash</b>   | <b>Cash</b> | <b>Non-cash</b>                                  | <b>Cash</b> |
| Loans and other receivables    |   |                 |   |             |  |             |
| Balance at beginning of period | -   | -               | 78.861  | 3.002.338   | 4.353  | 49.400      |
| Balance at end of period       | -   | -               | 90.168  | 3.918.889   | 60.009   | 191.189     |
| Interest and commission income | 872   | -               | 16.224  | 8.938       | 1.320  | 461         |

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b) Prior Period:

| Bank's Risk Group                  | Subsidiaries, associates<br>and entities under<br>common control<br>(Joint Venture) |      | Direct and indirect<br>shareholders of the Bank |           | Other entities included<br>in the risk group |          |
|------------------------------------|---|------|---|-----------|--|----------|
|                                    | Non-cash  | Cash | Cash  | Non-cash  | Cash   | Non-cash |
| Loans and other receivables        |   |      |   |           |  |          |
| Balance at beginning of period     | -   | -    | 9.008   | 2.127.932 | -  | 30.500   |
| Balance at end of period           | -   | -    | 78.861  | 3.002.338 | 4.353  | 49.400   |
| Interest and commission income (*) | 1.136   | -    | 5.911   | 5.818     | 1.320  | 307      |

(\*) The balances stated above indicate the balances at 31 December 2011

c) Information on related party deposits balances: The Bank is not authorized to accept deposits and there is no related party deposit balances as of the balance sheet date (31 December 2011: None).

d) Information on forward and option agreements and other similar agreements made with related parties: There is no forward and option agreements and other similar agreements made with related parties as of the balance sheet date (31 December 2011: None).

**2. Disclosures for the risk group of the bank:**

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: As of the balance sheet date, there are no relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not (31 December 2011: None).

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: As of the balance sheet date, there are no 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 (31 December 2011: None).

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: As of the balance sheet date, in cases whereby separate disclosure is not required, there are no similar items in order to present the total impact on the financial statements (31 December 2011: None).

d) Transactions accounted for under the equity method: There are no transactions accounted for under the equity method as of the balance sheet date (31 December 2011: 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: As of the balance sheet date, there are no 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 as of the balance sheet date (31 December 2011: None).



# İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

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### VIII. Explanations and Notes 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  | 1      | 216       |         |             |         |
|                    |        |           | Country |             |         |
| Rep-offices abroad | -      | -         | -       |             |         |
|                    |        |           |         | Total Asset | Capital |
| Branches abroad    | -      | -         | -       | -           | -       |
| Off-shore branches | -      | -         | -       | -           | -       |

#### 2. Explanations on Branch and Agency Openings or Closings and on Substantial Change in the Organization of the Bank:

As of the balance sheet date, there is no explanation on branch and agency openings or closings and on substantial change in the organization of the Bank (31 December 2011: None).

### IX. Explanations and Notes Related To Subsequent Events

Article 77 of the Capital Markets Law No. 6362 promulgated in the Official Gazette No. 28513 dated 30 December 2012 rules that Central Settlement Institutions are legal entities subject to private law and are established as joint stock companies that perform transactions related to delivery and payment of capital market instruments traded in stock markets and other organised markets and to fulfilment of guarantee liabilities thereof; foundation of the Central Settlement Institutions was permitted by the relevant Minister upon submission of a bill by the Council; and start of operation of such institutions is subject to the permit of the Council. In addition, the temporary Article 8 of the same law states that İMKB Takas ve Saklama Bankası A.Ş. shall continue performing transactions and procedures related to the capital markets board with the capacity of central settlement institution without need to any permission or authorisation.

### SECTION SIX

#### OTHER EXPLANATIONS

##### I. Other Explanations on the Operations of the Bank

As of 31 December 2012, under the Financial Assets at Fair Value through Profit and Loss account, the Bank has government bonds, amounting to TL 3.903 belonging to problematic brokerage houses, as a guarantee. In addition, under the receivables from reverse repurchase agreements account, as a guarantee, the Bank has investment securities purchased under commitments to resell amounting to TL 14.075 which also belongs to problematic brokerage firms. The corresponding liability accounts for these securities are followed under sundry creditors account. The increase in the fair values of these government bonds and treasury bills amounting to TL 55 and the income accrual of the reverse repo transactions amounting to TL 2 based on the difference between the sale and repurchase prices, are recorded under other liabilities without recognizing the amounts in the income statement.

