

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND
REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH,
SEE IN NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 JUNE 2013**



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

To the Board of Directors of Burgan Bank A.Ş.:

We have reviewed the accompanying unconsolidated balance sheet of Burgan Bank A.Ş. ("the Bank") at 30 June 2013 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Burgan Bank A.Ş. at 30 June 2013 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Zeynep Uras, SMMM
Partner

Istanbul, 14 August 2013

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE I. OF SECTION THREE**

**THE UNCONSOLIDATED FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 30 JUNE 2013**

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

- **Section One** **GENERAL INFORMATION ABOUT THE BANK**
- **Section Two** **UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**
- **Section Three** **EXPLANATIONS ON ACCOUNTING POLICIES**
- **Section Four** **INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK**
- **Section Five** **EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED
FINANCIAL STATEMENTS**
- **Section Six** **INDEPENDENT AUDITOR'S REPORT**

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

August 14, 2013

Mehmet N. ERTEN
Chairman of the
Board of Directors

Mehmet G. SÖNMEZ
Member of the Board of
Directors and
General Manager

A.İdil KURAL
Finance Executive
Vice President

Ahmet CİĞA
Head of Accounting,
Tax, and
Reporting Unit

Halis Murat ECE
Head of the Audit Committee

Adrian Alejandro
GOSTUSKI
Member of the Audit
Committee

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

Name-Surname/Title : Ahmet CİĞA/Manager
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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013

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

SECTION ONE

GENERAL INFORMATION

**I. BANK’S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES
IN THIS MENTIONED STATUTE:**

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an “investment bank” with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorized to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. (“Bank Ekspres”) was established with the permission of the Council of Ministers in decision No. 91/2316 on 22 September 1991; “The Decree of Establishment Permission” was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund (“SDIF”) took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2.983.800.000 shares with a nominal value of Kr1 each and which amount to 99,46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57,69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency’s (“BRSA”) decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank’s name was changed to Tekfenbank Anonim Şirketi (the “Bank”), which had two main shareholders: Tekfen Holding A.Ş. with 57,30% and TST International S.A. with 40,62%.

EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group’s 70% share in Tekfenbank and Tekfen Leasing which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. On 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. (“Eurobank EFG Holding”) was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

Under the agreement regarding the sale of Eurobank Ergasias S.A.’s Turkey operations to Burgan Bank S.A.K., 70% of the bank shares belonging to Eurobank EFH Holding (Luxemburg) S.A. and 29,26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency’s authorization, and then 99,26% of the bank shares are turned over to Burgan Bank in 21 December 2012.

At the Extraordinary Board of Directors meeting on 23 January 2013, the title of the bank has been decided to change from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş., and has been registered to the Turkish Trade Registry as of 25 January 2013.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013

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

GENERAL INFORMATION (Continued)

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

There is no change in the Bank's capital and shareholding structure in 2013.

Founded in 1977, Burgan Bank S.A.K., as an affiliate of KIPCO Group (Kuwait Projects Company), one of the largest holding groups of the Middle East and North Africa (MENA) region, is among the significant banking groups in the region. Besides Kuwait, Burgan Bank Group also operates as a main shareholder with its affiliate banks in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), Jordan (Jordan Kuwait Bank) and Tunisia (Tunis International Bank).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013

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

GENERAL INFORMATION (Continued)

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Mehmet Nazmi Erten	Chairman	Undergraduate
Board of Directors Members:	Faisal H.M.H. Al Ayyar	Vice Chairman	Undergraduate
	Eduardo Eguren Linsen	Member	Undergraduate
	Faisal M.A. Al Radwan	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halis Murat Ece	Member	Undergraduate
	Mehmet Gani Sönmez	Member and General Manager	Undergraduate
General Manager:	Mehmet Gani Sönmez	Member and General Manager	Undergraduate
Vice General Managers: (*)	Bülent Nur Özkan	Senior Vice General Manager	Undergraduate
	Fatma Aliye Atalay	Private Banking	Graduate
	Esra Aydın	Operations	Undergraduate
	Mutlu Akpara	Treasury	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Fedon Hacaki	Loans	Graduate
	Ayşe İdil Kural	Financial Affairs	Undergraduate
	Cihan Vural	Internal Control and Audit	Undergraduate
	Soner Ersoy	Information Technology	Undergraduate
	Zeliha Deniz Veral	Transaction Banking	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
Audit Committee:	Adrian Alejandro Gostuski	Member	Graduate
	Halis Murat Ece	Member	Undergraduate

(*) As of 1 July 2013, Fedon Hacaki, the Vice General Manager responsible for Loans, was elected as the Vice General Manager responsible for risk management. Halis Murat Ece has been elected as Head of Auditing Committee as of 22 May 2013.

There is no share of the above individuals in the Bank.

**CONVENIENCE TRANSLATION OF PUBLICLY
ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013

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

GENERAL INFORMATION (Continued)

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank S.A.K.	565.772	%99,26	%99,26	-

Based on the Principal Agreement, the Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

V. INFORMATION ON THE BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 30 June 2013, the Bank has 60 branches operating in Turkey (31 December 2012: 60). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 June 2013, the Bank has 985 (31 December 2012: 976) employees.

VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN PARENT BANK AND ITS SUBSIDIARIES:

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**BURGAN BANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 JUNE 2013 AND 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. BALANCE SHEET	Note (Section Five)	(30/06/2013)			(31/12/2012)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	146.462	318.596	465.058	203.261	159.941	363.202
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	136.632	44.534	181.166	76.409	13.862	90.271
2.1 Trading Financial Assets		136.632	44.534	181.166	76.409	13.862	90.271
2.1.1 Government Debt Securities		96.760	220	96.980	71.015	227	71.242
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		39.872	44.314	84.186	5.394	13.635	19.029
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	I-c	34	17.481	17.515	114.778	98.479	213.257
IV. MONEY MARKETS					133.074		133.074
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	133.074	-	133.074
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	752.716		752.716	362.853		362.853
5.1 Share Certificates		6.460	-	6.460	5.161	-	5.161
5.2 Government Debt Securities		746.256	-	746.256	357.692	-	357.692
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	I-e	2.254.267	1.114.992	3.369.259	2.059.515	845.970	2.905.485
6.1 Loans		2.186.642	1.114.992	3.301.634	1.997.797	845.970	2.843.767
6.1.1 Loans to Bank's Risk Group		1.639	1	1.640	21	-	21
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		2.185.003	1.114.991	3.299.994	1.997.776	845.970	2.843.746
6.2 Loans under Follow-up		200.518	-	200.518	166.129	-	166.129
6.3 Specific Provisions (-)		132.893	-	132.893	104.411	-	104.411
VII. FACTORING RECEIVABLES	I-e	136.093	9.618	145.711	130.591	9.191	139.782
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f						
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g						
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	88.337		88.337	88.337		88.337
10.1 Unconsolidated Financial Subsidiaries		88.337	-	88.337	88.337	-	88.337
10.2 Unconsolidated non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	I-i						
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-j						
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-k						
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		24.756		24.756	25.033		25.033
XV. INTANGIBLE ASSETS (Net)		22.650		22.650	22.692		22.692
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		22.650	-	22.650	22.692	-	22.692
XVI. INVESTMENT PROPERTY (Net)	I-l						
XVII. TAX ASSET	I-m	9.109		9.109	6.736		6.736
17.1 Current Tax Asset		149	-	149	-	-	-
17.2 Deferred Tax Asset		8.960	-	8.960	6.736	-	6.736
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	16.410		16.410	12.694		12.694
18.1 Held for Resale		16.410	-	16.410	12.694	-	12.694
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-o	18.739	63.417	82.156	61.485	16.648	78.133
TOTAL ASSETS		3.606.205	1.568.638	5.174.843	3.297.458	1.144.091	4.441.549

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**BURGAN BANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 JUNE 2013 AND 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. BALANCE SHEET	Note (Section Five)	(30/06/2013)			(31/12/2012)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	1.621.903	1.267.884	2.889.787	1.926.412	1.338.143	3.264.555
1.1 Deposits of Bank's Risk Group		26.750	43.167	69.917	51.151	27.931	79.082
1.2 Other		1.595.153	1.224.717	2.819.870	1.875.261	1.310.212	3.185.473
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	20.495	58.853	79.348	8.478	12.375	20.853
III. BORROWINGS	II-c	42.108	738.231	780.339	43.402	159.297	202.699
IV. MONEY MARKETS		642.101		642.101	87.744		87.744
4.1 Funds from Interbank Money Market							
4.2 Funds from Istanbul Stock Exchange Money Market							
4.3 Funds Provided Under Repurchase Agreements		642.101		642.101	87.744		87.744
V. MARKETABLE SECURITIES ISSUED (Net)							
5.1 Bills							
5.2 Asset Backed Securities							
5.3 Bonds							
VI. FUNDS							
6.1 Borrower Funds							
6.2 Other							
VII. MISCELLANEOUS PAYABLES		30.504	10.798	41.302	34.169	10.996	45.165
VIII. OTHER LIABILITIES	II-d	22.823	6.723	29.546	89.248	2.428	91.676
IX. FACTORING PAYABLES							
X. LEASE PAYABLES (Net)	II-e						
10.1 Financial Lease Payables						1	1
10.2 Operational Lease Payables							
10.3 Other							
10.4 Deferred Financial Lease Expenses (-)						1	1
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f						
11.1 Fair Value Hedge							
11.2 Cash Flow Hedge							
11.3 Foreign Net Investment Hedge							
XII. PROVISIONS	II-g	53.319	28.527	81.846	52.972	22.145	75.117
12.1 General Loan Loss Provision		29.036	14.935	43.971	27.303	9.793	37.096
12.2 Restructuring Provisions							
12.3 Reserve for Employee Rights		15.549		15.549	18.193		18.193
12.4 Insurance Technical Provisions (Net)							
12.5 Other Provisions		8.734	13.592	22.326	7.476	12.352	19.828
XIII. TAX LIABILITY	II-h	10.322		10.322	11.998		11.998
13.1 Current Tax Liability		10.322		10.322	11.998		11.998
13.2 Deferred Tax Liability							
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS	II-i						
14.1 Held for Resale							
14.2 Discontinued Operations							
XV. SUBORDINATED LOANS	II-j						
XVI. SHAREHOLDERS' EQUITY	II-k	620.252		620.252	641.742		641.742
16.1 Paid-in Capital		570.000		570.000	570.000		570.000
16.2 Capital Reserves		6.371		6.371	13.902		13.902
16.2.1 Share Premium							
16.2.2 Share Cancellation Profits							
16.2.3 Marketable Securities Valuation Reserve		2.654		2.654	10.185		10.185
16.2.4 Tangible Assets Revaluation Reserve		3.717		3.717	3.717		3.717
16.2.5 Intangible Assets Revaluation Reserve							
16.2.6 Investment Property Revaluation Reserve							
16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures							
16.2.8 Hedging Reserves (Effective portion)							
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations							
16.2.10 Other Capital Reserves							
16.3 Profit Reserves		57.840		57.840	59.080		59.080
16.3.1 Legal Reserves		11.423		11.423	11.423		11.423
16.3.2 Status Reserves							
16.3.3 Extraordinary Reserves		46.417		46.417	47.657		47.657
16.3.4 Other Profit Reserves							
16.4 Income or (Loss)		(13.959)		(13.959)	(1.240)		(1.240)
16.4.1 Prior Years' Income/ (Loss)							
16.4.2 Current Year Income/ (Loss)		(13.959)		(13.959)	(1.240)		(1.240)
TOTAL LIABILITIES		3.063.827	2.111.016	5.174.843	2.896.165	1.545.384	4.441.549

