



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2012
TOGETHER WITH AUDITOR'S REPORT**

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**To the Shareholders and to the Board of Directors of
Creditwest Bank Limited**

1. We have audited the accompanying balance sheet of **Creditwest Bank Limited (“the Bank”)**, which comprise the balance sheet as at December 31, 2012, and the statements of income, movements in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Creditwest Bank Limited** as of December 31, 2012 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

HSY BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK ANONİM ŞİRKETİ
Member Firm of CROWE HORWATH International

Hasan Yalçın
Partner

Lefkoşa, June 01, 2013

CREDITWEST BANK LIMITED

BALANCE SHEETS

AT DECEMBER 31, 2012 AND 2011

(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	Note	December 31, 2012	December 31, 2011
ASSETS			
Cash and cash equivalents	9	101.559.960	64.822.920
Due from banks and financial institutions	9	96.557.440	58.059.245
Interbank and other money market placements	9	2.023.660	13.874
Reserve deposits at central banks	10	55.030.011	45.151.969
Financial assets valued at fair value through profit or loss	11	42.199.124	60.420.979
Loans and advances to customers	13	512.648.191	406.500.851
Investments	12	2.254.367	2.254.367
Tangible assets, net	14	9.949.207	7.943.664
Deferred tax assets	8.c	110.136	294.588
Other assets	15	14.332.850	9.809.536
TOTAL ASSETS		836.664.946	655.271.993
LIABILITIES			
Deposit from other banks	16.a	15.728.553	1.320.571
Customer deposits	16.b	710.070.895	542.144.788
Money market deposits	16.c	14.140.561	6.878.308
Funds borrowed	17	5.810.088	33.683.516
Provisions	18	--	--
Current tax liabilities	8.a	3.834.126	4.126.797
Other liabilities	19	20.043.231	11.728.560
TOTAL LIABILITIES		769.627.454	599.882.540
SHAREHOLDERS' EQUITY			
Capital	20	10.225.718	10.225.718
Retained earnings		39.613.389	30.423.668
Net profit for the year		17.198.385	14.740.067
TOTAL SHAREHOLDERS' EQUITY		67.037.492	55.389.453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		836.664.946	655.271.993
COMMITMENTS AND CONTINGENT LIABILITIES	22	62.036.015	67.484.752

The accompanying notes are an integral part of this financial statement.

CREDITWEST BANK LIMITED

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	Note	January 01, - December 31, 2012	January 01, - December 31, 2011
Interest income on loans and advances		66.699.452	56.460.306
Interest income on reserve deposits		1.665.389	1.310.133
Interest income on banks		6.453.552	3.171.558
Interest income on securities portfolio		5.366.984	3.118.593
Interest income on money market transactions		61.788	92.309
Other interest income		395.257	64.439
Total interest income		80.642.422	64.217.338
Interest expense on deposits (-)		(46.992.585)	(32.342.754)
Interest expense on repurchase transactions (-)		--	(41.397)
Interest expense on money market deposits (-)		(61.704)	(91.106)
Interest expense on funds borrowed (-)		(156.957)	(723.076)
Total interest expense (-)		(47.211.246)	(33.198.333)
Net interest income		33.431.176	31.019.005
Fees and commission income	4.a	11.578.157	9.774.214
Fees and commission expense (-)	4.b	(595.057)	(574.233)
Net fee and commission income		10.983.100	9.199.981
Net trading income	11.b	402.768	(358.295)
Foreign exchange gain, net		2.450.505	2.427.290
Other operating income	5	4.092.254	6.967.377
Total operating income		51.359.803	49.255.358
Provision for losses on loans and receivables (-)	13	(9.426.196)	(13.698.863)
Personnel expenses (-)	6	(14.397.716)	(12.014.600)
Depreciation and amortization (-)	14 ve 15	(1.411.274)	(1.161.760)
Administrative expenses (-)	7	(4.005.458)	(3.101.861)
Taxes other than on income (-)		(175.619)	(157.454)
Total operating expense (-)		(19.990.067)	(16.435.675)
Profit / (loss) before income tax		21.943.540	19.120.820
Tax income / (charge), net	8.b	(4.745.155)	(4.380.753)
Net profit for the year		17.198.385	14.740.067

The accompanying notes are an integral part of this financial statement.

CREDITWEST BANK LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2012 AND 2011
(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	Share capital	General reserves	Net profit for the year	Total shareholder's equity
Balance at January 01, 2011	10.225.718	21.719.044	11.704.624	43.649.386
Transfer to general reserves	--	8.704.624	(8.704.624)	--
Dividend paid	--	--	(3.000.000)	(3.000.000)
Net profit / (loss) for the year	--	--	14.740.067	14.740.067
Balance at December 31, 2011	10.225.718	30.423.668	14.740.067	55.389.453
Prior years' tax adjustment	--	449.654	--	449.654
Transfer to general reserves	--	8.740.067	(8.740.067)	--
Dividend paid	--	--	(6.000.000)	(6.000.000)
Net profit / (loss) for the year	--	--	17.198.385	17.198.385
Balance at December 31, 2012	10.225.718	39.613.389	17.198.385	67.037.492

The accompanying notes are an integral part of this financial statement.

CREDITWEST BANK LIMITED

STATEMENTS OF CASH FLOW

FOR THE PERIOD ENDED DECEMBER 31, 2012 AND 2011

(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	January 01, - December 31, 2012	January 01, - December 31, 2011
Cash flows from operating activities		
Interest received	75.352.861	64.652.813
Interest paid	(40.755.578)	(31.434.211)
Fees and commissions received	11.578.157	9.774.214
Fees and commissions paid	(595.057)	(574.233)
Trading income	402.768	(358.295)
Payments to employees and other parties	(18.578.793)	(15.273.915)
Cash received from other operating activities	6.559.647	8.227.003
Income taxes paid	(4.853.374)	(3.747.309)
	29.110.631	31.266.067
Change in interbank and due from money market	(2.009.786)	--
Change in reserve deposits at central banks	(9.878.042)	(11.083.076)
Change in loans and advances	(114.404.532)	(133.674.222)
Change in other assets	(4.523.314)	(3.119.875)
Change in deposit from other banks	14.407.982	(5.899.850)
Change in customer deposits	167.926.107	139.789.145
Change in interbank and other money market deposits	7.262.253	(42.756.850)
Change in other liabilities	8.314.671	1.520.785
Net cash provided by (used in) operating activities	96.205.970	(23.957.876)
Cash flows from investing activities		
Change in marketable securities	18.221.855	25.996.158
Change in tangible fixed assets	(3.309.376)	(360.703)
Net cash provided by financing activities	14.912.479	25.635.455
Cash flows from financing activities		
Proceeds from funds borrowed	(27.873.428)	22.774.500
Dividends paid	(6.000.000)	(3.000.000)
Net cash provided by financing activities	(33.873.428)	19.774.500
Net increase in cash and cash equivalents	77.245.021	21.452.079
Cash and cash equivalents, beginning of the year	122.896.039	101.443.960
Cash and cash equivalents at end of the year	200.141.060	122.896.039

The accompanying notes are an integral part of this financial statement.

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (Currency in Turkish Lira (TRY) unless indicated otherwise)

1. ORGANIZATION AND NATURE OF ACTIVITIES

Creditwest Bank Limited ("the Bank") was established in Turkish Republic of Northern Cyprus (TRNC) in 1994. Creditwest Bank provides extensive banking services in TRNC through its 14 branches, head office and 4 affiliates located in Nicosia (Lefkoşa), Famagusta (Magosa), Kyrenia (Girne) and Güzelyurt.

Creditwest Bank is fully licensed to undertake all commercial banking transactions in TRNC including deposit acceptance, and provision of corporate and personal loans and other modern banking services.

The bank has investments in associated companies engaged in financial services sector as follows:

Creditwest Finance Limited

Creditwest Finance Limited was established in 1994 to provide services in the consumer financing sector. It is a fully licensed investment credit company and mainly operates in TRNC. It has started focusing on providing finance by way of leasing. Creditwest Finance Limited is 49 % owned by the Bank.

Creditwest Insurance Limited

Creditwest Insurance Limited was established in 1994 to provide services in insurance sector. It operates in TRNC. Shareholding of the Bank in Creditwest Insurance Limited is 30 %.

Starcard Banka Kartları Merkezi Limited

Starcard Banka Kartları Merkezi Limited (Starcard) was incorporated in 2005 by 6 banks' equal partnership in order to create a common platform for credit card payments in TRNC. The Bank has 16,7 % shareholding in Starcard.

Creditwest Faktoring Anonim Şirketi

Creditwest Faktoring A.Ş. (formerly: Toprak Faktoring A.Ş.) ("The Company") was incorporated in Turkey on May 09, 1994 and commenced its factoring activities in March 1995. Altınbaş Holding A.Ş. became the Company's ultimate parent by acquiring 83% of the shares from the Saving Deposit Insurance Fund. The title of the Company was then changed to Factotürk Faktoring Hizmetleri A.Ş and registered on 10.06.2004 and the title of the Company was then changed to Creditwest Faktoring A.Ş. and registered on June 19, 2007. The Company is engaged in providing factoring services both on a domestic and international scale on a recourse basis to its client. The Company operates primarily in Turkey and its shares are transacted in Istanbul Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank has been prepared in harmony with the International Financial Reporting Standards (IFRS) containing the standards and interpretations approved by the International Accounting Standards Board and the interpretations approved and put into effect by the International Accounting Standards Committee and the Standard Interpretation Committee.

The Bank acts in conformity with the Banking Law and the other relevant laws and regulations applied in the Turkish Republic of Northern Cyprus, in the maintaining of the accounting entries in Turkish lira and in the preparation of the legal financial statements. The branches of the Bank maintain their accounting entries in TRY and in conformity with the laws and regulations applied in the TRNC. The financial statements provided in the attachment, were prepared on the basis of the legal entries that were maintained according to the historical cost method, for purposes of compliance with the International Accounting Standards, and were subsequently subjected to the necessary revisions and reclassification procedures.

Measurement Currency, Reporting Currency

The accompanying financial statements have been presented on the basis of TRY.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest Gains and Expenses

The interests are accounted according to the effective interest method (the rate that equates the future cash flows of the financial asset of liability, to their current net values). Pursuant to the relevant legislation, the interest accrual and rediscount totals of the loans that have become frozen credits are cancelled. In cases when an interest is collected over the credits that have become frozen loans, such totals are recorded as interest income.

Fee and Commission Income and Expenses

The commission income and the revenues collected for banking services are recorded as income during the period on which they have been collected. The credit fee and commission expenses paid to the other corporations and establishments relating to the financial liabilities and that constitutes transaction costs, are carried to the relevant expense accounts within the framework of the principle of periodicity.

The commission incomes that are collected in cash and in advance in connection with cash credits are carried to the relevant income accounts pursuant to the principle of periodicity. The fees and commission income/expenses that are paid / collected in connection with a future (forward) transaction are carried to the records according to accrual basis.