### SECTION SEVEN

#### INDEPENDENT AUDITOR'S REPORT

##### I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements for the year ended 31 December 2012 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor's report dated 12 February 2013 has been presented prior to the unconsolidated financial statements.

##### II. Other Footnotes and Explanations Prepared by Independent Auditor

None (31 December 2011: None).

# EVALUATION OF THE FINANCIAL SITUATION, PROFITABILITY AND SOLVENCY

As of December 31, 2012, total assets of Takasbank increased by 55.86% from its previous level of TL 2.355.782 thousand to TL 3.671.623 thousand.

The primary reasons for the change in the Bank's total assets during the current period are;

- » 135% growth in cash assets and Central Bank accounts
- » 56% increase in bank accounts
- » 32% growth in loans and receivables accounts
- » 100% decrease in investment accounts held to maturity.

Regarded as the largest item on the Bank's balance sheet, Bank accounts increased by 56% from TL 2,050,651 thousand to TL 3,190,024 thousand. Meanwhile the loan portfolio of the Bank has increased from TL 81,405 thousand to TL 107,306 thousand, an increase of 32% as of year-end 2011. Cash assets and Central Bank accounts reached TL 329,638 thousand going up from TL 140,515 thousand, an increase of 135%. Of the investment accounts held to maturity, a portion worth TL 46,638,000 consisted of repayments. As such, a 100% decline is observed.

As of the date of its 2012 balance sheet, Takasbank had borrowed TL 1,058,970,000 from domestic resources. However, the Bank did not receive any loans from foreign resources as of both balance sheet dates in both of the past two years. The Bank's capital did not change over the year and stood at TL 60,000,000.

Under the "liabilities" item, the biggest increase was seen in loans with a 135% increase, provisions with an 80% increase, other foreign resources with a 74% increase and other debts with a 39% increase. The Bank's shareholders' equity rose from TL 307,835,000 by the end of 2011 to TL 331,605,000 by the end of 2012.

Disbursements, assets and liabilities are compatible with interest rates. Since there are no disparities between ratios, it is not necessary to measure their possible impact on profitability. Takasbank's needs for short and long-term liquidity are met from its internal resources.

The Bank manages liquidity risk by ensuring that sufficient cash and cash-equivalent resources are available to meet existing and prospective liabilities and open market positions can be closed and loan obligations can be funded.

## RISK MANAGEMENT POLICIES FOR CERTAIN RISK CATEGORIES

The "Regulation on the Bank's Internal Systems" was updated within the scope of compliance with Basel II criteria and entered into effect after being published in issue no: 28337 of the Official Gazette dated: 28/06/2012. The "Takasbank Risk Regulation" and the "Takasbank Risk Management Policies and Implementation Methods Procedure", which were revised in accordance with the "Regulation on the Bank's Internal Systems", entered into effect after being approved by Takasbank's Board of Directors no. 240 and dated: 27/09/2012. With such arrangements, the duty, power and responsibilities, as well as the working methods and principles of the risk management unit were determined, while the implementation methods with respect to the identification, measurement, monitoring and reporting of the risks that the Bank is exposed during its operations were identified in detail.

Conducting the Bank's operations and business prudently and by taking a minimal amount of risk, constitutes the primary objectives of Takasbank's risk management. Regarding the risks that it must take on or carry, Takasbank has adopted a general risk policy to establish an optimal balance between loss or damage to be incurred in the event of a risk occurrence and the cost of limiting, managing, mitigating and controlling such risk. Almost all transactions at Takasbank are conducted in an electronic environment, in accordance with the business and transaction rules stipulated in the related legislation and the software applications that are used in this process are developed in-house. As in other financial institutions, credit, market and operational risks constitute the basic risk categories to which Takasbank is exposed.

### a) Credit Risk Management

Takasbank's cash loan transactions consist of credit lines extended to brokerage houses. Due to the Bank's guarantee for the obligations of the members to each other at the Takasbank Money Market, these transactions are considered to be noncash loans pursuant to the banking legislation. These transactions involve credit risk, which is the possibility of failure of the borrowing members or guarantors to fulfil their contractual obligations documented in writing beforehand and specified in agreements.