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**BURGAN BANK A.Ş.
UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT
30 JUNE 2013 AND 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. OFF-BALANCE SHEET		Note (Section Five)	(30/06/2013)			(31/12/2012)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		5.499.470	9.049.293	14.548.763	2.198.032	3.971.008	6.169.040
I	GUARANTEES AND WARRANTIES	III-a-2-3	489.386	618.810	1.108.196	457.586	600.726	1.058.312
1.1	Letters of Guarantee		487.825	169.414	657.239	456.790	160.944	617.734
1.1.1	Guarantees Subject to State Tender Law		10.209	43.374	53.583	10.229	24.176	34.405
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		477.616	126.040	603.656	446.561	136.768	583.329
1.2	Bank Acceptances		1.070	96.009	97.079	305	94.936	95.241
1.2.1	Import Letter of Acceptance		1.070	96.009	97.079	305	94.936	95.241
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	259.303	259.303	-	115.632	115.632
1.3.1	Documentary Letters of Credit		-	259.303	259.303	-	115.632	115.632
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Pre-financing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		49	49	986	49	703	1.194
1.8	Other Guarantees		-	93.589	93.589	-	228.511	228.511
1.9	Other Collaterals		-	-	-	-	-	-
II	COMMITMENTS	III-a-1	627.728	597.450	1.225.178	408.334	97.174	505.508
2.1	Irrevocable Commitments		627.728	597.450	1.225.178	408.334	97.174	505.508
2.1.1	Asset Purchase and Sales Commitments		209.983	501.210	711.193	21.741	97.174	118.915
2.1.2	Deposit Purchase and Sales Commitments		-	96.240	96.240	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		104.206	-	104.206	88.406	-	88.406
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		276.050	-	276.050	267.935	-	267.935
2.1.8	Tax and Fund Liabilities from Export Commitments		18	-	18	18	-	18
2.1.9	Commitments for Credit Card Limits		37.293	-	37.293	30.056	-	30.056
2.1.10	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		178	-	178	178	-	178
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III	DERIVATIVE FINANCIAL INSTRUMENTS		4.382.356	7.833.033	12.215.389	1.332.112	3.273.108	4.605.220
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		4.382.356	7.833.033	12.215.389	1.332.112	3.273.108	4.605.220
3.2.1	Forward Foreign Currency Buy/Sell Transactions		421.611	839.939	1.261.550	157.430	511.404	668.834
3.2.1.1	Forward Foreign Currency Transactions-Buy		64.250	564.460	628.710	54.867	276.969	331.836
3.2.1.2	Forward Foreign Currency Transactions-Sell		357.361	275.479	632.840	102.563	234.435	336.998
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		512.986	1.495.049	2.008.035	129.900	972.942	1.102.842
3.2.2.1	Foreign Currency Swap-Buy		456.650	66.246	522.896	98.740	187.264	286.004
3.2.2.2	Foreign Currency Swap-Sell		31.160	479.221	510.381	31.160	250.730	281.890
3.2.2.3	Interest Rate Swap-Buy		12.588	474.791	487.379	-	267.474	267.474
3.2.2.4	Interest Rate Swap-Sell		12.588	474.791	487.379	-	267.474	267.474
3.2.3	Foreign Currency, Interest rate and Securities Options		3.447.759	5.498.045	8.945.804	1.044.782	1.788.762	2.833.544
3.2.3.1	Foreign Currency Options-Buy		1.714.887	2.737.167	4.452.054	522.391	866.782	1.389.173
3.2.3.2	Foreign Currency Options-Sell		1.732.872	2.717.784	4.450.656	522.391	866.782	1.389.173
3.2.3.3	Interest Rate Options-Buy		-	21.547	21.547	-	27.599	27.599
3.2.3.4	Interest Rate Options-Sell		-	21.547	21.547	-	27.599	27.599
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		12.003.817	8.079.116	20.082.933	10.342.614	7.585.391	17.928.005
IV	ITEMS HELD IN CUSTODY		1.603.590	231.555	1.835.145	1.605.746	226.199	1.831.945
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		516.15	3.770	519.924	634.592	3.514	638.106
4.3	Cheques Received for Collection		1.050.330	163.929	1.214.259	925.911	152.400	1.078.311
4.4	Commercial Notes Received for Collection		32.866	32.074	64.940	40.356	16.236	56.592
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		4.240	31.782	36.022	4.887	54.049	58.936
4.8	Custodians		-	-	-	-	-	-
V	PLEDGES RECEIVED		10.400.227	7.846.117	18.246.344	8.736.868	7.356.686	16.093.554
5.1	Marketable Securities		1.043	-	1.043	-	-	1.043
5.2	Guarantee Notes		8.274.743	6.154.331	14.429.074	6.761.107	5.574.693	12.335.800
5.3	Commodity		137.27	100.696	237.972	100.159	92.679	192.838
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		1.792.090	1.418.928	3.211.018	1.686.302	1.529.982	3.216.284
5.6	Other Pledged Items		195.077	172.160	367.237	188.257	159.332	347.589
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	1.444	1.444	-	2.506	2.506
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			17.503.287	17.128.409	34.631.696	12.540.646	11.556.399	24.097.045

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

**UNCONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2013 AND 30 JUNE 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III.	INCOME STATEMENT	Note (Section Five)	01/01/2013- 30/06/2013	01/01/2012- 30/06/2012	01/04/2013- 30/06/2013	01/04/2012- 30/06/2012
	INCOME AND EXPENSE ITEMS					
I.	INTEREST INCOME	IV-a	186.425	275.146	92.699	131.599
1.1	Interest on Loans		153.782	172.056	74.742	89.938
1.2	Interest Received from Reserve Requirements		-	-	-	-
1.3	Interest Received from Banks		154	32.708	66	15.746
1.4	Interest Received from Money Market Transactions		2.035	5.251	1.179	2.069
1.5	Interest Received from Marketable Securities Portfolio		19.912	45.234	11.151	16.028
1.5.1	Trading Financial Assets		1.555	9.167	538	5.059
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-	-	-
1.5.3	Available-for-sale Financial Assets		18.357	31.055	10.613	10.969
1.5.4	Held-to-maturity Investments		-	5.012	-	-
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		10.542	19.897	5.561	7.818
II.	INTEREST EXPENSE (-)	IV-b	102.812	187.902	50.646	89.684
2.1	Interest on Deposits (-)		84.401	109.038	39.263	53.876
2.3	Interest on Funds Borrowed (-)		4.857	47.293	3.050	23.143
2.4	Interest Expense on Money Market Transactions (-)		4.430	17.952	3.454	6.366
2.5	Interest on Securities Issued (-)		-	-	-	-
2.6	Other Interest Expenses (-)		9.124	13.619	4.879	6.299
III.	NET INTEREST INCOME (I + II)		83.613	87.244	42.053	41.915
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		7.742	13.913	3.877	5.677
4.1	Fees and Commissions Received		9.933	16.200	4.990	6.959
4.1.1	Non-cash Loans		5.815	10.108	2.837	4.615
4.1.2	Other		4.118	6.092	2.153	2.344
4.2	Fees and Commissions Paid (-)	IV-k	2.191	2.287	1.113	1.282
4.2.1	Non-cash Loans (-)		4	4	2	2
4.2.2	Other (-)	IV-k	2.187	2.283	1.111	1.280
V.	DIVIDEND INCOME		425	17.135	425	17.135
VI.	TRADING INCOME/(LOSS) (Net)	IV-c	17.622	15.756	12.182	6.047
6.1	Trading Gains/(Losses) on Securities		3.214	6.127	3.313	1.629
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		14.011	4.906	8.155	2.687
6.3	Foreign Exchange Gains/(Losses)		397	4.723	714	1.731
VII.	OTHER OPERATING INCOME	IV-d	4.015	3.462	2.965	1.539
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		113.417	137.510	61.502	72.313
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	36.513	13.276	22.344	8.063
X.	OTHER OPERATING EXPENSES (-)	IV-f	91.204	77.443	46.181	39.501
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		(14.300)	46.791	(7.023)	24.749
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
	CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		-	-	-	-
	(XI+...+XIV)		-	-	-	-
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-g	(14.300)	46.791	(7.023)	24.749
16.1	Current Tax Provision	IV-h	341	(6.283)	(770)	(1.943)
16.2	Deferred Tax Provision		341	(5.275)	(770)	(935)
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)		(13.959)	40.508	(7.793)	22.806
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1	Income from Non-Current Assets Held for Resale		-	-	-	-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3	Other Income from Discontinued Operations		-	-	-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1	Expense from Non-Current Assets Held for Resale		-	-	-	-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3	Other Expenses from Discontinued Operations		-	-	-	-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS		-	-	-	-
	(XVIII-XIX)		-	-	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Current tax provision		-	-	-	-
21.2	Deferred tax provision		-	-	-	-
XXII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XVIII.	NET INCOME/(LOSS) (XVII+XXII)	IV-j	(13.959)	40.508	(7.793)	22.806
	Earnings/(Loss) per share (1,000 nominal in TL full)		(0,245)	0,711	(0,137)	0,400

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

**UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2013 AND 30 JUNE 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	30/06/2013	30/06/2012
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(6.916)	7.564
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	1.383	(1.513)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(5.533)	6.051
XI. CURRENT PERIOD INCOME/LOSS	(1.998)	(363)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	(1.998)	(363)
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	-	-
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	(7.531)	5.688

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
PRIOR PERIOD 30/06/2012	Note	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves*	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I. Prior Period End Balance		570.000	-	-	-	9.555	-	12.156	-	37.369	-	(3.739)	3.445	-	-	-	628.786
Changes in the Period																	
II. Increase/Decrease due to the Merger																	
III. Marketable Securities Valuation Differences												5.688					5.688
IV. Hedging Reserves (Effective Portion)																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment for Purpose of Hedge																	
V. Revaluation Differences of Tangible Assets																	
VI. Revaluation Differences of Intangible Assets																	
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Difference																	
IX. Changes due to the Disposal of Assets																	
X. Changes due to the Reclassification of the Assets																	
XI. Effects of Changes in Equity of Investments in Associates																	
XII. Capital Increase																	
12.1 Cash																	
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Share Capital																	
XVI. Other																	
XVII Current Year Income or Loss										40.508							40.508
XVIII Profit Distribution						1.868		35.501		(37.369)							
18.1 Dividend Paid																	
18.2 Transfers to Reserves						1.868		35.501		(37.369)							
18.3 Other																	
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		570.000	-	-	-	11.423	-	47.657	-	40.508	-	1.949	3.445	-	-	-	674.982

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

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**BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2013**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)																	
CURRENT PERIOD 30/06/2013	Note	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I. Prior Period End Balance		570.000	-	-	-	11.423	-	47.657	-	(1.240)	-	10.185	3.717	-	-	-	641.742
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(7.531)	-	-	-	-	(7.531)
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	(13.959)	-	-	-	-	-	-	(13.959)
XVIII. Profit Distribution		-	-	-	-	-	-	(1.240)	-	1.240	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	-	-	(1.240)	-	1.240	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		570.000	-	-	-	11.423	-	46.417	-	(13.959)	-	2.654	3.717	-	-	-	620.252

(*) Accounting standards stated in "Communique (No. 9) on Turkish Accounting Standard for Employee Rights" ("TAS 19") that was published in the Official Gazette numbered 28585 on 12 March 2013 by Public Oversight Accounting and Auditing Standards Authority have been effective for the period starting after 31 December 2012. These accounting standards impose retrospective beginning of the enforcement under the title "Rights and obligations date." According to TAS 19 guidelines, actual lost income reclassified under equity is TL1.729 on 31 December 2012 (31 December 2011: TL615).