The revenues derived through acting as a consultant, or the procurement of project services during the purchase of assets, the purchase or sale of a partnership, through contracts, or on behalf of a real person or an entity who is in the position of a third party, are recorded as income, depending of the type of transaction, upon the completion of the transactions, throughout the rendering of the service, or upon the collection of the amounts due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions Applied in Foreign Currency

The foreign exchange gains or losses derived from the transactions applied in foreign currency have been carried to the records on the period during which the relevant transaction has been performed. At period ends, the balances of the assets and liabilities in foreign currency were appraised by taking as basis the foreign exchange buying rates applied by the banks and were converted to TRY, and the foreign exchange differences that have occurred, were reflected to the legal records as foreign exchange gains or losses.

The relevant exchange rate as of the year end, were as follows:

Type of Currency	December 31, 2012	December 31, 2011
USD\$	1,7850	1,8720
EURO	2,3560	2,4280
GBP	2,8880	2,9250
JPY	0,0207	0,0244

The Derivative Financial Instruments Regarding Forward Transactions and Option Contracts

The Bank signs forward contracts and future contracts in order to reduce its foreign exchange position risk. The derivative transactions are classified as foreign exchange transactions and are appraised over their market values.

During the initial recording of the derivative transactions, their acquisition cost is used. Moreover, the assets and liabilities incurred from the derivative transactions are carried to the memorandum accounts over their contract values. During the periods that follow their initial recording, the derivative transactions are appraised at their registered values, and depending on the market values yielding positive or negative values, they are disclosed in the balance sheet under Foreign Exchange Derivative Financial Assets or Derivative Financial Liabilities. The relevant appraisal differences (including the interest gains and losses) are classified under the "Capital market transactions profits/ (losses) net" row.

Financial Assets

The Bank classifies and recognizes its financial assets as " Financial assets valued at fair value through profit or loss", "Financial assets available-for-sale", "Loans and other receivables" or as "Financial investments held-to-maturity".

The purchase and sell of the concerned financial assets as carried to records and discharged from the records according to their "Delivery date". The methods of classification of the financial assets are decided on the date of their acquisition by the Bank management, by taking into consideration their purchasing purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Assets (Continued)

a. Financial Assets Valued at Fair Value through Profit or Loss

Financial assets valued at fair value through profit or loss is divided into two groups, namely "Financial assets held for trading" and "Financial assets valued at fair value through profit or loss".

"Financial assets held for trading" are the financial assets that constitute the part of a portfolio that is kept for purposes of deriving profits in the short term, independent from the fluctuations from the prices and similar factors emerged in the market in the short time, or independent from the reason of their acquisition.

The purchase and sale transactions of the financial assets that are kept for purposes of purchase and sale are carried to the records and are discharged from the records according to their "Delivery date". The Financial assets held for trading, are initially carried to the balance sheet at their cost values including their transaction costs, and following their recognition, they are appraised at their fair values. The gains and losses that are formed as the result of their appraisal, are included in the profit/loss accounts, and the outstanding difference that occurs between the sales price of the marketable securities that are among these financial assets that are discharged prior to their date of maturity and their recorded interest gains, are transferred into the "Capital market transactions profits/losses".

Since the derivative financial instruments are not defined as instruments of protection against risks, they are classified as financial assets held for trading.

b. Financial Assets Available-for-Sale

Financial assets available-for-sale consists of the financial assets other than "Loans and other receivables", "Financial investments held-to-maturity" and "Financial assets valued at fair value through profit or loss".

During the initial recording of the financial assets available-for-sale, acquisition costs, including transaction costs are used.

Financial assets available-for-sale is not reflected in the P/L statement of the period until the collection or discharge of the values corresponding to the "Unrealized profits or losses arising from the market values, or until the sale of the asset, and are tracked under the "Marketable securities appraisal differences" account. Upon the collection or discharge of the concerned financial assets, the accumulated market value included under the shareholder's equity account, are transferred to the P/L Statement.

The interests that are calculated and/or gained through the use of effective interest method during the holding of the marketable financial assets are primarily disclosed among the interest gains: In the event of the marketable securities that are among the said marketable financial assets prior to their maturity, the outstanding difference between the sales profit and the interest income that has been carried to the records, is transferred to the "Capital Market transactions profit/(loss), net" account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Assets (Continued)

c. Investments held-to-Maturity

The investments held-to-maturity, are the financial assets that are held for the purpose of keeping until maturity, for which the required conditions are provided for their retention in the enterprise until the date of maturity, including the funding capability, other than the loans and receivables that possess a fixed or determinable payments and a fixed maturity, that are not classified as purchase and sale during the initial recognition, that are not disclosed as marketable fixed assets in the records, and that are not derivative instruments.

The investments held-to-maturity, are initially recorded at their acquisition costs, and following their recording, they appraised over their "Discounted costs" by using the effective interest method. The interest gains acquired from the financial investments that are held until maturity are reflected to the P/L Statement as interest gains.

The Bank does not have any financial assets that were initially classified as securities to be held until maturity, but that shall not be subject to this classification due to its failure to comply with the principles of classification.

Following their initial recording, the investments held-to - maturity, are recognized after the deduction of the provision set aside for decline in value, through the application of internal rate of return, at their discounted values.

d. Derivative Financial Instruments

The derivative instruments are initially appraised at their acquisition costs, and on the periods following their initial recording, they are appraised at their fair values. The weight of the derivative instruments of the Bank consist of forward exchange contracts, foreign exchange options and interest rate swap transactions. Although the said derivative financial instruments economically provide an effective protection against the risks for the bank, since from the standpoint of risk accounting it does not fulfil all the conditions envisaged in IAS 39, in financial statements, it is recognized as marketable derivative instruments or other financial liabilities.

The derivative instruments include swap, forward transactions and options. As of the balance sheet date, in the case of financial instruments traded in an active market, the market values with quoted fair values, or the prices quoted by suppliers of which the transaction costs are not deducted are taken as basis.

In all other financial instruments that are not quoted in an active market, the cost is appraised by using appropriate appraisal techniques based on fair value. The appraisal techniques include net present value techniques, comparison with similar financial instruments that have a visible market value, and other relevant appraisal models.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Assets (Continued)

e. Sale and Repurchase Agreements and Transactions Concerning the Borrowing of Marketable Securities

The marketable securities that become subject to repo, are classified in the Bank portfolio under the "Marketable securities reflected to the fair value difference profit/loss" or "Marketable securities ready for Sale" portfolios, and are appraised according to the principles of the portfolio to which they belong.

The expense rediscount is calculated according to the internal rate of return applicable for the portion of the difference between the sales and repurchases prices determined for repo agreements, corresponding to the relevant period.

f. Credits and Other Receivables

The bank sourced loans and other receivables, are the financial assets that are created for the purpose of the procurement of funds to the debtor, other than those that are retained for the purchase of purchase and sale, and those that are held for the purpose of sale within a short period of time. Credits (loans) are financial assets that imply fixed or determinable payments and that are not traded in an active market. Loans in question and other receivables are initially carried to the records at their acquisition cost, and following their recording, they are appraised at their discounted values, by using the effective interest rate (internal rate of return) The charges and the similar expenses paid in connection with the assets that are received as a guarantee (collateral) are not accepted as a part of the transaction cost, and are reflected to the expense accounts.

Decline in the Value of Financial Assets

The registered values of the financial group or asset are reviewed by the Bank on each reporting date to ascertain whether or not there exists any indicator for decline in the value. If such an indicator exists, the decline value on the financial asset is determined.

After initial recording of a financial group or asset to the statutory books, a loss arising from the decline of the value of this asset occurs only when there is an independent indicator having a decline in its future cash flows to be predicted with reliability.

In line with the evaluation and predictions of the management, the Bank sets special provision for the loans and other receivables if there is a limitation or doubtful situation on the collection for the loans and/or other receivables. Those provisions are directly recorded to the income statement. Regarding these loans, subsequent collections are firstly charged to the principal amounts and then to the interest receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Netting Off of the Financial Instruments

The financial assets are disclosed in the balance sheet over their net totals in cases when the Bank has a legal right and power of sanction regarding netting off, has the intention to collect / pay over the net totals of the concerned financial assets and liabilities, or has the right to finalize the concerned financial asset or liability simultaneously.

Current corporate tax is related to prepaid taxes. Therefore they are offset. Besides deferred tax assets and liabilities are offset.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank notes and metal coins found in the cash box, free deposits in the Central Bank, fixed investments with high liquidity with maturity of less than three months as of their dates, and that are not exposed to the risk of loss in value.

Property, Plant, Equipment and Fixed Assets and Related Depreciation and Amortization

The tangible non-current assets acquired prior to 1 January 2005, are recorded in the financial statements at their cost values restated according to the effects of inflation as of 31 December 2004, and those that are acquired subsequent to that date, are carried to the financial statements at the values determined subsequent to the deduction of accumulated depreciation and the provisions set aside for the lasting decline in the value, from the cost value. The tangible non-current assets are subjected to depreciation on the basis of their economic lives, through the application of straight line depreciation method. The profits or losses that occur as the result of the discharge of the tangible non-current asset or the withdrawal of a tangible non-current asset from the service are included in the P/L statement after the determination of the difference between the sales proceeds and book value of the concerned asset. The normal maintenance and repair expenditures relating to the concerned fixed asset are recognized as expense. There exists no pledge, mortgage, or similar encumbrances over any of the fixed assets owned by the Bank. The rates used in the depreciation of the tangible fixed assets of the Bank, and their estimated useful lives are as follows:

	Useful Lives	Depreciation Rate
Buildings	25 Years	4 %
Furniture and fixtures	5-10 Years	10 %- 20 %
Vehicles	6,6 Years	15 %
Leasehold improvements	5 Years	15 %

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Decline in the Value of Non-Financial Assets

The registered values of the non-financial assets of the Bank are reviewed on each reporting date to ascertain whether or not there exists any indicator for decline in the value. If such an indicator exists, the recoverable value of the asset is estimated.

If the registered value of an asset or the units that generate cash exceeds the recoverable value, the decline in value is carried to the records. The smallest analyzable asset group that creates a cash flow independently from the other assets or the companies is defined as a unit that creates cash. The declines in the value are recorded in the P/L Statement. The decline in value that is carried to the records within the scope of the units that generate cash, are deducted first from the registered value of the goodwill that is allocated to the units, and then from the registered value of the other assets found in the unit (unit group) on proportional basis.

The recoverable value of an asset or a unit that generates cash refers to the higher one of the use value or the value that is found through the deduction of the sales expenses from the fair value. The use value is calculated through the discounting of the anticipated cash flows in the future of the concerned asset under the current market conditions, through time value of the cash and the pre-tax internal rate of return that would reflect the risks to which the concerned asset is exposed.

The decline in value set aside for the other assets during the previous periods, are appraised in each reporting period, in cases when there are indications showing that the decline in value is reduced, or when the decline in value is no longer valid. Decline in value is cancelled in cases when a change occurs in the estimates concerning the determination of the recoverable amount. Decline in value cancelled if there remains no decline in value after the netting off of the depreciation and amortization shares that only do not exceed the registered value of the asset.