Credit limits are revised according to changes in the members' financial positions. As specified in the lending implementation procedures, no loan is extended before the required collateral has been posted. Operational errors are minimized by performing limit, risk and collateral controls electronically for each transaction on a continuous basis.

The credit limits of banks and brokerage houses are proposed as a result of the financial analyses and investigations carried out in regard to the credit worthiness of the members and come into effect following the Credit Committee's or the Board of Directors' decision.

Pursuant to related regulations and implementation procedures, the Bank requires the posting of liquid assets and/or liquid asset equivalents as collateral to provide credit facilities. In order to manage the concentration risk of collaterals, certain data for stocks traded on the ISE and used as collateral are statistically analyzed and quotas are assigned for each stock periodically. Credit risk is managed through an effective and robust collateralization system and by assigning appropriate limits.

Within the framework of the regulations published by the Banking Regulation and Supervision Agency, the value subjected to credit risk is calculated at the end of each month according to the standard approach and the results are reported to the BRSA.

### b) Market Risk Management

Takasbank's treasury management strategy is designed with the aim of avoiding liquidity problems, optimizing the risk-return balance and ensuring that resources are utilized to provide the highest rate of return while risk-taking is kept to a minimum. In accordance with its treasury management strategy, Takasbank's transactions are conducted with banks that are allocated credit limits by the Board of Directors. The Bank does not use derivatives or have exposure to any securities in its securities portfolio other than Government Domestic Debt Securities.

The treasury management strategy aims to achieve optimal maturity diversification based on forecasted changes in Turkish lira interest rates. Takasbank calculates the Value Subject to Market Risk using the standard method in accordance with the regulations issued by the Banking Regulation and Supervision Agency (BRSA) and reports monthly to the BRSA. Interest rate risk is calculated by means of placing interest-sensitive assets and liabilities among the relevant maturity slots and time intervals within the maturity ladder analysis.

The Treasury Team, the Executive Management and the Risk Management Team of Takasbank continuously monitor the composition of the Bank's portfolio in terms of maturity and instruments and the developments in the market. All treasury transactions are performed with information and direction from the Executive Management. Depending on the market developments the Executive Management also revises treasury management strategy as and when required.

The ISE Guarantee Account, TURKDEX Guarantee Fund and collaterals taken, entered under 'other liabilities' or 'provisional liability accounts' due to Takasbank's functions, are covered by liquid assets on the asset side. When the Bank's current assets, credit quality and loan collateral concentration are considered together with the funding structure and the liquidity of the securities markets, the Bank is unlikely to face liquidity problems in meeting its obligations due to maturity mismatches. The entirety of Takasbank's obligations are fully covered by liquidity to be obtained from current assets and the fact that assets and liabilities are denominated in the same currency prevents impairment of the asset-liability structure in the event of sudden fluctuations in the exchange rate.

#### c) Operational Risk Management

Operational risk is defined as the risk of loss resulting from undetected errors and irregularities due to failings in internal controls, the failure of the Bank management and personnel to perform and respond to conditions in a timely and fitting manner, mistakes by the Bank management, breakdowns in the information technology systems and major events such as earthquake, fire and flood or terrorist attacks.

Almost all transactions at Takasbank are conducted in an electronic environment; in accordance with Takasbank's general policy software applications used for transactions, are not sourced from vendors but developed in-house by Bank employees. This policy offers significant advantages for the establishment of an effective risk management and internal audit system at Takasbank. Reporting-oriented modules and programs that are part of the software applications developed enable continuous and effective monitoring and control of transactions.

While Takasbank regards human resources as the Bank's most important asset, the performance of operations are system and process-oriented rather than person-oriented, in line with the fundamental tenet of promoting the corporate structure.

Operational risk, which can arise from information systems, is managed effectively by ensuring that the software and hardware used at Takasbank are backed-up and are available at all times, copying data simultaneously in different environments, keeping communication, power and human resources on stand-by together with their back-ups for contingency planning.

Duties and responsibilities related to critical transactions are separated from each other at Takasbank. Through approval-authorization mechanisms in place, management controls are carried out during the execution of transactions. In addition to control activities carried out by management within a hierarchical structure, transactions are also continuously audited by the Internal Control and Compliance Team reporting to the Internal Audit Team and periodically by the Board of Internal Auditors.