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

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**BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2013 AND 30 JUNE 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. STATEMENT OF CASH FLOWS	(30/06/2013)	(30/06/2012)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(13.310)	50.518
1.1.1 Interest Received	157.273	310.704
1.1.2 Interest Paid	(92.815)	(214.940)
1.1.3 Dividend Received	425	17.135
1.1.4 Fees and Commissions Received	7.742	13.913
1.1.5 Other Income	-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables	15.498	8.871
1.1.7 Payments to Personnel and Service Suppliers	(45.595)	(40.071)
1.1.8 Taxes Paid	-	-
1.1.9 Other	(55.838)	(45.094)
1.2 Changes in Operating Assets and Liabilities	47.712	(958.804)
1.2.1 Net (Increase)/Decrease in Trading Securities	(25.520)	190.999
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets	-	-
1.2.3 Net (Increase)/Decrease in Due from Banks	-	-
1.2.4 Net (Increase)/Decrease in Loans	(461.585)	(541.984)
1.2.5 Net (Increase)/Decrease in Other Assets	(142.300)	(37.971)
1.2.6 Net Increase/(Decrease) in Bank Deposits	102.508	26.396
1.2.7 Net Increase/(Decrease) in Other Deposits	(485.168)	648.448
1.2.8 Net Increase/(Decrease) in Funds Borrowed	1.130.705	(1.217.317)
1.2.9 Net Increase/(Decrease) in Payables	-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities	(70.928)	(27.375)
I. Net Cash Provided from Banking Operations	34.402	(908.286)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities	(406.652)	532.426
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	(4.923)	(1.868)
2.4 Disposals of Property and Equipment	932	1.999
2.5 Cash Paid for Purchase of Investments Available-for-Sale	(402.661)	-
2.6 Cash Obtained from Sale of Investments Available-for-Sale	-	360.164
2.7 Cash Paid for Purchase of Investment Securities	-	-
2.8 Cash Obtained from Sale of Investment Securities	-	172.131
2.9 Other	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities	-	-
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued	-	-
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	-	-
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	1.179	14.365
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)	(371.071)	(361.495)
VI. Cash and Cash Equivalents at Beginning of the Period	584.502	703.566
VII. Cash and Cash Equivalents at end of the Period	213.431	342.071

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

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SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

The Bank maintains its book of accounts in Turkish Lira in accordance with the Banking Act No. 5411 (“Banking Act”), which is effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette No. 26333 dated 1 November 2006 by the Banking Regulation and Supervision Agency (“BRSA”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the Turkish Accounting Standards Board (“TASB”) and other decrees, notes and explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS”) published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated 28 June 2012, additions and changes in the related communiqué.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments until 31 December 2004, except for the financial assets and liabilities which are carried at fair value.

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

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

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which these unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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ACCOUNTING POLICIES (Continued)

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:

The overall strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the financial instruments and their risks. The most important funding source of the Bank is deposits. The Bank can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank's foreign currency bid rates prevailing at the balance sheet date and related gains and losses arising from these translations are recognized in the income statement under the account of "Foreign exchange gains or losses".

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES:

Based on the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27"), Turkish Lira denominated investments in associates and subsidiaries are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if one exists.

The bank has recognised an impairment on its subsidiary Burgan Yatırım Menkul Değerler A.Ş. amounting to TL 45.995 based on the assessment done as of 31 December 2012 and impairment provision has been recorded.

The Bank has no joint ventures as of 30 June 2013 and 31 December 2012.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. The accounting method of the income or loss arising from derivative instruments depends on the derivative being used for hedging purposes or not and depends on the type of the item being hedged.

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are being effective in offsetting changes in fair values of hedged items.

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over remaining period to maturity.

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ACCOUNTING POLICIES (Continued)

Certain derivative transactions which provide effective economic hedges under the Bank’s risk management position are treated as “Financial assets at fair value through profit or loss” under “Turkish Accounting Standard for Financial Instruments: Recognition and Measurement (“TAS 39”).

“Financial assets at fair value through profit or loss” are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account “Financial assets at fair value through profit or loss” in “Trading derivative financial instruments” and if the fair value difference is negative, it is disclosed under “Trading derivative financial liabilities”. Differences in the fair value of trading derivative instruments are accounted under “Trading income/loss” in the income statement.

The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method.

The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

All fees and commissions income/expenses are recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commissions income/expenses received/paid from/to the other institutions are recognised as transactional costs and recorded using the effective interest method. Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognised as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Bank classifies and accounts its financial assets as “Fair value through profit or loss”, “Available-for-sale”, “Loans and receivables” or “Held-to-maturity”. Sales and purchases of the financial assets mentioned above are recognised at the “settlement dates”. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

a. Financial assets at fair value through profit or loss:

Financial assets, which are classified as “Financial assets at fair value through profit or loss”, are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer’s margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

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ACCOUNTING POLICIES (Continued)

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at “amortised cost” using the effective interest method. All gains and losses arising from these evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are not designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of Section Three.

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are assets that are not classified under loans and receivables and held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at “amortised cost” using the effective interest method after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

There are no financial assets that were previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the violation of classification principles.

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No. 26333 dated 1 November 2006. In this context, the revised credit risk, general structure of the current loan portfolio, financial conditions of the customers, non-financial information and economic conjuncture on the basis of the prudence principle are taken into consideration by the Bank in determining the estimates.

Provision expenses are deducted from the net income of the year. If there is a collection from a receivable that is provisioned previously, the amount is deducted from the “Specific Provisions” account and recorded as income to “Provision for Loan Losses and Other Receivables” shown as net with the provisions recorded in the year. Uncollectible receivables are written-off after all the legal procedures have been finalised.

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ACCOUNTING POLICIES (Continued)

d. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as “Loans and receivables”, “Held-to-maturity assets” or “Financial asset at fair value through profit or loss”.

Government bonds included in the available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

“Unrealised gains and losses” arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders’ equity as “Marketable Securities Valuation Reserve”, until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement. When calculating CPI Indexed government bonds' discounted values, cash flows calculated through CBRT's monthly expected CPI bulletin indices are used.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the effective interest method, or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

The principles for the accounting of provisions for loans are explained in detail in Note VII of this Section.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

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ACCOUNTING POLICIES (Continued)

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements (“Repo”) are classified as “Financial assets at fair value through profit or loss”, “Available-for-sale” and “Held-to-maturity” according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements (“Reverse repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”. The Bank has no securities lending transactions.

XI. EXPLANATIONS ON TANGIBLE ASSETS THAT ARE HELD FOR RESALE, DISCONTINUED OPERATIONS AND LIABILITIES REGARDING THOSE ASSETS:

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the “Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated 1 November 2006, No. 26333.

The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

As of 30 June 2013 and 31 December 2012, the Bank has no goodwill.

b. Other intangible assets

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any.

Intangibles are amortised over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit of the asset and differs from 3 years to 15 years.

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ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease, if any.

The Bank has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TAS 16”)” for its buildings. Independent expert appraisal values are presented in the financial statements.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The depreciation rates are stated below:

Buildings	%2
Movables, Movables Acquired by Financial Leasing	%5-50

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

Where the carrying amount of an asset is greater than its estimated “Recoverable amount”, it is written down to its “Recoverable amount” and the provision for the diminution in value is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

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ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the “lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset. The Bank has implemented the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TAS 16”)” while revaluating the buildings.

Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a “Provision for value decrease” is recognised. Liabilities arising from the leasing transactions are included in “Financial Lease Payables” on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a “Lessor”.

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities except for the specific and general provisions recognised for loans and other receivables are accounted in accordance with the “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the “Matching principle”. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a “Contingent” liability exists and it is disclosed in the related notes to the financial statements.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements in which the change occurs.

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ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet.

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Bank, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Bank has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Income and Expense Items Accounted in Equity" and presented the in the Extraordinary Reserves item in the Shareholders Equity section.

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% for 2013 (2012: 20%). The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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ACCOUNTING POLICIES (Continued)

b. Deferred tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”) and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

XIX. EXPLANATIONS ON BORROWINGS:

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at “amortised cost” using the effective interest method.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Bank.

XX. EXPLANATIONS ON SHARE CERTIFICATES AND ISSUANCE OF SHARE CERTIFICATES:

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity after eliminating the tax effects.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the “Off-balance sheet commitments”.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 June 2013 and 31 December 2012, the Bank has no government grants.

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

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ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned.

	30 June 2013	30 June 2012
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	(13.959)	40.508
Weighted Average Number of Issued Ordinary Shares (Thousand)	57.000.000	57.000.000
Earnings Per Ordinary Shares (Disclosed in full TL)	(0,245)	0,711

Based on the Principal Agreement, the Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

XXV. EXPLANATIONS ON RELATED PARTIES:

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies are considered and referred to as related parties in accordance with “Turkish Accounting Standard for Related Parties” (“TAS 24”). The transactions with related parties are disclosed in detail in Note VII of Section Five.

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

Operational field is distinguishable section of the Bank that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note X in Section Four.

XXVIII. RECLASSIFICATIONS:

Reclassifications have been made on 31 December 2012 unconsolidated balance sheet and 30 June 2012 unconsolidated income statement, to conform to changes in presentation of 30 June 2013 unconsolidated financial statements.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. As of 30 June 2013, the unconsolidated capital adequacy ratio of the Bank is 14,47% (31 December 2012: 16,45%) which satisfies the requirement of being above both the minimum ratio of 8% stated in the related legislation of the Banking Regulation and Supervision Agency.
- b. Risk Measurement Methods for Calculation of the Capital Adequacy Ratio:
The capital adequacy ratio of the Bank is calculated using the capital required for loan risk, market risk and operational risk. The standard method for measurement of credit and market risk is used as the main indicator in measuring the operational risk. The core credit risk value for the calculation of the capital to mitigate the credit risk loss is computed using the valuation of risk weights and non-cash loans for the loan conversion ratio in accordance with the regulations and “Communiqué on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette dated 28 June 2012 numbered 28337 and “Communiqué on Credit Risk Mitigation Techniques” dated 1 July 2012.
- c. The capital adequacy ratio is calculated using “Communiqué on Measurement and Assessment of Capital Adequacy of Banks,” “Communiqué on Shareholders’ Equity of Banks,” (together “Communiqué on Capital Adequacy”) published in 28 June 2012. The information for the “risk weighted assets” and “shareholders equity” regarding the measurement of capital adequacy of the Bank is presented below.

Information related to consolidated capital adequacy ratio:

30 June 2013	Risk Weights (*)						
	Bank						
	0%	20%	50%	75%	100%	150%	200%
Surplus credit risk weighted	1.221.173	78.135	641.122	735.750	2.921.374	17.169	23.054
Risk classifications:							
Claims on sovereigns and Central Banks	1.157.639	-	-	-	44.205	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	10	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	548	35.306	31.004	-	31.417	57	-
Claims on corporates	30.867	34.517	-	-	2.416.395	1.726	-
Claims included in the regulatory retail portfolios	10.519	4.975	-	735.750	-	-	-
Claims secured by residential property	2.660	2.853	601.010	-	117.560	-	-
Past due loans	46	-	9.108	-	57.147	1.325	-
Higher risk categories decided by the Board	1.686	484	-	-	-	14.061	23.054
Secured by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-
Other Receivables	17.208	-	-	-	254.640	-	-

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d. Summary information about capital adequacy ratio (“CAR”):

	30 June 2013	31 December 2012
Amount subject to credit risk (ASCR)	310.499	287.158
Amount subject to market risk (ASMR)	15.578	5.045
Amount subject to operational risk (ASOR)	21.829	19.710
Shareholders’ equity	632.557	641.563
Shareholders’ equity/(ASCR+ASMR+ASOR)	14,55	16,45

e. Information about shareholders’ equity items:

	30 June 2013	31 December 2012
CORE CAPITAL		
Paid-in capital	570.000	570.000
Nominal capital	570.000	570.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	-	-
Share cancellation profits	-	-
Reserves	57.840	59.080
Adjustment of reserves	-	-
Profit	-	-
Current period profit	-	-
Prior period profit	-	-
Provisions for possible risks (up to 25% of core capital)	-	-
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	-	-
Primary subordinated loans	-	-
Uncovered portion of loss with reserves (-)	13.959	1.240
Current period loss	13.959	1.240
Prior period loss	-	-
Operating Lease Development Cost (-)	5.182	6.597
Intangible assets (-)	22.650	22.692
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Limit exceeding amount regarding the third clause of article 56 of the Law (-)	-	-
Total Core Capital	586.049	598.551

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SUPPLEMENTARY CAPITAL	30 June 2013	31 December 2012
General provisions	43.971	37.096
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	1.673	1.673
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans	-	-
45% of marketable securities valuation reserve from investments in associates and subsidiaries	1.194	4.583
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (Except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-	-
Total Supplementary Capital	46.838	43.352
CAPITAL	632.887	641.903
DEDUCTIONS FROM THE CAPITAL	330	340
Shares in unconsolidated banks and financial institutions	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments of a primary or	-	-
Shares of banks and financial institutions final equity method applied but assets and liabilities are not consolidated	-	-
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed of according to banking law article 57 as they have been held for more than five years from the acquisition date	330	340
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	632.557	641.563

II. EXPLANATIONS ON MARKET RISK:

The market risk is the potential losses that can occur from the fluctuations of foreign currency rates, interest rates, market prices of stocks and commodity. Risk calculations are performed by both the standard method and the internal method. Position limits and maximum loss limits of held to maturity, available for sale and trading portfolios, derivative and foreign currency positions are followed up properly according to the treasury risk parameters set which are approved by Board of Directors.