Reserve for Employee Termination Benefits

Pursuant to TRNC Pension Fund Law, the employer deposits a premium corresponding to 4% (5% for the year of 2011) of the gross salary of the employee on monthly basis to the pension fund in order to cover the severance pay liability that might arise in the future. According to the Labour Code currently in effect in the TRNC, there appears no further severance pay liability against the employer in cases when the employment contractor of the employer is terminated, or when the right for retirement is acquired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions, Contingent Assets and Liabilities

The Bank Management sets aside a provision in the attached financial statements corresponding to the relevant liability, in cases when a legal or an implied liability exists, arising from the previous events, when the withdrawal of the resources that contain an economic benefit for the fulfilment of this liability is probable, and when a reliable estimation concerning this liability total can be made.

The contingent liabilities are continuously subjected to appraisal for the purpose of determination of whether the probability for the withdrawal of the assets that contain economic benefits, has become in question. Excluding the cases when the probabilities for the withdrawal of the sources containing economic benefits are unlikely, the situation is disclosed in the notes to the balance sheet. In cases when the entry of the economic benefits in the enterprise becomes likely, the relevant explanation concerning contingent assets, are disclosed in the notes to the balance sheet. In cases when the entry of the economic benefits into the enterprise becomes almost definitive, the concerned asset and the change in the income status is carried to the balance sheet on the relevant date.

Taxation

The taxes deducted during the relevant period, the corporation tax to be paid on the same period, and the deferred taxes are disclosed in the P/L Statement of the relevant period. The taxes to be paid on the period are calculated by taking as basis the tax bases relating to the period. The profit to become subject to corporation tax (tax base) may be different than the profit disclosed in the financial profit, for, the items that will be deducted from the profits/losses, or that will be taxed on the oncoming periods, have been eliminated within the framework of the Accounting principles taken as basis. The Corporation Tax liability is paid according to the proportions that are valid and that will be valid as of the balance sheet date.

The deferred tax liability or assets are determine according to the determination of the tax effects of the temporary differences between the values of the assets and liabilities disclosed in the financial statement and their totals taken into consideration during the calculation of the legal tax base according to the balance sheet method. On the other hand, the deferred tax asset is taken into account only if it seems probable that it might be included into account on the oncoming period. The tax liability or receivable arising from the temporary differences relating to the goodwill, are not calculated. Moreover, the items that will not be included within the deductions or taxable totals are also not included in deferred tax liability or tax asset account. The temporary appraisal differences that occur in equity participations and business partnerships are included in the calculation of deferred tax liability, however in order to apply this, the value increases in the equity participations should be kept under control by the company, and the said value increases should not turn into reverse in the foreseeable future.

The deferred taxes are calculated by taking into account the Tax rates anticipated to be applied in the oncoming periods. The positive and the negative differences arising from the deferred taxes are carried to the P/L Statement; however, the changes occurred relating to the deferred taxes that are directly treated in the shareholder's equity, are added to the shareholder's equity, or are offset. The offsetting of the deferred tax assets and liabilities from one another, can only be possible in cases when the offsetting of the taxes to be paid against the tax receivables are possible, when the tax receivables and payables are taken into consideration by the same tax administration, and when the company management has the intention to offset the tax payables and tax receivables against each other.

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

4. FEES AND COMMISSION INCOME/ (EXPENSE), NET

a) Fees and commissions received	December 31, 2012	December 31, 2011
Commissions received from banking services	3.104.959	1.241.376
Commissions received from loans	6.885.510	7.157.970
Other Commissions	1.587.688	1.374.868
	11.578.157	9.774.214

b) Fees and commissions paid	December 31, 2012	December 31, 2011
Commissions paid for credit cards	(2.993)	(3.040)
Commissions paid to banks	(535.640)	(540.653)
Other commissions	(56.424)	(30.540)
	(595.057)	(574.233)

5. INCOME (EXPENSE) FROM OTHER ACTIVITIES, NET

	December 31, 2012	December 31, 2011
Cancellations and collections of the provisions set in for previous years	7.428.462	8.297.200
Dividends received from the participations	23.873	1.322.957
Cancellation of the provisions set in for communication expenses	123.340	82.782
Indemnities received from the personnel	3.333	5.835
Other	1.402.767	1.188.594
Income from other activities	8.981.775	10.897.368
Premiums paid to saving deposit insurance fund	(4.809.826)	(3.898.911)
TRNC Union of Banks	(25.383)	(21.341)
Other	(54.312)	(9.739)
Expense from other activities (-)	(4.889.521)	(3.929.991)
Income (expense) from other activities, net	4.092.254	6.967.377

CREDITWEST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011****(Currency in Turkish Lira (TRY) unless indicated otherwise)****6. PERSONNEL EXPENSES**

	December 31, 2012	December 31, 2011
Gross wages	(12.133.496)	(9.634.940)
Other benefits	(428.086)	(565.618)
Social security premiums	(1.075.020)	(849.226)
Pension fund payments	(478.897)	(473.811)
Other	(282.217)	(491.005)
	(14.397.716)	(12.014.600)

Number of Personnel	December 31, 2012	December 31, 2011
Head office	72	66
Branches	159	152
	231	218

7. GENERAL ADMINISTRATIVE EXPENSES

	December 31, 2012	December 31, 2011
Advertisement and promotion expenses	(549.867)	(600.711)
Rental expenses	(607.656)	(473.628)
Communication expenses	(430.439)	(376.637)
Heating and lightning expenses	(322.612)	(290.995)
Hospitality and entertainment expenses	(305.834)	(226.021)
Vehicle expenses	(289.876)	(221.673)
Maintenance and repair expenses	(153.851)	(186.426)
Cleaning expenses	(241.565)	(168.295)
Stationery expenses	(146.826)	(146.093)
Data processing expenses	(321.065)	(139.247)
Consulting expenses	(63.874)	(61.335)
Special security expenses	(36.766)	(19.076)
Other	(535.227)	(191.724)
	(4.005.458)	(3.101.861)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

8. TAXATION

In the Turkish Republic of Northern Cyprus (TRNC) Corporation Tax rate is 10% and the Income Tax (withholding) rate is 15%. Hence, the total effective tax rate becomes 23,5%. This rate is applied to the tax base, which is calculated through the addition of the non-deductible expenses to, and the deduction of the exemptions and deductions from the commercial profits of the enterprises.

According to the tax legislation of TRNC, the financial losses disclosed on the tax returns, can be deducted from the corporate profits, provided that it does not exceed 5 years.

In TRNC, the mechanism to reach reconciliation with the tax administration does not exist. The corporation tax returns should be filed until the end of the fourth month of the following accounting period, and should be paid until the last days of May and October in two equal instalments. The income tax returns should be filed until the end of the fourth month of the following accounting period and paid until the end of June. The officials authorized for tax inspections may examine the accounting entries throughout a period of 5 years, and if an erroneous transaction is determined, an additional tax might be required to be paid.

a. Corporation tax

	December 31, 2012	December 31, 2011
Provisions for corporation tax	1.940.725	1.927.048
Provisions for income tax	2.619.978	2.796.972
Prepaid taxes (-)	(726.577)	(597.223)
Taxes to be paid, net	3.834.126	4.126.797

b. Tax income / (expense), net

	December 31, 2012	December 31, 2011
Current year tax expenses	4.560.703	4.724.020
Deferred tax income / (expense), net	184.452	(343.267)
	4.745.155	4.380.753

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

8. TAXATION (Continued)

c. Deferred tax assets / (liabilities), net

Deferred tax detail	December 31, 2012		December 31, 2011	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Participation share capital valuation difference		--	60.069	(14.116)
Deferred tax liability	--	--	60.069	(14.116)
Financial assets valued at fair value through profit or loss	--	--	(711.612)	167.229
Tangible fixed assets	(468.664)	110.136	(602.022)	141.475
Deferred tax assets	(468.664)	110.136	(1.313.634)	308.704
Deferred tax assets/(liabilities), net	(468.664)	110.136	(1.253.565)	294.588

Movements in deferred tax:

	December 31, 2012	December 31, 2011
Beginning of the period	294.588	(48.679)
Changes during the period	(184.452)	343.267
End of the period	110.136	294.588

Tax reconciliation

	December 31, 2012	December 31, 2011
Net profit before tax	21.943.540	19.120.820
Tax rate	23,5%	23,5%
Profit before tax (x) tax rate	5.156.732	4.493.393
Non-deductible expenses	69.540	53.094
Other deductions	481.117	(165.734)
Provision for taxes shown in the income statement	4.745.155	4.380.753

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

9. CASH AND CASH EQUIVALENTS

	December 31, 2012	December 31, 2011
Cash and central bank accounts	101.559.960	64.822.920
— Cash	7.849.007	4.097.822
— Central bank accounts	93.702.028	60.707.255
— Other cash equivalents	8.924	17.843
Receivables from banks and financial institutions	96.557.440	58.059.245
Receivables due from the Inter-bank and other money markets	2.023.660	13.874
Cash and cash equivalents in the balance sheet	200.141.060	122.896.039
<u>Less :</u>		
Receivables from banks with maturities of more than 3 months	--	--
Cash and cash equivalents in cash flow statement	200.141.060	122.896.039

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

9. CASH AND CASH EQUIVALENTS (Continued)

The details of the central bank accounts, receivables from banks and financial institutions, and the receivables due from the inter-bank and other money markets as of December 31, 2012 and 2011, are as follows:

	December 31, 2012							
	Amount			Effective interest rates				
	TRY	Foreign Currency	Total	FX	TRY	FX	TRY	FX
Central bank accounts	63.869.084	29.832.944	93.702.028	5.00%	0,05%	0,75%	0,50%	--
Receivables from banks and financial institutions	91.494.562	5.062.878	96.557.440	--	--	--	--	--
Receivables from inter-bank and other money markets	2.023.660	--	2.023.660	--	--	--	--	--
Total	157.387.306	34.895.822	192.283.128					

	December 31, 2011							
	Amount			Effective interest rates				
	TRY	Foreign Currency	Total	TRY	US\$	EURO	GBP	JPY
Central bank accounts	24.561.217	36.146.038	60.707.255	5,00%	0,05%	0,75%	0,50%	--
Receivables from banks and financial institutions	47.427.486	10.631.759	58.059.245	11,21%	--	--	--	--
Receivables from inter-bank and other money markets	13.874	--	13.874	9,00%	--	--	--	--
Total	72.002.577	46.777.797	118.780.374					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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10. RESERVE DEPOSITS AT CENTRAL BANKS

	December 31, 2012	December 31, 2011
TRY	36.157.630	29.358.554
US\$	2.357.069	1.637.152
EURO	3.930.835	2.800.819
GBP	12.584.477	11.355.444
	55.030.011	45.151.969