Coverage of risk through the acquisition of insurance policies is another issue of significance concerning the control and management of operational risk. Risk such as theft, fraud and breach of security are covered to a large extent through the Comprehensive Insurance Policy for Financial Institutions, in which Takasbank is involved along with the ISE and the Central Registry Agency.

The Risk the Bank is exposed to during the course of its operations is managed by;

- » Establishing and implementing adequate and appropriate internal control, internal audit and risk management systems,
- » Functionally separating duties, authorities and responsibilities within the Bank,
- » Testing and monitoring the processes and systems of all Bank activities thoroughly,
- » Ensuring complete synchronization of internal and external systems,
- » Ensuring the availability of contingency plans and back-up facilities for information systems and human resources,
- » Duly considering and fully complying with applicable legislation in all transactions and contracts with related persons and organizations both at home and overseas while supporting these with the necessary documents.

Within the framework of the regulations published by the Banking Regulation and Supervision Agency, the value subject to the operational risks is calculated annually according to the basic indicator approach and the results are reported to the BRSA.

## FIVE YEAR SUMMARY OF FINANCIAL DATA

| <b>(TL Thousands)</b>  | <b>2012</b>   | <b>2011</b>   | <b>2010</b>   | <b>2009</b>   | <b>2008</b>   |
|--|---------------|---------------|---------------|---------------|---------------|
| TOTAL ASSETS   | 3,671,623     | 2,355,782     | 1,504,735     | 1,491,020     | 1,408,378     |
| SHAREHOLDERS' EQUITY   | 331,605       | 307,516       | 297,695       | 279,891       | 272,795       |
| PAID-IN CAPITAL  | 60,000        | 60,000        | 60,000        | 60,000        | 60,000        |
| OPERATING PROFIT   | 69,936        | 43,234        | 34,297        | 45,679        | 55,501        |
| INTEREST AND PORTFOLIO INCOME  | 89,523        | 46,168        | 39,265        | 52,755        | 65,356        |
| <b>CENTRAL BANK OF TURKEY'S US DOLLAR BUYING RATES<br/>USED IN THE VALUATION</b> |               |               |               |               |               |
|  | <b>1.7826</b> | <b>1.8889</b> | <b>1.5460</b> | <b>1.5057</b> | <b>1.5123</b> |
| <b>(USD THOUSANDS) *</b>   |               |               |               |               |               |
| TOTAL ASSETS   | 2,059,701     | 1,247,171     | 999,359       | 990,250       | 931,282       |
| SHAREHOLDERS' EQUITY   | 186,023       | 162,802       | 197,712       | 185,888       | 180,384       |
| PAID-IN CAPITAL  | 33,659        | 31,765        | 39,849        | 39,849        | 39,675        |
| OPERATING PROFIT   | 39,233        | 22,888        | 22,778        | 36,700        | 36,700        |
| INTEREST AND PORTFOLIO INCOME  | 50,220        | 24,442        | 26,078        | 35,037        | 43,216        |
| <b>FINANCIAL RATIOS (%)</b>  |               |               |               |               |               |
| OPERATING PROFIT/TOTAL ASSETS  | 1.90          | 1.84          | 2.28          | 3.06          | 3.94          |
| SHAREHOLDERS' EQUITY/TOTAL ASSETS  | 9.03          | 13.05         | 19.78         | 18.77         | 19.37         |
| OPERATING PROFIT/EQUITY  | 21.09         | 14.06         | 11.52         | 16.32         | 20.35         |
| ASSET GROWTH   | 55.86         | 56.56         | 0.92          | 5.87          | 12.07         |
| <b>NUMBER OF EMPLOYEES</b>   |               |               |               |               |               |
|  | <b>216</b>    | <b>209</b>    | <b>211</b>    | <b>205</b>    | <b>198</b>    |

\* FIGURES IN USD WERE CALCULATED BASED ON THE US DOLLAR BUYING RATES ANNOUNCED BY THE CENTRAL BANK OF TURKEY FOR THE LAST DAY OF THE YEAR.

## RATINGS ASSIGNED BY CREDIT RATING AGENCIES

Takasbank was not assessed by any credit rating agencies.





Takasbank

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