The below table represents the details of the market risk calculation in accordance with the “Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio” dated 28 June 2012, namely “Calculation of Market Risk with Standard Method”.

a. Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	3.212
(II) Capital to be Employed for Specific Risk -Standard Method	18
Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	2.980
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Clearance Risk - Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options - Standard Method	125
(VII) Capital to be Employed for the Other Party's Credit Risk - Standard Method	9.243
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	15.578
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	194.730

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III. EXPLANATIONS ON OPERATIONAL RISK:

The real value of operational risk is calculated once a year in accordance with “Regulation for Measuring and Evaluating Capital Adequacy of Banks” published in 26 June 2012 Official Gazette No.28337 and “ Basic Indicator Approach” dated 1 July 2012.

The annual gross revenue income is calculated by deducting the profit/loss that is generated from available for sale securities that are hold to securities until maturity and extraordinary income, operating expense for support services and amount collected from insurances from sum of net values of interest and non-interest income.

IV. EXPLANATIONS ON CURRENCY RISK:

The difference between the Bank’s foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the “Net Foreign Currency Position” and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in “Net Foreign Currency Position” (cross currency risk).

A series of limits for the tenure of spot and forward foreign exchange positions is set in the risk parameters section of the budget approved by the Board of Directors annually. There is a conservative foreign currency position management policy in the Bank due to the free floating currency regime.

The Bank’s publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date:

	EUR		USD	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Bid rate	2,5137	TL2.3452	1,9248	TL1,7776
1. Day bid rate	2,5137	TL2,3452	1,9248	TL1,7776
2. Day bid rate	2,5109	TL2,3517	1,9272	TL1,7826
3. Day bid rate	2,5192	TL2,3657	1,9320	TL1,7829
4. Day bid rate	2,5380	TL2,3566	1,9339	TL1,7848
5. Day bid rate	2,5426	TL2,3586	1,9407	TL1,7877

The simple arithmetic average of the Bank’s foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

	EUR		USD	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Arithmetic average- 30 days	2,5001	TL2,3340	1,8963	TL1,7797

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Information on currency risk of the Bank:

The Bank’s real foreign currency position, both in financial and economic terms, is presented in the table below:

	EUR	USD	Other FC	Total
30 June 2013				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	40.727	277.766	103	318.596
Due From Banks	3.289	11.755	2.437	17.481
Financial Assets at Fair Value Through Profit or Loss	-	279	-	279
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans (*)	725.538	964.723	163	1.690.424
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	798	62.619	-	63.417
Total Assets (*)	770.352	1.317.142	2.703	2.090.197
Liabilities				
Bank Deposits	57.899	49.956	1.975	109.830
Foreign Currency Deposits	325.405	820.942	11.707	1.158.054
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	301.404	436.827	-	738.231
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	6.138	4.582	78	10.798
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	747	17.384	2.250	20.381
Total Liabilities (**)	691.593	1.329.691	16.010	2.037.294
Net On-balance Sheet Position	78.759	(12.549)	(13.307)	52.903
Net Off-balance Sheet Position	(135.788)	66.038	(1.427)	(71.177)
Financial Derivative Assets	1.482.146	2.010.679	142.370	3.635.195
Financial Derivative Liabilities	1.617.934	1.944.641	143.797	3.706.372
Non-Cash Loans (**)	149.598	468.131	1.081	618.810
31 December 2012				
Total Assets (*)	533.093	991.815	4.434	1.529.342
Total Liabilities (*)	491.032	1.025.930	6.348	1.523.310
Net On-balance Sheet Position	42.061	(34.115)	(1.914)	6.032
Net Off-balance Sheet Position	(32.093)	30.313	1.488	(292)
Financial Derivative Assets	554.189	731.011	104.722	1.389.922
Financial Derivative Liabilities	586.282	700.698	103.234	1.390.214
Non-Cash Loans (**)	147.089	452.770	867	600.726

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans amounting to TL 565.814 (31 December 2012: TL398.798) classified as Turkish Lira assets in the 30 June 2013 financial statements are added to the table above. Besides this, in assets “Income Accruals of Derivative Financial Instruments” amounting to TL 44.255 TL (31 December 2012: TL13.547), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 58.787 (31 December 2012: TL12.281), “General Provisions” amounting to TL 14.935 (31 December 2012: TL9.793) are not included in the table above.

(**) Non-cash loans are not included in the total of “Net Off-Balance Sheet Position”.

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V. EXPLANATIONS ON INTEREST RATE RISK:

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank's interest rate sensitive assets and liabilities. The interest sensitivity of risks regarding the interest rate both on the on-balance sheet and off-balance sheet are monitored following several analyses and are discussed in Asset and Liability Committee bi weekly.

The Bank closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Liquidity management is critical in the combination of investments, available-for-sale assets and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders' equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

30 June 2013	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-	-	465.058	465.058
Due From Banks	7.892	-	-	-	-	9.623	17.515
Financial Assets at Fair Value Through Profit/Loss	10.638	18.579	63.646	83.920	4.383	-	181.166
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	61.994	280.149	186.663	217.450	-	6.460	752.716
Loans	1.179.730	1.553.366	574.827	139.139	283	67.625	3.514.970
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	243.418	243.418
Total Assets	1.260.254	1.852.094	825.136	440.509	4.666	792.184	5.174.843
Liabilities							
Bank Deposits	109.346	-	-	-	-	7.521	116.867
Other Deposits	1.416.330	751.532	420.037	13	-	185.008	2.772.920
Funds From Interbank Money Market	642.101	-	-	-	-	-	642.101
Miscellaneous Payables	-	-	-	-	-	41.302	41.302
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	5.435	609.881	147.585	17.438	-	-	780.339
Other Liabilities (*)	13.613	11.883	50.293	3.558	-	741.967	821.314
Total Liabilities	2.186.825	1.373.296	617.915	21.009	-	975.798	5.174.843
Balance Sheet Long Position	-	478.798	207.221	419.500	4.666	-	1.110.185
Balance Sheet Short Position	(926.571)	-	-	-	-	(183.614)	(1.110.185)
Off-balance Sheet Long Position	-	10.301	-	7.038	-	-	17.339
Off-balance Sheet Short Position	(959)	-	(8.109)	-	-	-	(9.068)
Total Position	(927.530)	489.099	199.112	426.538	4.666	(183.614)	8.271

(*) Shareholders' Equity is presented in Non Interest Bearing column.

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31 December 2012	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-	-	363.202	363.202
Due From Banks	203.552	889	-	-	-	8.816	213.257
Financial Assets at Fair Value Through Profit/Loss	18.175	15.459	50.679	5.393	565	-	90.271
Interbank Money Market Placements	123.063	10.011	-	-	-	-	133.074
Available-for-Sale Financial Assets	63.188	229.512	64.992	-	-	5.161	362.853
Loans	608.561	1.393.247	531.876	343.531	106.334	61.718	3.045.267
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	233.625	233.625
Total Assets	1.016.539	1.649.118	647.547	348.924	106.899	672.522	4.441.549
Liabilities							
Bank Deposits	-	-	-	-	-	14.347	14.347
Other Deposits	1.555.899	1.053.853	421.172	12.246	-	207.038	3.250.208
Funds From Interbank Money Market	87.744	-	-	-	-	-	87.744
Miscellaneous Payables	-	-	-	-	-	45.165	45.165
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	5.587	13.740	180.651	2.721	-	-	202.699
Other Liabilities	5.312	4.424	11.111	6	-	820.533	841.386
Total Liabilities	1.654.542	1.072.017	612.934	14.973	-	1.087.083	4.441.549
Balance Sheet Long Position	-	577.101	34.613	333.951	106.899	-	1.052.564
Balance Sheet Short Position	(638.003)	-	-	-	-	(414.561)	(1.052.564)
Off-balance Sheet Long Position	-	-	862	3.848	-	-	4.710
Off-balance Sheet Short Position	(2.338)	(3.497)	-	-	-	-	(5.835)
Total Position	(640.341)	573.604	35.475	337.799	106.899	(414.561)	(1.125)

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b. Average interest rates for monetary financial instruments:

Below the average interest rates are calculated by weighting the simple rates with their principals.

30 June 2013	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	-	0,49	-	-
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	7,28
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	8,06
Loans	5,00	4,74	-	11,15
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,57	0,41	-	-
Other Deposits (*)	2,72	2,83	-	7,26
Funds From Interbank Money Market	-	-	-	4,50
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,67	2,71	-	6,33

31 December 2012	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	-	0,28	-	5,46
Financial Assets at Fair Value Through Profit/Loss	-	5,83	-	6,05
Interbank Money Market Placements	-	-	-	6,19
Available-for-Sale Financial Assets	-	-	-	9,53
Loans	6,18	5,88	-	12,61
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits (*)	3,09	3,48	-	8,37
Funds From Interbank Money Market	-	-	-	4,68
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,21	3,51	-	7,88

(*) Demand deposits are included in the calculation of the weighted average interest rates.

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c. Interest rate risk resulting from banking accounts:

1. The measurement frequency of the interest rate risk with important estimations including those relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of deposits other than time deposits is explained by the following:

Interest rate risk resulting from the banking accounts is measured according to the month-end balance in accordance with "Regulation No. 28034 on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method", dated 23 August 2011.

Interest sensitive items are taken into consideration in accordance with the re-pricing period and depending on the estimated cash flows. Demand deposits are taken into account based on the core deposit calculations. The change calculated by implementing interest rate shocks on the differences created in accordance with the re-pricing periods of the assets and liabilities in the banking accounts is proportioned to the equities.

2. The table below presents the economic value differences resulting from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method" under sections divided into different currencies.

Currency	Applied Shock (+/- x basis point)*	Earnings/ Losses	Earnings/ Equities-Losses/ Equities
1. TRY	+500 bp	(49.857)	(7,9%)
2. TRY	-400 bp	45.881	7,3%
3. EURO	+200 bp	(24.366)	(3,9%)
4. EURO	-200 bp	14.514	2,3%
5. USD	+200 bp	20.107	3,2%
6. USD	-200 bp	(13.079)	(2,1%)
Total (For Negative Shocks)		47.316	7,5%
Total (For Positive Shocks)		(54.116)	(8,6%)

d. Equity share position risk resulting from banking accounts:

None.

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VI. EXPLANATIONS ON LIQUIDITY RISK:

Liquidity risk is the risk arising from not having adequate cash or not having adequate cash inflows to fund cash outflows on time due to the imbalance of cash flows. This risk is eliminated by having banks and placements with short-term maturities, liquid and sellable marketable securities portfolios and sound equity structure, and unused borrowing resources. When volatility in the markets arises, the Board of Directors can decrease the limits of all existing placements without considering the credit worthiness.