Pursuant to Article 23, paragraphs (2), (3) and (4) of the "TRNC Central Bank Law" No 41/2001 of the TRNC Central Bank, The Banks operating in the Turkish Republic of Northern Cyprus, set aside legal reserves corresponding to 8% in TRY for their liabilities in Turkish lira, and at 8% in USD, GBP or EURO for their liabilities in foreign currency. The rate of interest applied by the TRNC Central Bank on their legal reserves, is, 5% for TRY, 0% for USD, 0,25% for GBP, and 0,50% for EURO (2011 -- TRY: 8 % F/X: 0%, 0,25%, 0,50%)

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Financial Assets

	December 31, 2012				December 31, 2011			
	Nominal	Cost	Appraised Total	Effective Interest Rate%	Nominal	Cost	Appraised Total	Effective Interest Rate%
Debt instruments								
Government bonds	39.264.322	37.995.373	39.655.707	8,74%	61.853.059	56.458.037	57.973.546	8,40%
			39.655.707				57.973.546	
Other								
Private sector bonds	2.480.000	2.511.817	2.511.817	7,25%	2.400.085	2.400.085	2.452.924	12,71%
			2.511.817				2.452.924	
Derivative transactions								
Rediscounts on future transactions ,net			31.600				(5.491)	
			31.600				(5.491)	
			42.199.124				60.420.979	

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

b) Capital Market Transactions Profits / (Losses), Net

	December 31, 2012	December 31, 2011
Government bonds	402.768	(358.295)
	402.768	(358.295)

12. INVESTMENTS

	December 31, 2012		December 31, 2011	
	Rate of Share %	Total Share	Rate of Share %	Total Share
Creditwest Finance LTD. (Northern Cyprus)	48,91%	545.642	48,91%	545.642
Creditwest Insurance LTD. (Northern Cyprus)	30,00%	1.204.475	30,00%	1.204.475
Starcard Banka Kartları Merkezi Limited (Northern Cyprus)	16,67%	200.000	16,67%	200.000
Creditwest Faktoring A.Ş. (Turkey)	1,01%	304.250	1,01%	304.250
		2.254.367		2.254.367

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

13. LOANS AND ADVANCES TO CUSTOMERS

	December 31, 2012										
	Amount					Effective Interest Rates					
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Corporate loans	120.418.815	19.981.187	26.794.594	67.260.984	--	234.455.580	24,00%	12,00%	12,00%	12,00%	--
Personal loans	179.297.348	12.079.414	21.560.645	62.011.546	--	274.948.953	24,00%	12,00%	12,00%	12,00%	--
Rediscounts	1.862.464	87.954	190.624	922.646	--	3.063.688					
Total loans	301.578.627	32.148.555	48.545.863	130.195.176	--	512.468.221					
Overdue loans	25.566.957	1.305.938	2.960.199	14.172.784	--	44.005.878					
<u>Less :</u>											
Provisions for overdue loans	(21.660.220)	(1.305.938)	(2.595.756)	(12.577.802)	--	(38.139.716)					
Provisions for general loans	(3.774.293)	(305.419)	(447.494)	(1.158.986)	--	(5.686.192)					
	301.711.071	31.843.136	48.462.812	130.631.172	--	512.648.191					

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

13. LOANS AND ADVANCES TO CUSTOMERS (Continued)

	December 31, 2011										
	Amount					Effective Interest Rates					
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Corporate loans	96.611.933	9.708.000	12.032.827	57.107.555	--	175.460.315	24,00%	12,00%	12,00%	12,00%	--
Personal loans	165.112.393	628.316	7.429.063	60.683.270	--	233.853.042	24,00%	12,00%	12,00%	12,00%	--
Rediscounts	978.048	52.119	86.748	587.767	--	1.704.682					
Total loans	262.702.374	10.388.435	19.548.638	118.378.592	--	411.018.039					
Overdue loans	19.853.928	1.236.350	2.528.922	11.925.036	--	35.544.236					
<u>Less :</u>											
Provisions for overdue loans	(19.853.928)	(1.236.350)	(2.528.922)	(11.925.036)	--	(35.544.236)					
Provisions for general loans	(3.038.115)	(126.274)	(197.731)	(1.155.068)	--	(4.517.188)					
	259.664.259	10.262.161	19.350.907	117.223.524	--	406.500.851					

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

13. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Statement of overdue loans:	December 31, 2012	December 31, 2011
Beginning of period	35.544.236	30.535.529
Additions (+)	18.588.615	14.036.473
Collections (+)	(11.798.432)	(9.639.507)
F/x differences (+) / (-)	1.671.459	611.741
Period end	44.005.878	35.544.236

Statement of provisions for overdue loans:	December 31, 2012	December 31, 2011
Beginning of period	35.544.236	30.535.529
Provisions set for the period (+)	18.408.645	14.036.473
Provisions written off during the period and collections (-)	(11.798.432)	(9.639.507)
F/X differences (+) / (-)	1.671.459	611.741
Period end	43.825.908	35.544.236

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

14. TANGIBLE FIXED ASSETS, NET

	Lands and Buildings	Vehicles	Fixtures and Furnishings	Leasehold Improvements	Total
Cost					
Balance, January 01, 2011	5.990.698	1.030.428	5.547.655	2.499.142	15.067.923
Additions	--	150.373	467.867	--	618.240
Disposals (-)	(319.845)	(84.706)	(12.848)	--	(417.399)
Balance, December 31, 2011	5.670.853	1.096.095	6.002.674	2.499.142	15.268.764
Additions	--	623.679	1.738.079	1.107.480	3.469.238
Disposals (-)	(142.075)	--	--	--	(142.075)
Balance, December 31, 2012	5.528.778	1.719.774	7.740.753	3.606.622	18.595.927
Accumulated Depreciation					
Balance, January 01, 2011	944.427	567.227	3.084.596	1.726.952	6.323.202
Depreciation charge	204.987	169.418	514.717	272.638	1.161.760
Disposals (-)	(105.184)	(50.824)	(3.854)	--	(159.862)
Balance, December 31, 2011	1.044.230	685.821	3.595.459	1.999.590	7.325.100
Depreciation charge	368.284	17.027	838.925	187.038	1.411.274
Disposals (-)	(89.654)	--	--	--	(89.654)
Balance, December 31, 2012	1.322.860	702.848	4.434.384	2.186.628	8.646.720
Net book value					
December 31, 2011	4.626.623	410.274	2.407.215	499.552	7.943.664
December 31, 2012	4.205.918	1.016.926	3.306.369	1.419.994	9.949.207

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

15. OTHER ASSETS

	December 31, 2012	December 31, 2011
Receivables from credit cards	2.621.384	7.006.706
Receivables from insurance premiums	2.584.409	1.994.532
Office supply inventories	439.257	320.578
Receivables from the litigations and court expenses	204.808	208.988
Checks in exchange	316.531	97.514
Prepaid taxes	19.784	10.560
Work advances	4.512	7.071
Prepaid expenses	2.758	2.739
Other	8.139.407	160.848
	14.332.850	9.809.536

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

16. DEPOSITS

a) Other Bank Deposits

	December 31, 2012										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Demand deposit	55.257	769	3.914	78	--	60.018	--	--	--	--	--
Time deposit	975.506	71.564	--	14.621.465	--	15.668.535	7.00%	0,05%	--	5.11%	--
	1.030.763	72.333	3.914	14.621.543	--	15.728.553					

	December 31, 2011										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Demand deposit	13.456	1.864	22.147	733	--	38.200	--	--	--	--	--
Time deposit	1.252.020	--	30.351	--	--	1.282.371	8,90%	--	3,50%	--	--
	1.265.476	1.864	52.498	733	--	1.320.571					

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

16. DEPOSITS (Continued)

b) Customer Deposits

	December 31, 2012										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Saving											
—Demand Deposit	11.286.628	26.550	19.696	78.675	--	11.411.549	--	--	--	--	--
—Time Deposit	430.835.883	25.446.466	45.703.014	129.890.256	--	631.875.619	8.00%	3.00%	3.50%	3.50%	--
Corporate											
—Demand Deposit	19.469.799	4.285.242	2.139.293	8.842.854	4	34.737.192	--	--	--	--	--
—Time Deposit	20.724.306	1.509.623	2.615.039	4.762.578	--	29.611.546	8.00%	3.00%	3.50%	3.50%	--
Public											
—Demand Deposit	275.098	--	--	--	--	275.098	--	--	--	--	--
—Time Deposit	2.159.891	--	--	--	--	2.159.891	8.00%	--	--	--	--
	484.751.605	31.267.881	50.477.042	143.574.363	4	710.070.895					

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

16. DEPOSITS (Continued)

c) Customer Deposits (Continued)

	December 31, 2011										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Saving											
—Demand Deposit	9.354.642	718.419	5.443.887	3.023.239	--	18.540.187	--	--	--	--	--
—Time Deposit	334.782.110	16.283.481	27.328.870	110.053.176	--	488.447.637	8,00%	3,00%	3,50%	3,50%	--
Corporate											
—Demand Deposit	13.752.452	1.115.149	1.330.287	3.841.025	13.385	20.052.298	--	--	--	--	--
—Time Deposit	10.506.182	3.215.562	398.813	863.233	--	14.983.790	8,00%	3,00%	3,50%	3,50%	--
Public											
—Demand Deposit	120.876	--	--	--	--	120.876	--	--	--	--	--
—Time Deposit	--	--	--	--	--	--	8,00%	3,00%	3,50%	3,50%	--
	368.516.262	21.332.611	34.501.857	117.780.673	13.385	542.144.788					

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

16. DEPOSITS (Continued)

c) Payables due to the Money Markets

	December 31, 2012										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Inter-bank money markets	--	5.356.792	5.892.317	2.891.452	--	14.140.561	--	0,75%	1.75%	1.75%	--
	--	5.356.792	5.892.317	2.891.452	--	14.140.561					

	December 31, 2011										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Inter-bank money markets	--	--	--	6.878.308	--	6.878.308	--	--	--	1,75%	--
	--	--	--	6.878.308	--	6.878.308					

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

17. FUNDS BORROWED

	December 31, 2012										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Short term											
-Fixed rate	--	--	--	5.810.088	--	5.810.088	--	--	--	4.50%	--
-Variable rate	--	--	--	--	--	--	--	--	--	--	--
Long- term											
-Fixed rate	--	--	--	--	--	--	--	--	--	--	--
-Variable rate	--	--	--	--	--	--	--	--	--	--	--
	--	--	--	5.810.088		5.810.088					

	December 31, 2011										
	Amount						Effective Interest Rates				
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY
Short term											
-Fixed rate	--	--	1.247.792	32.435.724	--	33.683.516	--	--	4,00%	5,27%	--
-Variable rate	--	--	--	--	--	--	--	--	--	--	--
Long- term											
-Fixed rate	--	--	--	--	--	--	--	--	--	--	--
-Variable rate	--	--	--	--	--	--	--	--	--	--	--
	--	--	1.247.792	32.435.724		33.683.516					

CREDITWEST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**
(Currency in Turkish Lira (TRY) unless indicated otherwise)**18. OTHER LIABILITIES**

	December 31, 2012	December 31, 2011
Credit Cards Center & POS	6.815.088	2.763.976
Checks in exchange	7.142.245	2.868.850
Insurance premium	1.803.293	2.387.022
Premiums to be paid to The Savings Deposit Insurance Fund	1.397.601	1.088.296
Taxes, duties and charges payable	1.006.713	1.031.658
Payment orders	1.550.480	629.443
Other liabilities	327.811	959.315
	20.043.231	11.728.560

19. PROVISIONS**Reserve for Employee Termination Benefits**

Pursuant to TRNC Pension Fund Law, the employer deposits a premium corresponding to 4% (5% for the year of 2011) of the gross salary of the employee on monthly basis to the pension fund in order to cover the severance pay liability that might arise in the future. According to the Labour Code currently in effect in the TRNC, there appears no further severance pay liability against the employer in cases when the employment contractor of the employer is terminated, or when the right for retirement is acquired.

20. CAPITAL

As of December 31, 2012 and 2011, the shareholding structure of the company is as follows:

	December 31, 2012		December 31, 2011	
	Amount	Rate %	Amount	Rate %
Ali Altınbaş	1.408.892	15,83%	1.408.892	15,83%
Sofu Altınbaş	1.408.892	15,83%	1.408.892	15,83%
Hüseyin Altınbaş	1.408.892	15,83%	1.408.892	15,83%
Nusret Altınbaş	1.408.892	15,83%	1.408.892	15,83%
İmam Altınbaş	1.408.892	15,83%	1.408.892	15,83%
Aliye Altınbaş	506.850	5,69%	506.850	5,69%
Orkun Altınbaş	506.850	5,69%	506.850	5,69%
Sedef Altınbaş	506.850	5,69%	506.850	5,69%
Fatma S. Altınbaş	111.664	1,26%	111.664	1,26%
Serdar Altınbaş	111.664	1,26%	111.664	1,26%
Tuğçe Altınbaş	111.662	1,26%	111.662	1,26%
	8.900.000	100,00%	8.900.000	100,00%
Capital inflation restatement	1.325.718	--	1.325.718	--
	10.225.718		10.225.718	

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

21. TRANSACTIONS WITH THE RELATED PARTIES

December 31, 2012

Name of the Group Company	Cash Loans	Non-Cash	Deposits	Other	Other	Interest	Interests	Commissions	Commissions
	Granted	Loans							
Creditwest Insurance LTD. (Northern Cyprus)	--	778.459	10.482.200	--	--	--	402.751	4.499	--
Creditwest Finance LTD. (Northern Cyprus)	1.624.424	10.000	--	--	--	149.905	6.054	--	--
Altınbaş Petrol LTD. (Northern Cyprus)	3.570.014	70.263	4.186.764	--	--	71.185	45.743	--	--
Altınbaş Holding A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Petrol ve Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Atak Madeni Yağ Pazarlama Sanayi ve Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Yıldırım Petrol Ticaret ve Nakliyat A.Ş.	--	--	--	--	--	--	--	--	--
Alyap Gayrimenkul Geliştirme A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Mücevherat İmalatı ve Dış Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Kuyumculuk İth. İhr. Sanayi ve Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Perakende Mağazacılık Hizmetleri A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Kıymetli Madenler Borsası A.Ş.	--	--	--	--	--	--	--	--	--
Asos Kuyumculuk Pazarlama A.Ş.	--	--	--	--	--	--	--	--	--
Assos Perakende Mağazacılık Hizmetleri A.Ş.	--	--	--	--	--	--	--	--	--
Galata Denizcilik Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Transal Denizcilik Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Creditwest Factoring A.Ş.	--	--	--	1.492.412	--	--	--	--	--
West Finance and Credit Bank (Ukraine)	--	--	--	--	--	--	--	--	--
Other group companies	585.455	2.356	4.164	--	--	54.895	7	--	--
	5.779.893	861.078	14.673.128	1.492.412	--	275.985	454.555	4.499	--

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

21. TRANSACTIONS WITH THE RELATED PARTIES (Continued)

December 31, 2011

Name of the Group Company	Non-Cash		Deposits	Other Receivables	Other Payables	Interest Received	Interests Paid	Commissions Received	Commissions Paid
	Cash Loans Granted	Loans Granted							
Creditwest Insurance LTD. (Northern Cyprus)	--	588.815	4.755.955	--	2.755.586	--	217.113	12.410	--
Creditwest Finance LTD. (Northern Cyprus)	1.621.186	10.000	--	--	--	235.168	76.589	--	--
Altınbaş Petrol LTD. (Northern Cyprus)	--	38.351	2.095.796	--	--	--	--	--	--
Altınbaş Holding A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Petrol ve Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Atak Madeni Yağ Pazarlama Sanayi ve Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Yıldırım Petrol Ticaret ve Nakliyat A.Ş.	--	--	--	--	--	--	--	--	--
Alyap Gayrimenkul Geliştirme A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Mücevherat İmalatı ve Dış Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Kuyumculuk İth. İhr. Sanayi ve Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Perakende Mağazacılık Hizmetleri A.Ş.	--	--	--	--	--	--	--	--	--
Altınbaş Kıymetli Madenler Borsası A.Ş.	--	--	--	--	--	--	--	--	--
Asos Kuyumculuk Pazarlama A.Ş.	--	--	--	--	--	--	--	--	--
Assos Perakende Mağazacılık Hizmetleri A.Ş.	--	--	--	--	--	--	--	--	--
Galata Denizcilik Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Transal Denizcilik Ticaret A.Ş.	--	--	--	--	--	--	--	--	--
Creditwest Faktoring A.Ş.	--	--	--	2.426.730	--	--	--	--	--
West Finance and Credit Bank (Ukraine)	--	--	--	--	--	--	--	--	--
Other group companies	1.232.968	15.128	78.277	--	--	55.095	59.611	--	--
	2.854.154	652.294	6.930.028	2.426.730	2.755.586	290.263	353.313	12.410	--

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

22. COMMITMENTS AND CONTINGENT LIABILITIES

	December 31, 2012						December 31, 2011					
	TRY	US\$	EURO	GBP	JPY	Total TRY	TRY	US\$	EURO	GBP	JPY	Total TRY
Letters of guarantee												
Provisional letters of guarantee	1.548.613	373.918	271.432	--	--	2.193.963	1.705.955	17.525	1.956.706	7.239	--	3.687.425
Letters of certain guarantees	7.464.445	881.269	9.477.045	742.291	--	18.565.050	7.037.061	1.476.399	6.946.907	376.465	--	15.836.832
Other letters of guarantee	436.523	79.898	460.909	106.943	--	1.084.273	179.699	392.673	80.124	100.064	--	752.560
Letters of Credit	--	967.984	51.644	192.542	--	1.212.170	51.522	818.320	111.829	--	--	981.671
Other non-cash loans	778.459	--	--	--	--	778.459	588.815	--	--	--	--	588.815
Credit card liability	--	--	--	--	--	--	18.501.619	--	--	--	--	18.501.619
Checks liability	25.033.500	--	--	--	--	25.033.500	26.367.500	--	--	--	--	26.367.500
	35.261.540	2.303.069	10.261.030	1.041.776	--	48.867.415	54.432.171	2.704.917	9.095.566	483.768	--	66.716.422
Derivative transactions												
Forward Exchange	--	--	--	--	--	--	386.910	205.920	--	175.500	--	768.330
Forward Exchange (Sale)	6.600.100	3.034.500	3.534.000	--	--	13.168.600	--	--	--	--	--	--
	6.600.100	3.034.500	3.534.000	--	--	13.168.600	386.910	205.920	--	175.500	--	768.330
	41.861.640	5.337.569	13.795.030	1.041.776	--	62.036.015	54.819.081	2.910.837	9.095.566	659.268	--	67.484.752

23. FINANCIAL RISK MANAGEMENT

a) Credit Risk

Credit risk implies the probabilities for loss in cases when the credit debtor does not comply with the requirements of the agreement that he has signed with the bank and has failed to fulfil his liabilities entirely or partially.

The allocation of loans is made within the framework of limits determined for each debtor or risk group.

The process of allocation of loans, are initiated with a review of inquiry. Credit proposals are prepared in light of the audited financial statements and the statement of accounts. Credit proposals are prepared together with the credit report that includes the financial analysis review, estimation of the credit degrees, and the cash flow projections in project finances. Requests for corporate credits, are primarily analyzed independent from the guarantee, with reference to the audited financial statements and statement of accounts provided from the firm, market inquiry, the status of the firm in the sector and the general position of the sector, the history and credit worthiness of the shareholders, the detail analysis of the requested transactions, and the potential for the repayment of the loan. Guarantees are conceived as a separate process for firms that receive a positive opinion at the end of this process as a separate process that would eliminate the difficulties in payment and the consequent losses that might be suffered by the bank

The applications for personal loans that are received through the sales channels are examined and evaluated by the Personal Loans Department, by using the data bases that are found within the Bank and outside. In the mass loan products (such as consumer loans, vehicle loans) the standard allocation rules are formed and accordingly, automatic decision systems are set up. With the outputs received from these systems, the system itself, or the credit authorization level passes a decision. The applications are finalized in accordance with the results of this review and evaluation, and the personal loan allocation policies of the Bank.

Credit Limits

The sectoral distribution of loans is tracked on daily and monthly basis in the main sectors and sub-sectors, and analyses are held each year periodically, depending on the concentration of risk. On sector basis, the risk concentration is tracked on daily basis, and the sectors are not permitted to have risk concentrations of more than 20%. The debtors or the risk group are subjected to risk limitations from the standpoint of credit risks. The credit total granted to a real person or a judicial person by the Bank is not permitted to exceed 25% of their shareholder's equity or 4% of total deposits the bank (whichever is more). These totals represent the maximum limitations, and may be drawn to lower levels based on board of director resolutions, in light of the economic developments.

During the calculation of these limits, cash and non-cash loans are taken into consideration on a one-to-one basis. The harmony of the corporate loans to all these limitations, are followed up through daily reports. Provided that they conform to the legal legislation, the risk limits are allocated according to the credit degree of the credit clients, and whether they are old and new clients, their financial situations and their credit requirements.

23. FINANCIAL RISK MANAGEMENT (Continued)

a) Credit Risk (Continued)

Controls Applied During the Allocation of Loans

The risks and limits emerging from the treasury transactions and the client based commercial transactions are followed up on daily basis. Moreover, the credit limits that are allocated according to the degrees of the correspondent banks and the maximum risk that could be taken by the bank within the limits of their shareholder's equity are also controlled on daily basis. One step before these controls that are applied on daily basis lays the "preventive controls" that are applied prior to the materialization of the relevant transaction. These controls consist of the inner controls of the department conducting (performing or approving) the transaction on the system (for the follow up of the risk limits) and the controls applied by the Internal Control unit.

The Tracking of the Credit Portfolio

The developments in the Bank's credit portfolio are tracked through focusing on the issues mentioned below, and the trend analyses, and the values/ratios that they cover, are appraised through comparison with the scope of the sector to which they belong. During the appraisal of the concentration level, the distribution of the share within the bank balance is also taken into consideration in compliance with the stable and adopted policies and limits.