The Bank's management and Asset Liability Committee follow-up the interest margin on the diversified maturities between assets and liabilities, and monitor the model studies to measure the possible margin cost of the payments and sudden outflows in the scope of scenario analyses.

The Central Bank, ISE Repo Market, Interbank Money Market and banks' transaction limits which can be used for sudden outflows in the short-term are utilised at a minimum level. The Bank does not need these funds due to the existing liquidity position but utilises the funds for the opportunities of short-term transactions.

In accordance with the "Regulation on Measurement and Assessment of Liquidity Adequacy of the Banks", which came into effect after its publication in the Official Gazette numbered 26333 on 1 November 2006 by BRSA, weekly simple arithmetic average of total liquidity adequacy ratio related to the first maturity period, and total liquidity adequacy ratio related to the second maturity period cannot be less than a hundred percent; weekly simple arithmetic average of the foreign currency liquidity adequacy ratio related to first maturity period, and foreign currency liquidity adequacy ratio related to second maturity period cannot be less than eighty percent as of 1 June 2007. In accordance with the regulation published on 11 December 2009, for the 14 day period subject to the reserve requirement calculation the simple arithmetic average of the ratio of assets which are calculated with hundred percent weight with stock values to liabilities cannot be less than seven percent. Liquidity ratios realized in 2013 are as follows:

	First Maturity Tranche		Second Maturity Tranche		Stock Values
	FC	FC + TL	FC	FC+TL	FC + TL
Average (%)	138,41%	195,74%	94,30%	131,14%	11,30%
Maximum (%)	209,80%	283,37%	111,26%	160,64%	12,56%
Minimum (%)	97,55%	128,57%	82,53%	114,57%	9,92%

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Breakdown of assets and liabilities according to their outstanding maturities:

30 June 2013	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified (*)	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	17.228	447.830	-	-	-	-	-	465.058
Due From Banks	9.623	7.892	-	-	-	-	-	17.515
Financial Assets at Fair Value Through Profit or Loss	-	8.843	13.037	62.866	91.861	4.559	-	181.166
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	-	59.906	122.114	494.390	69.846	6.460	752.716
Loans	-	544.184	1.377.049	875.371	596.101	54.640	67.625	3.514.970
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (*)	-	13.749	1.136	4.764	9.136	-	214.632	243.418
Total Assets	26.851	1.022.498	1.451.128	1.065.115	1.191.488	129.046	288.717	5.174.843
Liabilities								
Bank Deposits	7.521	109.346	-	-	-	-	-	116.867
Other Deposits	185.008	1.416.330	751.532	420.037	13	-	-	2.772.920
Funds Borrowed From Other Financial Institutions	-	5.435	15.931	292.942	466.031	-	-	780.339
Funds From Interbank Money Market	-	642.101	-	-	-	-	-	642.101
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	8.338	2.598	-	-	-	30.366	41.302
Other Liabilities (**)	-	52.795	11.206	55.649	5.487	-	696.177	821.314
Total Liabilities	192.529	2.234.345	781.267	768.628	471.531	-	726.543	5.174.843
Net Liquidity Gap	(165.678)	(1.211.847)	669.861	296.487	719.957	129.046	(437.826)	-
31 December 2012								
Total Assets	33.531	1.189.204	1.415.341	778.025	686.012	107.100	232.336	4.441.549
Total Liabilities	221.385	1.764.026	1.071.947	553.843	88.841	6	741.501	4.441.549
Net Liquidity Gap	(187.854)	(574.822)	343.394	224.182	597.171	107.094	(509.165)	-

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, subsidiaries, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

(**) Shareholders' equity is presented under "Other liabilities" item in the "Unclassified" column.

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VII. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

VIII. EXPLANATIONS ON LOAN RISK MITIGATION TECHNIQUES:

Bank does not perform net-off balance sheet and off-balance sheet items in credit risk mitigation. In terms of credit risk mitigation the Bank uses real estate as main collateral type, which is reported under different risk class. Mortgages are registered in line with the legal requirements.

Guarantor entity’s credit risk value is to be considered in credit risk mitigation process in cases where bank credit customers obtained guarantee from other entities. There are no collaterals of potential high risk at the bank except real estate. Changes in values of the collaterals considerably that are important in market conditions are monitored.

The Bank implements loan risk mitigation based on the basic financial guarantee method as per the Communiqué on Loan Risk Mitigation Techniques. In loan risk mitigation, cash and cash equivalent assets and debt instruments with a high level of loan quality are used.

Total risk amounts relating to each of the risk groups and guaranteed with loan derivatives after in-balance and out-of-balance offsetting are presented in the table below.

Risk Group	Amount	Financial Guarantees	Other Material Guarantees	Guarantees and Loan Derivatives
Claims on sovereigns and Central Banks	1.198.593	-	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	51	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	140.861	1.558	-	-
Claims on corporates	3.002.220	70.675	-	-
Claims included in the regulatory retail portfolios	889.339	19.104	-	3.449
Claims secured by residential property	753.822	5.829	-	1.391
Past due loans	67.625	46	-	-
Higher risk categories decided by the Board	39.285	2.170	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	80	-	-	-
Other Receivables	758.923	-	-	-
Total	6.850.799	99.382	-	4.840

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

IX. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

The Bank’s risk strategy is its main component of risk management system. The board of directors is responsible for approving and periodically reviewing the risk policy of the bank to ensure its in line with corporate strategy and strategic goals. A basic component of the risk strategy is the risk appetite; the risk appetite defines which risks and into what extent the Bank will actively seek and which risks are undesirable and should be avoided or eliminated. Burgan Bank’s risk strategy aims to set out the main elements of its risk taking activities so that the Bank attains its business goals within the limits prescribed by the risk appetite. The Bank regards the formulation of a clear and realistic risk strategy as an essential part of its overall corporate strategy and as the foundation upon which all risk management policies are to be based.

Risk Management Policies

The Bank adapts following principles for a healthy risk management process:

- The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Bank.
- Senior management is responsible for the implementation of the risk policy approved by the Board of Directors and for the development of systems and procedures for identifying, measuring, monitoring and mitigating risk.
- The Bank has defined appropriate credit underwriting criteria, ensuring a thorough understanding of the borrower or counterparty, as well as the purpose and structure of the exposure, and its source of repayment.
- The Bank has defined certain principles and policies to ensure the efficient monitoring of market risks.
- The Bank is carrying out its business by setting procedures which clearly define the responsibility and accountability of all business units engaged in a particular type of business or transaction. Decision taking is based on delegated authority.
- Appropriate systems and processes are in place to monitor all exposures, both on or off-balance sheet.
- The Bank promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Bank as well as to the Board of Directors. The Bank considers risk transparency as an essential element of its approach to risk management.
- Risk management supervision is independent from any business decisions, in order to ensure sound risk governance and avoid conflicts of interest.
- Risk management is properly resourced in order to carry out its mission, given the risk appetite of the Bank.

Sound risk management is a key element of Burgan bank in its effort to achieve its business goals. The Bank has established a comprehensive risk management framework in order to ensure that risk taking which is inherent in the Bank business activities remains always within desirable and controlled parameters. The risk management framework includes clearly defined processes for the approval and authorisation of all risk taking activities plus a risk oversight function in order to ensure independent monitoring and measurement of risk.

Risk Management,

Bank’s management aims to ensure that:

- Risk taken by the Bank is always in line with the risk appetite as defined by the Board of Directors,
- Total risk taken does not exceed the ability of the Bank to absorb losses,
- Risk is adequately mitigated by the implementation of proper risk management systems and procedures,
- Risk awareness is constituted among all units of the Bank, and
- Appropriate risk transparency is implemented and all risk figures are properly communicated across all relevant business units as well as to the Board of Directors.

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Risk Limits

Risk limits are specified for quantified risk categories in line with the level of risk that the bank is exposed to. In this respect, limits are determined in credit, market and operational risk categories. Risk limits are determined by the Board of Directors. Risk management systems have the capacity of monitoring the conformity of the pre-defined limits.

Risk limits are revised and updated depending on market conditions and changes in bank’s strategy. BoD is responsible of reviewing risk limits. In case of a change is needed in risk limits, it is presented to the attention of the risk committee. After the evaluation of risk committee and Audit Committee, the proposal is sent to the sanction of Board of Directors.

Risk Strategy Objectives

The objectives of the Bank’s risk strategy with regard to the main risk categories are presented below:

Credit Risk Strategy

- The Bank shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Bank shall maintain a diversified credit portfolio. As such, all business sectors where opportunities for profitable growth exist may be eligible for lending purposes. However the effect of economic cycles and other endogenous or exogenous factors must always be taken under consideration in any credit decision.
- The Bank will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- Credit risk shall be priced accordingly so that the risk/ reward ratio is optimised.
- The Bank shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Bank shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy or geographic areas.
- The Bank aims to extend credit facilities towards customers with a satisfactory credit history and successful overall track record. As such, the Bank shall proceed with financing of start-ups & new ventures with outmost care and on exceptional cases.

Market Risk Strategy

- The Bank aims to ensure the efficient monitoring of market risks that emanate from its overall activities.
- The Bank shall maintain a prudent approach in managing its exposure to market risk and liquidity risk.
- The Bank shall be protected against unforeseen market losses through the independent identification, assessment and understanding of the market risks inherent in the business.

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Operational Risk Strategy

- The Bank aims to keep operational risk at acceptable levels.
- Operational risk levels shall be closely monitored in respect to their severity and frequency.
- The Bank shall ensure that adequate control functions are established in order to minimize operational risk levels.

Risk Management Unit Organization

RMG reports to the Board of Directors through audit committee. The risk management group consists of credit risk, market risk and operational risk divisions.

Risk Measurement and Reporting

Burgan Bank applies specifically tailored rating system for the measurement of credit risk. This system assigns a specific rating to every borrower/ counterparty’s (1-11 scale) ability to repay funds on a timely manner which reflects the creditworthiness of the borrower. Rating system considers both quantitative and qualitative factors.

Foreign currency position limits, bond portfolio limits and VaR limits are daily monitored. Interest rate gap limits are monitored monthly. All market risk limit utilizations are reported to the ALCO and Risk Committee.

Market Risk Unit runs stress tests on a regular basis and presents the results to BoD, ALCO and Risk Committee. The stress tests describe the effects of defined changes in yield curves, credit spreads and foreign currency rates on certain on-balance and off-balance items.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. EXPLANATIONS ON OPERATING SEGMENTS:

The Bank manages its banking operations through three main business units: retail banking, corporate banking and treasury.

Retail banking provides products and services to individual and small business customers. Products and services include primarily deposit, loan, credit card, automatic payment services, internet banking and other various banking services.

Corporate banking provides loan, deposit, cash management products, foreign trade products, non-cash loans, foreign currency transaction services and other corporate banking services to corporate clients.

Treasury transactions include fixed income security investments, fund management, foreign currency transactions, money market transactions, derivative transactions and other related services.

Stated balance sheet and income statement items based on operating segments:

Prior period financial information is presented as at 31 December 2012 for balance sheet and 30 June 2012 for income statements items.