The size of the total loans in terms of product, monetary limit and quantity, their concentration on the base of each country and province and the concentration of the corporate loans, calculated according to the risk group, sector, the rating grade, and the guarantees, are stated in the credit risk reports that are prepared on monthly basis, and the conformity of the concentrations to the legal regulations to which they are subject, and the limits determine for the Bank, are tracked.

Currently, the Bank has the objective of not becoming subject to foreign exchange risk and a conflict between maturity and interest, and for this purpose, it uses "futures, options and similar types of contracts" in order to meet and control the credit risks that might arise from the rates of foreign exchange, maturity and interests. Through this way, the counter party risks that might occur with counter party banks and financial institutions where the derivative transactions are performed in connection with the collateralization structure. There exists specific risk control limits over the future contracts on the basis of the counter parties, and these are evaluated together with the other potential risks that arise from the credit risk market movements that are undertaken for the derivative instruments. In futures, the fulfilment of rights and acquisitions are generally possible at maturity. However, in order to minimize the risk, the reverse positions of the current positions are obtained in the relevant markets, and through this way, the risks are settled.

The risks that are renewed and that once again become subject to an amortization plan are tracked by the Bank according to the Bank's credit risk management and follow up principles. The financial status and commercial relations of the concerned client are habitually analyzed and whether the principal and interest payments are duly extended according to the renewed plan is tracked by the relevant units. Since the loans and other receivables relating to the loans that are renewed and that are rescheduled are quantitatively not material enough to significantly affect the financial statements of the Bank, no other additional method besides the tracking method defined in the legislation has been developed. The non-cash loans that have been indemnified become subject to the same risk group as the loans that have become overdue. The risks that emerge for the Bank from the international finance institutions, and the country risks, are generally taken by the international grading companies on the financial institutions and countries at the investment level, in other words, that are not exposed to the risk of the failure in the fulfilment of their minimum requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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23. FINANCIAL RISK MANAGEMENT (Continued)

a) Credit Risk (Continued)

The Tracking of the Credit Portfolio (Continued)

The risks that are renewed and that once again become subject to an amortization plan are tracked by the Bank according to the Bank's credit risk management and follow up principles. The financial status and commercial relations of the concerned client are habitually analyzed and whether the principal and interest payments are duly extended according to the renewed plan is tracked by the relevant units. Since the loans and other receivables relating to the loans that are renewed and that are rescheduled are quantitatively not material enough to significantly affect the financial statements of the Bank, no other additional method besides the tracking method defined in the legislation has been developed. The non-cash loans that have been indemnified become subject to the same risk group as the loans that have become overdue. The risks that emerge for the Bank from the international finance institutions, and the country risks, are generally taken by the international grading companies on the financial institutions and countries at the investment level, in other words, that are not exposed to the risk of the failure in the fulfilment of their minimum requirements.

When appraised together with the financial activities of the other financial institutions, it is noted that the Bank keeps the credit risk, which is actually the biggest risk to which it is exposed, at the lowest limit, through the application of an effective method. As an active participant in the international banking market, when appraised together with the financial activities of the other financial institutions, it is noted that the Bank is not exposed to a significant credit risk concentration.

Sensitivity to Credit Risk

	December 31, 2012	December 31, 2011
Receivables from banks and financial institutions	96.557.440	58.059.245
Receivables from inter-bank and other money markets	2.023.660	13.874
Financial assets held for trading	42.199.124	60.420.979
Loans given to the customers	512.648.191	406.500.851
	653.428.415	524.994.949
Guarantees and sureties	23.833.915	21.847.303
Commitments	25.033.500	26.367.500
Foreign currency and interest limit related transactions	13.168.600	768.330
Total sensitivity to credit risks	715.464.430	573.978.082

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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23. FINANCIAL RISK MANAGEMENT (Continued)

a) Credit Risk (Continued)

Credit Quality

	December 31, 2012	December 31, 2011
Credits in the follow-up	43.075.322	35.544.236
Provisions set aside for credits in the follow-up (-)	(37.209.159)	(35.544.236)
	5.866.163	--
Overdue but not impaired loans	291.774	72.013
Not overdue and not impaired loans	511.771.898	409.458.185
Restructured loans	404.548	1.487.841
	512.468.220	411.018.039
General provisions for loans (-)	(5.686.192)	(4.517.188)
	512.648.191	406.500.851

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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23. FINANCIAL RISK MANAGEMENT (Continued)

a) Credit Risk (Continued)

Assets/Liabilities- The distribution of non-cash loans/Investments among geographical regions

Current period	Assets	Liabilities (3)	Non-Cash Loans	Capital Investments	Net Profit/Loss
Domestic	707.745.680	763.817.366	23.833.915	--	17.198.385
EU Countries	101.807	--	--	--	--
OECD Countries (1)	121.348.238	5.810.088	--	--	--
Off Shore Banking Countries	--	--	--	--	--
USA Canada	--	--	--	--	--
Other Countries	5.214.854	--	--	--	--
Subsidiary/Affiliate/Controlled Enterprises	--	--	--	2.254.367	--
Partnerships (Business Partnerships)	--	--	--	--	--
Undistributed Assets/Liabilities (2)	--	--	--	--	--
Total	834.410.579	769.627.454	23.833.915	2.254.367	17.198.385
Previous period					
Domestic	543.152.350	567.446.816	21.847.303	--	14.740.067
EU Countries	86.817	--	--	--	--
OECD Countries (1)	90.520.314	32.435.724	--	--	--
Off Shore Banking Countries	--	--	--	--	--
USA Canada	--	--	--	--	--
Other Countries	19.258.145	--	--	--	--
Subsidiary/Affiliate/Controlled Enterprises	--	--	--	2.254.367	--
Partnerships (Business Partnerships)	--	--	--	--	--
Undistributed Assets/Liabilities (2)	--	--	--	--	--
Total	653.017.626	599.882.540	21.847.303	2.254.367	14.740.067

(1) OECD countries excluding EU Countries, USA and Canada

(2) Assets and Liabilities that are not distributed among the sections on the basis of a consistent basis

(3) Shareholder's Equity has not been included

23. FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity Risk

Liquidity risk is the risk that occurs in cases when there are no cash assets or cash inflows at a level and quality that would meet the cash outflows as the result of an instability in cash flow. The liquidity risk may also emerge in cases when an enterprise cannot accomplish market penetration at a desirable level, and when it becomes unable to close its positions and exit from the positions due to the obstructions and divisions that take place in the markets.

The liquidity risks of the banks may usually emerge from the general delays that might appear in the collection of loans. The objective of the bank is to ensure a harmonization between its assets and the maturity structure of its accumulated funds. The short term liquidity needs of the Bank are met by long term borrowings. Moreover, insofar as the conditions of the internal markets allow, the resources of the internal markets are also used.

According to the Bank policies, the Bank itself should primarily ensure an asset structure that would always be capable of meeting all types of debts with its liquid resources. Within this scope, the Bank has not experienced a liquidity problem at any period. It is assumed that the parent company will always ensure that the strong capital structure of the Bank and its assets/liabilities structure in harmony with its maturity will not experience any type of liquidity problem in the future.

Pursuant to the general policies of the Bank, the maturity structures of the assets and liabilities, and the interest rates are always harmonized within the framework of the Asset/Liability Management strategies, and the Bank always exerts efforts to ensure that the inputs of the assets and liabilities in TRY and F/X in the balance sheet, and the difference arising from the cost, are managed in a positive manner.

When the funding and the liquidity sources are taken into consideration, it is noted that in meeting its liquidity needs, besides its strong capital structure, the Bank also provides resources by using long term borrowings and loans from correspondent banks.

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23. FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity Risk (Continued)

December 31, 2012	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year and Above	Non Distributed	Total
Assets								
Cash and central bank accounts	101.559.960	--	--	--	--	--	--	101.559.960
Receivables from banks and financial institutions	82.941.345	293.199	13.322.896	--	--	--	--	96.557.440
Receivables from inter-bank and other money markets	--	2.023.660	--	--	--	--	--	2.023.660
Central bank reserve funds	--	55.030.011	--	--	--	--	--	55.030.011
Financial assets held for trading	--	777.501	4.919.179	18.424.086	9.863.261	8.215.097	--	42.199.124
Financial assets held for investment	--	--	--	--	--	--	--	--
Loans given to the clients	151.836.798	3.243.657	2.762.638	2.661.019	7.459.199	344.684.880	--	512.648.191
Investments	--	--	--	--	--	--	2.254.367	2.254.367
Tangible fixed assets, net	--	--	--	--	--	--	9.949.207	9.949.207
Intangible fixed assets, net	--	--	--	--	--	--	--	--
Deferred taxes	--	--	--	--	--	--	110.136	110.136
Other assets	--	14.332.849	1	--	--	--	--	14.332.850
Total assets	336.338.103	75.700.877	21.004.714	21.085.105	17.322.460	352.899.977	12.313.710	836.664.946
Liabilities								
Other bank assets	60.019	--	15.597.134	71.400	--	--	--	15.728.553
Client deposits	57.339.435	6.218.504	435.139.137	137.967.976	56.000.820	17.405.023	--	710.070.895
Payables to the money markets	14.140.561	--	--	--	--	--	--	14.140.561
Funds borrowed	5.810.088	--	--	--	--	--	--	5.810.088
Provisions	--	--	--	--	--	--	--	--
Corporation tax	--	--	--	3.834.126	--	--	--	3.834.126
Deferred tax liabilities	--	--	--	--	--	--	--	--
Other liabilities	--	20.043.231	--	--	--	--	67.037.492	87.080.723
Total liabilities	77.350.103	26.261.735	450.736.271	141.873.502	56.000.820	17.405.023	67.037.492	836.664.946
Net	258.988.000	49.439.142	(429.731.557)	(120.788.397)	(38.678.360)	335.494.954	(54.723.782)	--

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23. FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity Risk (Continued)

December 31, 2011	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year and Above	Non Distributed	Total
Assets								
Cash and central bank accounts	64.822.920	--	--	--	--	--	--	64.822.920
Receivables from banks and financial institutions	3.697.849	54.361.396	--	--	--	--	--	58.059.245
Receivables from inter-bank and other money markets	--	13.874	--	--	--	--	--	13.874
Central bank reserve funds	--	45.151.969	--	--	--	--	--	45.151.969
Financial assets held for trading	--	3.142.509	1.071.244	13.917.958	27.645.513	14.643.755	--	60.420.979
Financial assets held for investment	--	--	--	--	--	--	--	--
Loans given to the clients	73.492.717	62.057.950	1.587.310	1.528.824	9.472.693	258.361.357	--	406.500.851
Investments	--	--	--	--	--	--	2.254.367	2.254.367
Tangible fixed assets, net	--	--	--	--	--	--	7.943.664	7.943.664
Intangible fixed assets, net	--	--	--	--	--	--	--	--
Deferred taxes	--	--	--	--	--	--	294.588	294.588
Other assets	487.720	9.001.238	--	--	--	--	320.578	9.809.536
Total assets	142.501.206	173.728.936	2.658.554	15.446.782	37.118.206	273.005.112	10.813.197	655.271.993
Liabilities								
Other bank assets	38.200	1.201.326	81.045	--	--	--	--	1.320.571
Client deposits	38.713.361	55.860.209	340.755.401	50.725.487	44.961.574	11.128.756	--	542.144.788
Payables to the money markets	--	6.878.308	--	--	--	--	--	6.878.308
Funds borrowed	--	33.683.516	--	--	--	--	--	33.683.516
Provisions	--	--	--	--	--	--	--	--
Corporation tax	--	--	--	3.364.156	762.641	--	--	4.126.797
Deferred tax liabilities	--	--	--	--	--	--	--	--
Other liabilities	6.844.630	4.883.930	--	--	--	--	55.389.453	67.118.013
Total liabilities	45.596.191	102.507.289	340.836.446	54.089.643	45.724.215	11.128.756	55.389.453	655.271.993
Net	96.905.015	71.221.647	(338.177.892)	(38.642.861)	(8.606.009)	261.876.356	(44.576.256)	--

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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23. FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity Risk (Continued)

Maturity analysis table for the derivatives

December 31, 2012	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Transactions for purpose of Purchase and Sale						
Derivative Instruments Concerning Foreign						
Exchange	13.168.600	--	--	--	--	13.168.600
Forward Exchange Purchase Transactions	--	-	-	-	-	--
Forward Exchange Sale Transactions	13.168.600	-	-	-	-	13.168.600
Total Derivative Transactions	13.168.600	--	--	--	--	13.168.600

December 31, 2011	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Transactions for purpose of Purchase and Sale						
Derivative Instruments Concerning Foreign						
Exchange	768.330	--	--	--	--	768.330
Forward Exchange Purchase Transactions	768.330	-	-	-	-	768.330
Forward Exchange Sale Transactions	--	-	-	-	-	--
Total Derivative Transactions	768.330	--	--	--	--	768.330

23. FINANCIAL RISK MANAGEMENT (Continued)

c. Foreign Currency Risk

The foreign currency risk implies the probable risks to which the company may become exposed on account of the changes that might occur in the exchange rates.

During the calculation of the capital liability that is taken as basis in the foreign currency risk, all assets and liabilities of the Bank in foreign currency, as well as all its forward transactions in foreign currency, are taken into consideration. The net short term and long term positions of each foreign currency asset of the Bank is calculated on the basis of their equivalents in TRY. The position that is higher in terms of the absolute value, are taken as the amount taken as basis in capital liability. The capital liability is calculated over this total. The Board of Directors of the Bank determines limits for the positions tracked on daily basis, and these limits are reviewed and approved on the Board Meetings held on monthly basis.

The Bank's Treasury Department, is held as responsible for the management of the value, liquidity, and the convertibility of the assets in Turkish lira foreign currency that might occur in the domestic and foreign markets within the framework of the limits approved by the Board of Directors. The risks that occur in the money markets and the transactions that create such risks are controlled on daily basis, and are reported by the Bank management on daily basis.

The bank does not accept foreign exchange risk position and the assets and liabilities in foreign currency are kept in a balance against foreign exchange risks. Moreover, the Bank does not aim to derive revenues through carrying foreign exchange position and performing purchase and sale transactions.

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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23. FINANCIAL RISK MANAGEMENT (Continued)

c. Foreign Currency Risk (Continued)

December 31, 2012	US\$	EURO	GBP	JPY	TL Equivalent
Assets					
Cash and central bank accounts	2.121.961	2.443.222	7.937.122	--	32.466.339
Receivables from banks and financial institutions	1.035.160	542.279	670.882	--	5.062.878
Receivables from inter-bank and other money markets	--	--	--	--	--
Central bank reserve funds	1.320.487	1.668.436	4.357.506	--	18.872.381
Financial assets held for trading	--	--	--	--	--
Financial assets held for investment	--	--	--	--	--
Loans given to the clients	17.839.292	20.569.954	45.232.400	--	210.937.120
Investments	--	--	--	--	--
Tangible fixed assets, net	--	--	--	--	--
Intangible fixed assets, net	--	--	--	--	--
Deferred taxes	--	--	--	--	--
Other assets	3.225	5.848	25.647	--	93.602
Total assets	22.320.124	25.229.739	58.223.558	--	267.432.320
Liabilities					
Other bank assets	40.523	1.661	5.062.861	--	14.697.790
Client deposits	17.517.020	21.424.890	49.714.115	103	225.319.290
Payables to the money markets	3.001.004	2.500.984	1.001.195	--	14.140.561
Funds borrowed	--	--	2.011.803	--	5.810.088
Provisions	--	--	--	--	--
Corporation tax	--	--	--	--	--
Deferred tax liabilities	--	--	--	--	--
Other liabilities	432.184	147.237	619.043	--	2.906.138
Total liabilities	20.990.731	24.074.773	58.409.018	103	262.873.867
Net balance sheet position					
	(1.700.000)	(1.500.000)	--	--	(6.568.500)
Derivative transactions, net	(370.608)	(345.034)	(185.460)	(103)	(2.010.047)
Net foreign exchange position	2.121.961	2.443.222	7.937.122	--	32.466.339

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

23. FINANCIAL RISK MANAGEMENT (Continued)

c. Foreign Currency Risk (Continued)

December 31, 2011	US\$	EURO	GBP	JPY	TL Equivalent
Assets					
Cash and central bank accounts	1.928.362	4.728.693	7.711.771	--	37.648.090
Receivables from banks and financial institutions	1.995.244	952.381	1.562.696	548.308	10.631.759
Receivables from inter-bank and other money markets	--	--	--	--	--
Central bank reserve funds	874.547	1.153.550	3.882.203	--	15.793.415
Financial assets held for trading	1.302.249	--	--	--	2.437.810
Financial assets held for investment	--	--	--	--	--
Loans given to the clients	5.481.924	7.969.896	40.076.418	--	146.836.592
Investments	--	--	--	--	--
Tangible fixed assets, net	--	--	--	--	--
Intangible fixed assets, net	--	--	--	--	--
Deferred taxes	--	--	--	--	--
Other assets	3.511	23.332	37.783	--	173.738
Total assets	11.585.837	14.827.852	53.270.871	548.308	213.521.404
Liabilities					
Other bank assets	995	21.622	251	--	55.095
Client deposits	11.395.626	14.209.991	40.266.896	547.892	173.628.526
Payables to the money markets	--	--	2.351.558	--	6.878.308
Funds borrowed	--	513.918	11.089.136	--	33.683.516
Provisions	--	--	--	--	--
Corporation tax	--	--	--	--	--
Deferred tax liabilities	--	--	--	--	--
Other liabilities	221.780	140.682	315.814	--	1.680.504
Total liabilities	11.618.401	14.886.213	54.023.655	547.892	215.925.949
Net balance sheet position	(32.564)	(58.361)	(752.784)	416	(2.404.545)
Derivative transactions, net	110.000	--	60.000	--	381.420
Net foreign exchange position	77.436	(58.361)	(692.784)	416	(2.023.125)

23. FINANCIAL RISK MANAGEMENT (Continued)

d. Interest Risk

Interest rate risk implies the probability of loss that the Bank might become exposed, depending on its position, due to the movements in interest rates. It is managed by the Treasury group and is tracked by the risk management department. The sensitivity of the assets, liabilities and the off-balance sheet items to interests in connection with the interest risks are measured by using a standard method. In the assessments made relating to the interest rate risks, the initial step is to insert the instruments that are subject to interest rate risk, among the maturity brackets by taking into account the remaining maturity or the period left for re-pricing. During the second stage, the instruments found in various maturity brackets, are weighted at their risk weights for the adjustments that will reflect the volatility of the interest rate corresponding to their maturity structures.

One of the major principles of the Bank is to avoid the emergence of any disagreements concerning interest rates. During the formation of an asset, primarily the interest structure of the funding process is taken into account, and the concerned asset is formed on the basis of this structure.

Simulations are applied regarding the interest gains, based on the estimates of macroeconomic indicators in the budget expectations of the bank. The negative effects to be created in the fluctuations that occur in the interest rates of the market on the financial position and the cash flows are minimized through target revisions.

The Bank management keeps track of the interest rates in the market on daily basis, and may change the interest rates of the Bank if deemed as necessary. Moreover, during the monthly Board meetings, the sensitivity of the balance sheet to interests is reviewed, and discussions are made on the simulations that have been applied.

Since the Bank does not allow or introduces limitations on any discrepancies in due dates (maturities), a significant risk concerning interest rates is not anticipated.

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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23. FINANCIAL RISK MANAGEMENT (Continued)

d. Interest Risk (Continued)

December 31, 2012	Up to 1 Month	1-3 Months	3-6 Months	6 months-1 year	1 year and above	Interest Free	Total
Assets							
Cash and central bank accounts	--	--	--	--	--	101.559.960	101.559.960
Receivables from banks and financial institutions	293.199	13.322.896	--	--	--	82.941.345	96.557.440
Receivables from inter-bank and other money markets	2.023.660	--	--	--	--	--	2.023.660
Central bank reserve funds	55.030.011	--	--	--	--	--	55.030.011
Financial assets held for trading	777.501	4.919.179	18.424.086	9.863.261	8.215.097	--	42.199.124
Financial assets held for investment	--	--	--	--	--	--	--
Loans given to the clients	240.944.650	2.762.638	2.661.019	7.459.199	106.983.887	151.836.798	512.648.191
Investments	--	--	--	--	--	2.254.367	2.254.367
Tangible fixed assets, net	--	--	--	--	--	9.949.207	9.949.207
Intangible fixed assets, net	--	--	--	--	--	--	--
Deferred taxes	--	--	--	--	--	110.136	110.136
Other assets	--	--	--	--	--	14.332.850	14.332.850
Total assets	299.069.021	21.004.713	21.085.105	17.322.460	115.198.984	362.984.663	836.664.946
Liabilities							
Other bank assets	--	15.597.134	71.400	--	--	60.019	15.728.553
Client deposits	6.218.504	435.139.137	137.967.976	56.000.820	17.405.023	57.339.435	710.070.895
Payables to the money markets	--	--	--	--	--	14.140.561	14.140.561
Funds borrowed	--	--	--	--	--	5.810.088	5.810.088
Provisions	--	--	--	--	--	--	--
Corporation tax	--	--	--	--	--	3.834.126	3.834.126
Deferred tax liabilities	--	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	87.080.723	87.080.723
Total liabilities	6.218.504	450.736.271	138.039.376	56.000.820	17.405.023	168.264.952	836.664.946
Net	292.850.517	(429.731.558)	(116.954.271)	(38.678.360)	97.793.961	194.719.711	--

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

23. FINANCIAL RISK MANAGEMENT (Continued)

d. Interest Risk (Continued)