	Retail Banking	Corporate Banking	Treasury	Total Operations of the Bank
30 June 2013				
Segment revenue	30.789	51.273	30.930	112.992
Unallocated costs	-	-	-	(127.717)
Net Operating Profit	30.789	51.273	30.930	(14.724)
Dividend income	-	-	-	425
Profit Before Tax	-	-	-	(14.300)
Tax expense	-	-	-	341
Net Profit	-	-	-	(13.959)
Segment assets	722.081	3.059.399	1.149.946	4.931.426
Investments in associates, subsidiaries and joint ventures	-	-	-	88.337
Unallocated assets	-	-	-	155.080
Total Assets	722.081	3.059.399	1.149.946	5.174.843
Segment liabilities	1.090.187	1.828.839	1.501.788	4.420.814
Unallocated liabilities	-	-	-	754.029
Total Liabilities	1.090.187	1.828.839	1.501.788	5.174.843

	Retail Banking	Corporate Banking	Treasury	Total Operations of the Bank
30 June 2012				
Segment revenue	30.816	47.570	41.989	120.375
Unallocated costs	-	-	-	(90.719)
Net Operating Profit	30.816	47.570	41.989	29.656
Dividend income	-	-	-	17.135
Profit Before Tax	-	-	-	46.791
Tax expense	-	-	-	(6.283)
Net Profit	-	-	-	40.508
31 December 2012				
Segment assets	643.476	2.690.275	874.173	4.207.924
Investments in associates, subsidiaries and joint ventures	-	-	-	88.337
Unallocated assets	-	-	-	145.288
Total Assets	643.476	2.690.275	874.173	4.441.549
Segment liabilities	1.190.297	2.106.783	311.296	3.608.376
Unallocated liabilities	-	-	-	833.173
Total Liabilities	1.190.297	2.106.783	311.296	4.441.549

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

a. Information related to cash and the account of Central Bank of the Republic of Turkey (“CBRT”):

1. Information on cash and the account of CBRT:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Cash/Foreign currency	10.999	6.210	11.569	13.125
CBRT	135.463	312.386	191.692	146.816
Other	-	-	-	-
Total	146.462	318.596	203.261	159.941

2. Information on the account of CBRT:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Demand Unrestricted Amount	135.463	44.206	191.692	22.766
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	268.180	-	124.050
Total	135.463	312.386	191.692	146.816

3. Information on reserve requirements:

As of balance sheet date, according to CBRT’s “Required Reserves Announcement “ No 2005/1, required reserves ratios for commercial banks operating in Turkey, are as follows; for demand deposits, notice deposits and private current accounts, deposits/participation accounts up to 1-month, up to 3 month it is 11,5%, for deposits/participation accounts up to 6-month maturity (including 6-month) 8,5%, for deposits/participation accounts up to 1-year maturity is 6,5%, for deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts 5%, for liabilities other than deposits/participation funds it is 5% , for liabilities other than deposits/participation funds accounts up to 1-year maturity is 11,5%, for liabilities other than deposits/participation funds accounts up to 1-year maturity is 8% and for liabilities other than deposits/participation funds accounts longer than 3-year maturity is 5%. For FX demand deposits, notice deposits and FX private current accounts, deposits/participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities it is 13%, for FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/FX participation accounts it is 9%, for other FX liabilities up to 1 year maturity (including 1-year) it is 13%, for other FX liabilities up to 3-year maturity (including 3-year) it is 11%, for other FX liabilities longer than 3-year maturity it is 6%.

CBRT does not accrue any interest over the Turkish Lira and foreign currency reserve requirements.

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

1. As of 30 June 2013, financial assets at fair value through profit or loss subject to repo transactions amounts to TL 12.050 (31 December 2012: None).
2. Positive differences related to derivative financial instruments held for trading:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Forward Transactions	13.850	831	2.451	838
Swap Transactions	6.317	4.748	2.482	4.722
Futures Transactions	-	-	-	-
Options	19.677	38.735	461	8.075
Other	28	-	-	-
Total	39.872	44.314	5.394	13.635

c. Information on banks:

1. Information on banks:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Banks				
Domestic	34	7.895	114.778	89.772
Foreign	-	9.586	-	8.707
Headquarters and Branches Abroad	-	-	-	-
Total	34	17.481	114.778	98.479

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

1. Characteristics and carrying values of available-for-sale financial assets given as collateral:

As of 30 June 2013, there are TL 97.579 available-for-sale financial assets given as collateral/blocked (31 December 2012: TL 88.396) and those subject to repurchase agreements amounts to TL 643.622 (31 December 2012: TL 87.918).

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

	30 June 2013	31 December 2012
Debt Securities	748.037	357.692
Quoted on Stock Exchange	748.037	357.692
Not Quoted	-	-
Share Certificates	6.460	5.161
Quoted on Stock Exchange	-	-
Not Quoted	6.460	5.161
Impairment Provision (-)	1.781	-
Total	752.716	362.853

e. Explanations on loans:

1. Information on all types of loan or advance balances given to shareholders and employees of the Bank:

	30 June 2013		31 December 2012	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	3.618	-	3.582	-
Total	3.618	-	3.582	-

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

(i)

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	3.246.819	18.840	9.405	55.999	110.340	5.942
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	721.291	5.086	-	2.114	4.166	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	46.362	-	-	-	-	-
Consumer Loans	51.497	-	-	3.026	138	-
Credit Cards	19.123	-	-	756	-	-
Other (*)	2.408.546	13.754	9.405	50.103	106.036	5.942
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	3.246.819	18.840	9.405	55.999	110.340	5.942

(*) The Bank also has TL 145.711 factoring receivables in the Other account.

(ii)

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 times	12.090	110.340
3, 4 or 5 times	6.609	-
Over 5 times	141	-
Total	18.840	110.340

(iii)

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	15.310	55.539
6 Months – 12 Months	3.530	17.929
1-2 Years	-	13.728
2-5 Years	-	16.828
5 Years and Over	-	6.316
Total	18.840	110.340

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3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	4.072	45.262	49.334
Real estate loans	-	4.900	4.900
Automotive loans	-	647	647
Consumer loans	4.072	39.715	43.787
Other	-	-	-
Consumer Loans-FC Indexed	-	1.148	1.148
Real estate loans	-	1.148	1.148
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	5.908	-	5.908
With installments	-	-	-
Without installments	5.908	-	5.908
Individual Credit Cards- FC	58	-	58
With installments	-	-	-
Without installments	58	-	58
Personnel Loans-TL	307	2.475	2.782
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	307	2.475	2.782
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	826	-	826
With installments	-	-	-
Without installments	826	-	826
Personnel Credit Cards-FC	10	-	10
With installments	-	-	-
Without installments	10	-	10
Credit Deposit Account-TL (Real Person)	1.397	-	1.397
Credit Deposit Account-FC (Real Person)	-	-	-
Total	12.578	48.885	61.463

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4. Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	43.526	221.156	264.682
Real estate Loans		2.389	2.389
Automotive Loans	34	2.274	2.308
Consumer Loans	33.501	180.778	214.279
Other	9.991	35.715	45.706
Commercial Installments Loans-FC Indexed	4.270	54.816	59.086
Real estate Loans		-	-
Automotive Loans		1.155	1.155
Consumer Loans	4.270	53.631	57.901
Other		30	30
Commercial Installments Loans-FC			
Real estate Loans		-	-
Automotive Loans		-	-
Consumer Loans		-	-
Other		-	-
Corporate Credit Cards-TL	13.017	5	13.022
With installment		5	5
Without installment	13.017	-	13.017
Corporate Credit Cards-FC	55		55
With installment		-	-
Without installment	55	-	55
Credit Deposit Account-TL (Legal Person)	17.784		17.784
Credit Deposit Account-FC (Legal Person)			
Total	78.652	275.977	354.629

5. Loans according to types of borrowers:

	30 June 2013	31 December 2012
Public	-	-
Private	3.447.345	2.983.549
Total	3.447.345	2.983.549

6. Distribution of domestic and foreign loans:

	30 June 2013	31 December 2012
Domestic Loans	3.447.345	2.983.549
Foreign Loans	-	-
Total	3.447.345	2.983.549

7. Loans given to investments in associates and subsidiaries:

	30 June 2013	31 December 2012
Direct loans given to subsidiaries and related parties	1.626	-
Indirect loans given to subsidiaries and related parties	-	-
Total	1.626	

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8. Specific provisions provided against loans:

	30 June 2013	31 December 2012
Loans and Other Receivables with Limited Collectability	3.003	3.457
Loans and Other Receivables with Doubtful Collectability	14.651	10.785
Uncollectible Loans and Other Receivables	115.239	90.169
Total	132.893	104.411

9. Information on non-performing loans (Net):

i. Information on non-performing loans restructured or rescheduled and other receivables:

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
30 June 2013			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables			-
Rescheduled Loans and Other Receivables	1.718	105	6.870
31 December 2012			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables			-
Rescheduled Loans and Other Receivables	127	145	4.485

ii. Information on the movement of total non-performing loans:

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	21.499	31.924	112.706
Additions (+)	44.909	1.152	3.826
Transfers from Other Categories of Non performing Loans (+)	-	42.685	30.724
Transfers to Other Categories of Non-performing Loans (-)	42.685	30.724	-
Collections (-)	5.307	2.023	8.168
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	18.416	43.014	139.088
Specific Provision (-)	3.003	14.651	115.239
Net Balance on Balance Sheet	15.413	28.363	23.849

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iii. Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 June 2013			
Period-End Balance	2.222	8.299	25.104
Specific Provision (-)	239	1.554	19.442
Net Balance on balance sheet	1.983	6.745	5.662
31 December 2012			
Period-End Balance	2.776	2.272	27.776
Specific Provision (-)	309	1.102	17.653
Net Balance on balance sheet	2.467	1.170	10.123

iv. Information on non-performing loans based on types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	15.413	28.363	23.849
Loans Given to Real Persons and Legal Persons (Gross)	18.416	43.014	138.899
Specific Provision Amount (-)	3.003	14.651	115.050
Loans Given to Real Persons and Legal Persons (Net)	15.413	28.363	23.849
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	189
Specific Provision Amount (-)	-	-	189
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	18.042	21.139	22.537
Loans Given to Real Persons and Legal Persons (Gross)	21.499	31.924	112.517
Specific Provision Amount (-)	3.457	10.785	89.980
Loans Given to Real Persons and Legal Persons (Net)	18.042	21.139	22.537
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	189
Specific Provision Amount (-)	-	-	189
Other Loans and Receivables (Net)	-	-	-

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f. Information on held-to-maturity investments:

1. Information on held-to-maturity financial assets subject to repurchase agreements:

None.

2. Information on held-to-maturity financial assets given as collateral/blocked:

None.

3. Information on government debt securities held-to-maturity:

None.

4. Information on investment securities held-to-maturity:

None.

5. Movement of held-to-maturity investments within the period:

None.

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g. Information on investments in associates (Net):

None.

h. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None.

2. Main financial figures of the unconsolidated subsidiaries in order of the above table:

None.

3. Information on subsidiaries that are consolidated in consolidated accounts:

	Title	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Other shareholders' share percentage (%)
1	Burgan Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	0,01
2	Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.	Istanbul/Turkey	99,99	0,01

4. Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	366.111	42.591	20	11.163	-	2.565	2.547	-
2 (*)	94.746	61.109	3.327	2.474	351	(4.716)	440	-

(*) The consolidated values of Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

5. Movement schedules of subsidiaries:

	30 June 2013	31 December 2012
Balance at the beginning of the Period	88.337	134.332
Movements during the Period		(45.995)
Purchases		-
Bonus Shares Obtained		-
Dividends from Current Year Income		-
Sales		-
Revaluation Increase		-
Impairment Provision		(45.995)
Balance at the end of the Period	88.337	88.337
Capital Commitments		-
Share Percentage at the end of the Period (%)	99,99%	99,99%

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6. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	30 June 2013	31 December 2012
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	22.232	22.232
Finance Companies	-	-
Other Financial Subsidiaries	66.105	66.105
Total	88.337	88.337

7. Subsidiaries quoted on stock exchange:

None.

i. Information on joint ventures:

None.

j. Information on lease receivables (net):

None.

k. Information on hedging derivative financial assets:

None (31 December 2012: None).

l. Information on investment property:

None (31 December 2012: None).

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m. Information on deferred tax asset:

As of 30 June 2013, the Bank has netted-off the calculated deferred tax asset of TL 11.451 (31 December 2012: TL 9.393) and deferred tax liability of TL 2.491 (31 December 2012: TL 2.657) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 8.960 (31 December 2012: TL 6.736) in the financial statements.

As of 30 June 2013 and 31 December 2012, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Carried Financial Loss	18.566	-	3.713	-
Reserve for Employment Termination Benefit, Unused Vacation and Bonus Payments	15.549	18.193	3.110	3.639
Provision for Legal Cases	15.313	14.012	3.063	2.802
Valuation Differences of Derivative Instruments	6.556	11.029	1.311	2.206
Unearned Revenue	1.214	3.534	243	707
Other	58	196	11	39
Deferred Tax Assets	57.256	46.964	11.451	9.393
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	12.412	13.244	2.482	2.649
Other	45	40	9	8
Deferred Tax Liabilities	12.457	13.284	2.491	2.657
Deferred Tax Assets/(Liabilities) (Net)	44.799	33.680	8.960	6.736

Movement of deferred tax asset/ liabilities is presented below:

	30 June 2013	31 December 2012
Balance as of 1 January	6.736	12.331
Current year deferred tax expense	341	(2.046)
Deferred tax charged to equity (net)	1.883	(3.549)
Balance at the End of the Period	8.960	6.736

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n. Information on assets held for resale and discontinued operations:

The Bank has assets held for resale amounting to TL 16.410 (31 December 2012: TL12.694) and has no discontinued operations.

Prior Period	30 June 2013	31 December 2012
Cost	13.175	15.473
Accumulated Depreciation (-)	481	353
Net Book Value	12.694	15.120
Current Period		
Net book value at beginning of the period	12.694	15.120
Additions	5.916	7.125
Disposals (-), net	2.062	9.265
Impairment	-	14
Depreciation (-)	138	272
Cost at end of the period	16.983	13.175
Accumulated Depreciation at end of the period (-)	573	481
Closing Net Book Value	16.410	12.694

o. Information on other assets:

As of 30 June 2013, other assets amount to TL 82.156 (31 December 2012: TL 78.133) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 June 2013:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	19.727	-	18.658	406.385	137.802	276.311	147.876	-	1.006.759
Foreign Currency Deposits	83.227	-	61.833	799.188	85.225	83.393	45.188	-	1.158.054
Residents in Turkey	69.150	-	56.448	775.481	83.444	81.506	44.373	-	1.110.402
Residents Abroad	14.077	-	5.385	23.707	1.781	1.887	815	-	47.652
Public Sector Deposits	6.614	-	-	90.463	-	-	-	-	97.077
Commercial Deposits	73.670	-	65.357	112.688	47.098	133.916	40.549	-	473.278
Other Institutions Deposits	1.770	-	135	18.824	15.900	1.119	4	-	37.752
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	7.521	-	109.346	-	-	-	-	-	116.867
CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	69	-	49.452	-	-	-	-	-	49.521
Foreign Banks	7.452	-	59.894	-	-	-	-	-	67.346
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	192.529	-	255.329	1.427.548	286.025	494.739	233.617	-	2.889.787

ii. 31 December 2012:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	19.411	-	10.430	704.618	112.374	161.263	126.861	-	1.134.957
Foreign Currency Deposits	100.592	-	94.180	924.960	154.276	32.332	31.405	-	1.337.745
Residents in Turkey	93.887	-	94.180	898.998	153.195	30.605	30.823	-	1.301.688
Residents Abroad	6.705	-	-	25.962	1.081	1.727	582	-	36.057
Public Sector Deposits	18.264	-	-	71.878	-	-	-	-	90.142
Commercial Deposits	67.904	-	38.559	245.159	86.299	95.365	21.332	-	554.618
Other Institutions Deposits	867	-	1.248	96.314	24.056	10.257	4	-	132.746
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	14.347	-	-	-	-	-	-	-	14.347
CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	45	-	-	-	-	-	-	-	45
Foreign Banks	14.302	-	-	-	-	-	-	-	14.302
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	221.385	-	144.417	2.042.929	377.005	299.217	179.602	-	3.264.555

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2. Information on saving deposits insurance:

i. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Saving Deposits				
Saving Deposits	315.747	205.376	691.012	929.581
Foreign Currency Savings Deposit	66.838	46.532	327.545	548.467
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	382.585	251.908	1.018.557	1.478.048

ii. There are no deposits covered under foreign authorities' insurance since the Bank is incorporated in Turkey.

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	30 June 2013	31 December 2012
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	4.629	3.370
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	4.629	3.370

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Forward Transactions	12.174	434	5.847	441
Swap Transactions	6.587	2.475	2.465	3.558
Futures Transactions	-	-	-	-
Options	1.726	55.944	166	8.376
Other	8	-	-	-
Total	20.495	58.853	8.478	12.375

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	42.108	62.067	43.402	66.665
From Foreign Banks, Institutions and Funds	-	676.164	-	92.632
Total	42.108	738.231	43.402	159.297

2. Information on maturity structure of borrowings:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Short-term	42.108	62.067	43.402	73.567
Medium and Long-term	-	676.164	-	85.730
Total	42.108	738.231	43.402	159.297

3. Additional information on the major concentration of the Bank's liabilities:

The Bank's main funding sources are deposits and borrowings. As of 30 June 2013, deposits from Bank's risk group comprise 2% (31 December 2012: 2%) of total deposits. Borrowings from Bank's risk group comprise 74% (31 December 2012: None) of total borrowings.

d. Information on other liabilities:

Other liabilities amounting to TL 29.546 (31 December 2012: TL 91.676) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

e. Information on financial lease agreements:

The contingent rent installments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which place significant commitments on the Bank.

f. Information on hedging derivative financial liabilities:

None.

g. Information on provisions:

1. Information on general provisions:

	30 June 2013	31 December 2012
General Provisions	43.971	37.096
Provisions for First Group Loans and Receivables	32.611	27.948
Additional Provision for Loans and Receivables with Extended Maturities	942	1.856
Provisions for Second Group Loans and Receivables	6.815	5.746
Additional Provision for Loans and Receivables with Extended Maturities	5.499	3.359
Provisions for Non-Cash Loans	2.411	2.070
Other	2.134	1.332

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2. Information on reserve for employment termination benefits:

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related with the working period before retirement was enacted.

The payment amount which is one month’s salary for each working year is restricted to TL 3.129,25 (31 December 2012: TL3.033,98). Employee termination benefits are not funded as there is no funding requirement.

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the Bank. There are assumptions in the calculation as discount rate, employee turnover and expected salary increases. In this context, the following actuarial assumptions were used in the calculation of total liabilities.

As it is explained in detail in the Note XVII of the Accounting Policies, in accordance with revision on TAS 19 effective for the annual reporting periods are beginning from 1 January 2013 actuarial gains and losses recognized in the “Statement of Income and expense items recognized in Equity” and presented in the “Extraordinary reserves” item under the Equity section of the financial statements.

Resulting from the retrospective application of the mentioned revision, considering the deferred tax effect, the actuarial losses amounting to TL 1.729 as of 31 December 2012 and TL 615 as of 31 December 2011 have been presented in the “Extraordinary reserves”. As of 30 June 2013, since no material change has occurred in the actuarial assumptions or no significant differences exists between the actuarial assumptions and the realizations of the assumptions of the Bank, no additional actuarial gains or losses has occurred.

	30 June 2013	31 December 2012
Discount rate (%)	2,50	2,50
Salary increase rate (%)	6,00	6,00
Average remaining work period (Year)	12,38	12,38

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Movement of reserve for employment termination benefits during the period:

	30 June 2013	31 December 2012
Prior Period Ending Balance	7.016	4.977
Provisions Recognised During the Period	1.074	2.880
Paid During the Period (-)	418	841
Balance at the End of the Period	7.672	7.016

In addition, as of 30 June 2013 the Bank has accounted for vacation rights provision amounting to TL 1.956 (31 December 2012: TL1.406) and personnel bonus provision amounting to TL 5.921 (31 December 2012: TL9.771).

3. Other provisions:

i) Information on provisions for possible risks:

None.

ii) Information on other provisions:

The Bank set aside reserves amounting to TL 15.313 (31 December 2012: TL 14.012) for lawsuits, TL 2.946 (31 December 2012: TL 2.538) for non-cash loans, TL 3.889 (31 December 2012: TL 3.115) for customer cheques commitments, TL 58 (31 December 2012: TL 52) for credit card loyalty points and TL 120 (31 December 2012: TL 111) for other receivables.

4. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 30 June 2013, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 144 (31 December 2012: TL3.730) and is netted from the loan amount in the financial statements.

h. Information on taxes payable:

1. Information on tax provision:

As of 30 June 2013, the Bank provided no corporate tax provision (31 December 2012: TL 2.108).

2. Information on taxes payable:

	30 June 2013	31 December 2012
Corporate Tax Payable	-	2.108
Taxation of Marketable Securities	2.614	3.635
Property Tax	153	148
Banking Insurance Transaction Tax	2.568	2.675
Value Added Tax Payable	211	250
Other	1.595	1.686
Total	7.141	10.502

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3. Information on premium payables:

	30 June 2013	31 December 2012
Social Security Premiums–Employee	1.294	566
Social Security Premiums–Employer	1.615	812
Bank Social Aid Pension Fund Premiums–Employee	-	-
Bank Social Aid Pension Fund Premiums–Employer	-	-
Pension Fund Membership Fee and Provisions–Employee	-	-
Pension Fund Membership Fee and Provisions–Employer	-	-
Unemployment Insurance–Employee	91	39
Unemployment Insurance–Employer	181	79
Other	-	-
Total	3.181	1.496

4. As of 30 June 2013, the Bank has netted-off the calculated deferred tax asset of TL 11.451 (31 December 2012: TL 9.393) and deferred tax liability of TL 2.491 (31 December 2012: TL2.657) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 8.960 (31 December 2012: TL6.736) in the financial statements.

i. Information on payables for assets held for resale and discontinued operations:

None.

j. Information about subordinated loans:

None.

k. Information on shareholders’ equity:

1. Presentation of paid-in capital:

	30 June 2013	31 December 2012
Common Stock	570.000	570.000
Preferred Stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The Bank has paid-in-capital of TL 570.000 and does not apply the registered share capital system.

3. Information on the share capital increases during the period and their sources:

None.

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4. Information on capital increases from capital reserves during the current period:

None.

5. Information on capital commitments, up until the end of the fiscal year and the subsequent interim period:

None.

6. Information on capital by considering the Bank's profitability, prior period indicators on liquidity and uncertainty on these indicators:

The interest, liquidity, and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk limits and legal limits.

7. Information on privileges given to shares representing the capital:

Based on the Principal Agreement, the Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

8. Information on marketable securities valuation reserve:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	2.654	-	10.185	-
Foreign Currency Translation Difference	-	-	-	-
Total	2.654	-	10.185	-

9. Information on tangible assets revaluation reserve:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	3.717	-	3.717	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	3.717	-	3.717	-

10. Information on distribution of prior year's profit:

According to the General Assembly meeting decision on 29 March 2013, the loss of 2012 amounting to TL 1.240 has been allocated from extraordinary reserves.