December 31, 2011	Up to 1 Month	1-3 Months	3-6 Months	6 months-1 year	1 year and above	Interest Free	Total
Assets							
Cash and central bank accounts	--	--	--	--	--	64.822.920	64.822.920
Receivables from banks and financial institutions	54.361.396	--	--	--	--	3.697.849	58.059.245
Receivables from inter-bank and other money markets	13.874	--	--	--	--	--	13.874
Central bank reserve funds	45.151.969	--	--	--	--	--	45.151.969
Financial assets held for trading	3.142.509	1.071.244	13.917.958	27.645.513	14.643.755	--	60.420.979
Financial assets held for investment	--	--	--	--	--	--	--
Loans given to the clients	189.366.965	5.931.904	2.967.024	9.472.693	125.269.548	73.492.717	406.500.851
Investments	--	--	--	--	--	2.254.367	2.254.367
Tangible fixed assets, net	--	--	--	--	--	7.943.664	7.943.664
Intangible fixed assets, net	--	--	--	--	--	--	--
Deferred taxes	--	--	--	--	--	294.588	294.588
Other assets	--	--	--	--	--	9.809.536	9.809.536
Total assets	292.036.713	7.003.148	16.884.982	37.118.206	139.913.303	162.315.641	655.271.993
Liabilities							
Other bank assets	1.201.326	81.045	--	--	--	38.200	1.320.571
Client deposits	55.860.209	340.755.401	50.725.487	44.961.574	11.128.756	38.713.361	542.144.788
Payables to the money markets	6.878.308	--	--	--	--	--	6.878.308
Funds borrowed	33.683.516	--	--	--	--	--	33.683.516
Provisions	--	--	--	--	--	--	--
Corporation tax	--	--	--	--	--	4.126.797	4.126.797
Deferred tax liabilities	--	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	67.118.013	67.118.013
Total liabilities	97.623.359	340.836.446	50.725.487	44.961.574	11.128.756	109.996.371	655.271.993
Net	194.413.354	(333.833.298)	(33.840.505)	(7.843.368)	128.784.547	52.319.270	--

CREDITWEST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Currency in Turkish Lira (TRY) unless indicated otherwise)

23. FINANCIAL RISK MANAGEMENT (Continued)

d. Interest Risk (Continued)

The average interest rate applied on monetary financial assets

December 31, 2012	TRY %	US\$ %	EURO %	GBP %	JPY %
Assets					
Cash and Central Bank accounts	5,00%	0,05%	0,75%	0,50%	--
Receivables from banks and financial institutions	9,03%	--	--	--	--
Receivables from Inter-Bank and other money markets	5,00%	--	--	--	--
Reserve Requirements of the Central Bank	5,00%	--	0,50%	0,25%	--
Financial assets held for trading	7,99%	--	--	--	--
Financial assets held for investment	--	--	--	--	--
Loans given to clients	24,00%	12,00%	12,00%	12,00%	--
Liabilities					
Other bank deposits	7,00%	0,05%	--	5,11%	--
Client deposits	8,00%	3,00%	3,50%	3,50%	--
Payables due to the money markets	--	0,75%	1,75%	1,75%	--
Funds borrowed	--	--	--	4,50%	--
December 31, 2011					
	TL %	USD %	EURO %	GBP %	JPY %
Assets					
Cash and Central Bank accounts	5,00%	0,05%	0,75%	0,50%	--
Receivables from banks and financial institutions	11,21%	--	--	--	--
Receivables from Inter-Bank and other money markets	9,00%	--	--	--	--
Reserve Requirements of the Central Bank	5,00%	--	0,50%	0,25%	--
Financial assets held for trading	8,40%	11,50%	--	--	--
Financial assets held for investment	--	--	--	--	--
Loans given to clients	24,00%	12,00%	12,00%	12,00%	--
Liabilities					
Other bank deposits	8,90%	--	3,50%	--	--
Client deposits	8,00%	3,00%	3,50%	3,50%	--
Payables due to the money markets	--	--	--	1,75%	--
Funds borrowed	--	--	4,00%	5,27%	--

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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23. FINANCIAL RISK MANAGEMENT (Continued)

e. Capital Adequacy

The risk measurement methods used in the determination of the capital adequacy standard ratios, and the measurement of the capital adequacy standard ratios are conducted within the framework of the provisions of the TRNC Banking Law.

As of December 31, 2012, the capital adequacy standard ratio of the Bank calculated according to the provisions of the TRNC Banking Law, is 12,66 % (December 31, 2011 – 13,15%).

The data that are drawn up in accordance with the legislation concerning accounting and recording order were used in the calculation of the capital adequacy standard ratio. Moreover, the market risk total was also calculated according to the TRNC Banking Law, and this total was also included in the calculations concerning capital adequacy standard ratio.

During the calculation of the shareholders' equity, the totals that are treated as values that are deducted from the capital, and the risk weighted assets, are not included in the calculation of the non-cash loans and liabilities. During the calculation of the risk weighted assets, the calculations are made over the net totals that remain after the deduction of the assets that are subject to depletion and loss of value, related depreciation allowances and the provisions set aside.

In the transactions concerning non-cash loans, during the calculation of the totals that are taken as basis in credit risk, the net totals that are assessed following the deduction of the special provisions set aside pursuant to the TRNC Banking Law, and that are tracked under the liabilities accounts, are calculated through multiplication with the "Risk Weighted Assets, Non-Cash Loans and Liabilities" the credit conversion rates specified, and through the application of the risk weights determined in the Capital Adequacy Analysis Form.

In transactions concerning foreign currency and interest limits, during the calculation of the totals taken as basis in credit risks, the receivables due from the counter party, are first multiplied by the credit conversion rates specified in the Communiqué Concerning the Procedures and Principles Relating to Credits, promulgated in the Official Gazette dated 20.06.2002 and numbered 67, and then are weighted down through the application of the risk weights determined in the Capital Adequacy Analysis Form.

	December 31, 2012	December 31, 2011
Principal capital	67.037.492	55.407.763
Contribution capital	5.686.192	4.577.257
Values deducted from the capital	(4.443.753)	(1.617.913)
Equity capital	68.279.931	58.367.107
Credit risk	436.434.927	351.705.328
Market risk (Including foreign currency risk)	5.125.303	6.663.925
Operational risk	97.803.961	85.331.752
Total risk	539.364.191	443.701.005
Capital adequacy ratio %	12,66%	13,15%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency in Turkish Lira (TRY) unless indicated otherwise)

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Bank using available market information, management's judgment and appropriate valuation methodologies. The following disclosure of the estimated fair value of financial instruments is made with the requirements of IAS 32. To the extent, relevant and reliable information is available from the financial markets in Turkey; the fair value of the financial instruments of the Bank is based on such market data. The fair values of the remaining financial instruments of the Bank can only be estimated. The estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the Bank's financial instruments:

Financial Assets

Monetary assets for which fair value approximates carrying value:

-Balances denominated in foreign currencies are translated at year-end exchange rates. The fair value of certain financial assets carried at cost, including cash and due from banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values. -The carrying value of the trade receivables net of provisions for uncollectible are considered to approximate their fair values.

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

-The fair values of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

-The fair values of long-term bank borrowings which are denominated in foreign currencies and translated at year-end exchange rates are considered to approximate their carrying values.

25. SUBSEQUENT EVENTS

None. (2011 : None)

26. CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS

For the convenience of the reader, the accompanying financial statements have been translated from Turkish Lira to EURO with the Central Bank buying exchange rate at period-end (2012: 1 EURO = TL 2,3560 2011: 1 EURO = TL 2,4280). Such convenience translations are not intended to comply with the provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates" or Financial Accounting Standards Board No.52 "Foreign Currency Translations" for the translation of financial statements.

CREDITWEST BANK LIMITED**BALANCE SHEETS****AT DECEMBER 31, 2012 AND 2011****(Currency - EURO)**

	31 Aralık 2012	31 Aralık 2011
<u>ASSETS</u>		
Cash and cash equivalents	43.106.944	26.698.072
Due from banks and financial institutions	40.983.633	23.912.374
Interbank and other money market placements	858.939	5.714
Reserve deposits at central banks	23.357.390	18.596.363
Financial assets valued at fair value through profit or loss	17.911.343	24.885.082
Loans and advances to customers	217.592.611	167.422.100
Investments	956.862	928.487
Tangible assets, net	4.222.923	3.271.690
Deferred tax assets	46.747	121.329
Other assets	6.083.553	4.040.171
TOTAL ASSETS	355.120.945	269.881.382
<u>LIABILITIES</u>		
Deposit from other banks	6.675.956	543.893
Customer deposits	301.388.326	223.288.628
Money market deposits	6.001.936	2.832.911
Funds borrowed	2.466.081	13.872.947
Provisions	--	--
Current tax liabilities	1.627.388	1.699.669
Other liabilities	8.507.314	4.830.544
TOTAL LIABILITIES	326.667.001	247.068.592
<u>SHAREHOLDERS' EQUITY</u>		
Capital	4.340.288	4.211.581
Retained earnings	16.813.832	12.530.341
Net profit for the year	7.299.824	6.070.868
TOTAL SHAREHOLDERS' EQUITY	28.453.944	22.812.790
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	355.120.945	269.881.382
COMMITMENTS AND CONTINGENT LIABILITIES	26.331.076	27.794.379

CREDITWEST BANK LIMITED

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Currency - EURO)

	January 01, - December 31, 2012	January 01, - December 31, 2011
Interest income on loans and advances	28.310.463	23.253.838
Interest income on reserve deposits	706.871	539.593
Interest income on banks	2.739.199	1.306.243
Interest income on securities portfolio	2.278.007	1.284.429
Interest income on money market transactions	26.226	38.019
Other interest income	167.766	26.540
Total interest income	34.228.532	26.448.662
Interest expense on deposits (-)	(19.945.919)	(13.320.739)
Interest expense on repurchase transactions (-)	--	(17.050)
Interest expense on money market deposits (-)	(26.190)	(37.523)
Interest expense on funds borrowed (-)	(66.620)	(297.807)
Total interest expense (-)	(20.038.729)	(13.673.119)
Net interest income	14.189.803	12.775.543
Fees and commission income	4.914.328	4.025.624
Fees and commission expense (-)	(252.571)	(236.505)
Net fee and commission income	4.661.757	3.789.119
Net trading income	170.954	(147.568)
Foreign exchange gain, net	1.040.112	999.708
Other operating income	1.736.952	2.869.595
Total operating income	21.799.578	20.286.397
Provision for losses on loans and receivables (-)	(4.000.932)	(5.642.036)
Personnel expenses (-)	(6.111.085)	(4.948.353)
Depreciation and amortization (-)	(599.013)	(478.484)
Administrative expenses (-)	(1.700.110)	(1.277.537)
Taxes other than on income (-)	(74.541)	(64.855)
Total operating expense (-)	(8.484.749)	(6.769.229)
Profit / (loss) before income tax	9.313.897	7.875.132
Tax income / (charge), net	(2.014.073)	(1.804.264)
Net profit for the year	7.299.824	6.070.868