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III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 June 2013	31 December 2012
Foreign currency buy/sell commitments	689.881	118.915
Commitments for cheques	276.050	267.935
Loan limit commitments	104.206	88.406
Time deposit buy/sell commitments	96.240	-
Commitments for credit card limits	37.293	30.056
Tax and fund obligations arising from export commitments	21.312	-
Blocked cheques given to customers	178	178
Share capital commitments to associates and subsidiaries	18	18
Total	1.225.178	505.508

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments".

i. Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit:

	30 June 2013	31 December 2012
Letter of guarantees	657.239	617.734
Other guarantees	259.303	115.632
Letter of credits	97.079	95.241
Bank acceptance loans	93.589	228.511
Factoring guarantees	986	1.194
Total	1.108.196	1.058.312

ii. Revocable, irrevocable guarantees, contingencies and other similar commitments:

	TL	FC
Irrevocable letters of guarantee	413.180	118.549
Guarantees given to customs	39.468	1.860
Revocable letters of guarantee	16.564	3.960
Letters of guarantee given in advance	14.682	34.830
Other letters of guarantee	3.931	10.215
Total	487.825	169.414

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

	30 June 2013	31 December 2012
Non-cash loans given against cash loans	106.103	246.591
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	106.103	246.591
Other non-cash loans	1.002.093	811.721
Total	1.108.196	1.058.312

ii. Information on non-cash loans classified in 1st and 2nd group:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans (*)				
Letters of Guarantee	469.014	162.165	10.270	7.002
Bank Acceptances	1.070	96.009	-	-
Letters of Credit	-	259.303	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	423	495	68	-
Other Commitments and Contingencies	-	93.589	-	-
Total	470.507	611.561	10.338	7.002

(*) In addition to non-cash loans stated above, the Bank has non-cash loans classified as non-performing loans, amounting to TL 8.788. As of 30 June 2013, the Bank has recorded a provision amounting to TL 2.946 regarding these risks.

b. Investment Funds:

As of 30 June 2013, the Bank is the founder of 3 investment funds (31 December 2012: 3) with a total fund value of TL 29.187 (31 December 2012: TL24.360). The shares of the investment funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Central Registry Agency, Inc..

c. Information on contingent assets and contingent liabilities:

As of 30 June 2013, the total amount of legal cases against the Bank is TL 20.201 (31 December 2012: TL 19.264) and the Bank sets aside a provision of TL 15.313 (31 December 2012: TL 14.012) regarding these risks.

d. Brief information on the Bank's rating given by International Rating Institutions:

MOODY'S (Dated on 11 February 2013)

Category	Rating	Outlook
(Financial Strength Rating)	D-	Negative
(Long Term Foreign Currency)	Ba2	Stable
(Short Term Foreign Currency)	Not Prime	-
(Long Term Local Currency)	Ba2	Stable
(Short Term Local Currency)	Not Prime	-

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans (*):

	30 June 2013		30 June 2012	
	TL	FC	TL	FC
Interest Income on Loans				
Short-term Loans	98.366	13.300	116.542	15.648
Medium/Long-term Loans	28.000	13.250	25.240	14.314
Interest on Loans Under Follow-up	866	-	312	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	127.232	26.550	142.094	29.962

(*) Includes fee and commission income related with cash loans.

2. Information on interest income on banks:

	30 June 2013		30 June 2012	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks	62	87	17	83
From Foreign Banks	1	4	32.388	220
Headquarters and Branches Abroad	-	-	-	-
Total	63	91	32.405	303

3. Information on interest income received from investments in associates and subsidiaries:

	30 June 2013	30 June 2012
Interest Income Received From Investments in Associates and Subsidiaries	-	10

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b. Information on interest expense:

1. Information on interest expense on borrowings (*):

	30 June 2013		30 June 2012	
	TL	FC	TL	FC
Banks				
CBRT	-	-	-	-
Domestic Banks	1.358	1.024	1.276	740
Foreign Banks	-	2.475	43.685	1.592
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	1.358	3.499	44.961	2.332

(*) Includes fee and commission expense related with cash loans.

2. Information on interest expense given to investments in associates and subsidiaries:

	30 June 2013	30 June 2012
Interest Paid to Investment in Associates and Subsidiaries	1.433	4.023

3. Interest expense on issued marketable securities:

None.

4. Information on interest rate and maturity structure of deposits:

Account Name	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Currency								
Bank Deposits	7	26	-	-	-	-	-	33
Savings Deposits	-	451	19.178	5.785	9.697	6.447	-	41.558
Public Deposits	-	-	2.767	-	-	-	-	2.767
Commercial Deposits	-	1.313	7.992	2.541	4.761	1.600	-	18.207
Other Deposits	-	141	2.188	1.256	259	-	-	3.844
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	7	1.931	32.125	9.582	14.717	8.047	-	66.409
Foreign Currency								
Foreign Currency Account	-	952	13.271	2.223	629	818	-	17.893
Bank Deposits	-	99	-	-	-	-	-	99
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1.051	13.271	2.223	629	818	-	17.992
Sum Total	7	2.982	45.396	11.805	15.346	8.865	-	84.401

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c. Information on trading loss/income (Net):

	30 June 2013	30 June 2012
Income	1.286.994	1.378.466
Income from Capital Market Transactions	6.558	7.364
Income From Derivative Financial Transactions	75.305	31.123
Foreign Exchange Gains (*)	1.205.131	1.339.979
Loss (-)	1.269.372	1.362.710
Loss from Capital Market Transactions	3.344	1.237
Loss From Derivative Financial Transactions	61.294	26.217
Foreign Exchange Loss (*)	1.204.734	1.335.256
Net Income/(Loss)	17.622	15.756

(*) The net foreign exchange profit from foreign exchange gain regarding to derivative financial transactions included in foreign exchange gains is TL 7.056 (30 June 2012: TL 4.240).

d. Information on other operating income:

As of 30 June 2013, the Bank's other operating income is TL 4.015 (30 June 2012: TL 3.462). TL 932 amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as Asset Held for Resale (30 June 2012: TL 1.933).

e. Provision expenses related to loans and other receivables of the Bank:

	30 June 2013	30 June 2012
Specific Provisions for Loans and Other Receivables	29.645	8.412
III. Group Loans and Receivables	4.695	3.868
IV. Group Loans and Receivables	9.710	4.530
V. Group Loans and Receivables	15.240	14
General Provision Expenses	5.921	4.861
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	947	3
Financial Assets at Fair Value Through Profit or Loss	947	3
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities	-	-
Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	36.513	13.276

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f. Information related to other operating expenses:

	30 June 2013	30 June 2012
Personnel Expenses	45.595	40.071
Reserve For Employee Termination Benefits (*)	1.624	1.511
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	3.402	3.672
Impairment Expenses of Intangible Assets	-	-
Amortization Expenses of Intangible Assets	1.836	1.381
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	138	149
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	29.547	22.814
Operational Lease Expenses	7.775	7.359
Maintenance Expenses	353	253
Advertising Expenses	2.918	492
Other Expense	18.501	14.710
Loss on Sales of Assets	-	-
Other	9.062	7.845
Total	91.204	77.443

(*) As of 30 June 2013, unused vacation provision expense for the employees is TL 550 (30 June 2012: TL531).

g. Information on provision for taxes from discontinued or continuing operations:

The Bank has no discontinued operations. The Bank's net income/(loss) before taxes from continuing operations is TL 14.300 .

h. Information on provision for taxes from discontinued or continuing operations:

The Bank has no discontinued operations and the explanations below represent the provision for taxes of continuing operations.

1. Information on calculated current tax income or expense and deferred tax income or expense:

As of 30 June 2013, the Bank has no current tax expense amounting and deferred tax expense amounting to TL 341.

2. Explanations on deferred tax income or expense arising from the temporary differences occurred or have been closed:

The Bank has TL 3.713 tax income from carried financial loss, TL 414 from temporary differences and TL 3.786 deferred tax expense from closed temporary differences amounting to net TL 341 deferred tax income.

3. Information on recognition of temporary difference, financial loss, diminution of tax and exceptions on income statement:

As of 30 June 2013, the Bank has TL 3.372 tax expense arising from temporary differences and TL 3.713 deferred tax income from carried financial loss.

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i. Information on continuing and discontinued operations' current period net profit/(loss):

The Bank has no discontinued operations and the below article (j) represents the current period net profit and loss from continuing operations.

j. Information on net income/(loss) for the period:

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of Bank, the composition and amount of these items:

None.

2. If an estimation change significantly affects the profit or has the probability of affecting the profit of following period, the effect for related periods:

None.

k. Information on other income and expenses:

As of 30 June 2013, the Bank's fee and commission income amounts to TL 9.933 (30 June 2012: TL16.200) and TL 4.118 (30 June 2012: TL 6.092) the related amount is classified under "Other fee and commission income" account.

	30 June 2013	30 June 2012
Other Fee and Commissions Received		
Credit Card and POS Transaction Commission	1.156	1.203
Insurance Commissions	686	609
Account Operating Fees	575	571
Transfer Commissions	499	505
Commissions on Investment Fund Services	209	211
Commissions from Correspondent Banks	189	173
Ortak Nokta Commissions	55	53
Letter of Credit Commissions	10	13
Other	739	2.754
Total	4.118	6.092

As of 30 June 2013, Bank's fee and commission expense amounts to TL 2.191 (30 June 2012: TL2.287) and TL 2.187 (30 June 2012: TL2.283) of the related amount is classified under "Other fee and commission expense" account.

	30 June 2013	30 June 2012
Other Fee and Commissions Given		
Credit Card Transaction Commission	1.242	1.407
Ortak Nokta Commissions	227	325
EFT Commissions	225	202
Commissions Granted to Correspondent Banks	180	95
Transfer Commissions	48	50
Other	265	204
Total	2.187	2.283

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

V. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP

- a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:**

Prior period financial information is presented as at 31 December 2012 for balance sheet and 30 June 2012 for income statements items. The prior periods' values consist of values for the appropriate partnership structure and risk group whereas the current period only consists of risk structure solely.

1. 30 June 2013:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	12.239	-	-	21	-
Balance at the End of the Period	1.626	23.250	-	-	14	-
Interest and Commission Income Received	25	9	-	-	-	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

2. 31 December 2012:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	13.177	36	35.225	92	-
Balance at the End of the Period	-	12.239	-	-	21	-
Interest and Commission Income Received	10	19	67	64	-	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

3. Information on deposits and repurchase transactions of the Bank's risk group:

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	75.261	98.399	445	485.949	3.376	89.989
End of the Period	45.724	75.261	19.274	445	4.919	3.376
Interest Expense on Deposits	1.433	4.023	8	18.732	130	3.127

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	-	-	-	-	108	99
End of the Period	-	-	-	-	158	108
Interest Expense on Repurchase Transactions	-	-	-	-	1	2

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

4. Information on forward and option agreements and other similar agreement with the Bank's risk group:

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for trading purposes						
Beginning of the Period	3.577	-	-	1.519.894	-	-
Balance at the end of the period	8.421	3.577	-	-	-	-
Total Profit/Loss	(106)	119	-	41.670	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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b. With respect to the Bank's risk group:

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank:

The Bank performs various transactions with related parties during its banking activities. These are commercial transactions realised with market prices.

2. The type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	Share in Financial Statements (%)
Borrowings	574.554	73.63
Deposit	69.917	2.42
Non-cash loans	23.250	2.10
Loans	1.640	0.05
Funds from repurchase transactions	158	0.02
Banks	1	0.01

As of 30 June 2013, the Bank has realized interest expense amounting to TL 1.066 (31 December 2012: None) on loans borrowed from the direct and indirect shareholders of the Bank.

3. Equity accounting transactions: None.
4. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

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The Bank, has financial leasing agreements with Burgan Finansal Kiralama A.Ş. As of 30 June 2013, there is no net financial leasing payables arising from these agreements (31 December 2012: TL 1). There is no interest expense amount paid for the related financial leasing agreements (30 June 2012: TL 5).

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has TL 14 from Burgan Finansal Kiralama A.Ş., and TL 35 from Burgan Yatırım Menkul Değerler A.Ş. as other operating income.

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank's risk group and the amount composes 0,54% (31 December 2012: 0,30%) of the Bank's total cash and non-cash loans.

As of 30 June 2013 there are no purchase-sales transactions on any assets including real - estate with the risk group consisting the Bank.

As of 30 June 2013 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Chairman of the Board, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 7.425 (30 June 2012: TL 6.735) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

On 25 July 2013, non-performing loans amounting to TL 124.547 (net book value after specific provisions amounting to TL 16.289) has been written off from assets by selling them to Girişim Varlık Yönetim A.Ş. in return for TL 20.200.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements as of 30 June 2013 and for the six month interim period then ended have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor's report dated 14 August 2013 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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