

**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 INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2013**



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

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

We have audited the accompanying unconsolidated balance sheet of Burgan Bank A.Ş. (“the Bank”) at 31 December 2013 and the related unconsolidated statements of income, cash flows and changes in shareholders’ equity for the period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the responsibility of the Bank’s Board of Directors:

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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



Independent Auditor's Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Burgan Bank A.Ş. at 31 December 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 the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA 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

A handwritten signature in blue ink, appearing to read "Zeynep Uras", is written over the printed name.

Zeynep Uras, SMMM
Partner

Istanbul, March 14, 2014

**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 31 DECEMBER 2013**

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The unconsolidated nine 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.

14 March 2014

Mehmet N. ERTEN
Chairman of the
Board of Directors

Ali Murat DİNÇ
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

Faisal H.M.H. AL AYYAR
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
Telephone Number : 0 212 371 34 84
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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 S.A.K. 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 S.A.K. 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 31 DECEMBER 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 31 DECEMBER 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 of Board of Directors	Undergraduate
Board of Directors Members: (*)	Faisal H.M.H. Al Ayyar	Vice President	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
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager: (*)	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers: (*)	Bülent Nur Özkan	Corporate and Commercial Banking Senior Vice General Manager	Undergraduate
	Robbert J. R. Voogt	Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Fatma Aliye Atalay	Private Banking Operations	Graduate
	Esra Aydın	Operations	Undergraduate
	Mutlu Akpara	Treasury	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Ayşe İdil Kural	Financial Affairs	Undergraduate
	Cihan Vural	Internal Systems	Undergraduate
	Soner Ersoy	Information Technology	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Emine Pınar Kuriş	Retail Banking	PHD
Audit Committee: (*)	Halis Murat Ece	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Faisal H.M.H. Al Ayyar	Member	Undergraduate

(*) Emine Pınar Kuriş has been appointed as Retail Banking Vice General Manager as of 10 December 2013. Member of Board of Directors and General Manager Mehmet Nazmi Erten has resigned from his duty on 29 January 2014 and has been appointed as the Chairman the same day. The former Chairman Faisal H.M.H. Al Ayyar has resigned from his duty on 29 January 2014 and has been appointed as the Vice President as of the same day. Ali Murat Dinç has been appointed as the member of Board of Directors and General Manager as of 03 February 2014. Fedon Hacaki, the Vice General Manager responsible for risk management has resigned from his duty on 28 February 2013.

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

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 31 December 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 31 December 2013, the Bank has 980 (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 31 DECEMBER 2013 AND 31 DECEMBER 2012**

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2013)			(31/12/2012)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	165.890	354.748	520.638	203.261	159.941	363.202
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	163.507	78.675	242.182	76.409	13.862	90.271
2.1 Trading Financial Assets		163.507	78.675	242.182	76.409	13.862	90.271
2.1.1 Government Debt Securities		80.045	226	80.271	71.015	227	71.242
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		83.462	78.449	161.911	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	21.113	41.331	62.444	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	858.080		858.080	362.853		362.853
5.1 Share Certificates		6.474	-	6.474	5.161	-	5.161
5.2 Government Debt Securities		851.606	-	851.606	357.692	-	357.692
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	I-e	2.565.314	2.012.185	4.577.499	2.059.515	845.970	2.905.485
6.1 Loans		2.512.992	2.012.185	4.525.177	1.997.797	845.970	2.843.767
6.1.1 Loans to Bank's Risk Group		16.447	13.229	29.676	21	-	21
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		2.496.545	1.998.956	4.495.501	1.997.776	845.970	2.843.746
6.2 Loans under Follow-up		107.796	-	107.796	166.129	-	166.129
6.3 Specific Provisions (-)		55.474	-	55.474	104.411	-	104.411
VII. FACTORING RECEIVABLES	I-e	179.325	4.544	183.869	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	99.193		99.193	88.337		88.337
10.1 Unconsolidated Financial Subsidiaries		99.193	-	99.193	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)	I-l	23.923		23.923	25.033		25.033
XV. INTANGIBLE ASSETS (Net)	I-m	23.673		23.673	22.692		22.692
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		23.673	-	23.673	22.692	-	22.692
XVI. INVESTMENT PROPERTY (Net)	I-n						
XVII. TAX ASSET	I-o	19.340		19.340	6.736		6.736
17.1 Current Tax Asset		179	-	179	-	-	-
17.2 Deferred Tax Asset		19.161	-	19.161	6.736	-	6.736
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-p	13.692		13.692	12.694		12.694
18.1 Held for Resale		13.692	-	13.692	12.694	-	12.694
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-r	54.720	132.328	187.048	61.485	16.648	78.133
TOTAL ASSETS		4.187.770	2.623.811	6.811.581	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 31 DECEMBER 2013 AND 31 DECEMBER 2012

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

I. BALANCE SHEET		Note (Section Five)	(31/12/2013)			(31/12/2012)		
			TL	FC	Total	TL	FC	Total
LIABILITIES								
I. DEPOSITS		II-a	1.376.889	2.051.806	3.428.695	1.926.412	1.338.143	3.264.555
1.1	Deposits of Bank's Risk Group		13.613	16.573	30.186	51.151	27.931	79.082
1.2	Other		1.363.276	2.035.233	3.398.509	1.875.261	1.310.212	3.185.473
II. TRADING DERIVATIVE FINANCIAL LIABILITIES		II-b	18.063	109.162	127.225	8.478	12.375	20.853
III. BORROWINGS		II-c	59.636	1.288.355	1.347.991	43.402	159.297	202.699
IV. MONEY MARKETS			736.800	-	736.800	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		736.800	-	736.800	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			43.909	22.037	65.946	34.169	10.996	45.165
VIII. OTHER LIABILITIES		II-d	65.113	3.655	68.768	89.248	2.428	91.676
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)		II-e	-	659	659	-	-	-
10.1	Financial Lease Payables		-	671	671	-	1	1
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	12	12	-	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	58.182	58.129	116.311	52.972	22.145	75.117
12.1	General Loan Loss Provision		32.180	15.942	48.122	27.303	9.793	37.096
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		15.979	-	15.979	18.193	-	18.193
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		10.023	42.187	52.210	7.476	12.352	19.828
XIII. TAX LIABILITY		II-h	12.193	-	12.193	11.998	-	11.998
13.1	Current Tax Liability		12.193	-	12.193	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	-	320.478	320.478	-	-	-
XVI. SHAREHOLDERS' EQUITY		II-k	586.515	-	586.515	641.742	-	641.742
16.1	Paid-in Capital		570.000	-	570.000	570.000	-	570.000
16.2	Capital Reserves		(2.059)	-	(2.059)	12.173	-	12.173
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		(4.414)	-	(4.414)	10.185	-	10.185
16.2.4	Tangible Assets Revaluation Reserve		3.992	-	3.992	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		(1.637)	-	(1.637)	(1.729)	-	(1.729)
16.3	Profit Reserves(*)		59.569	-	59.569	59.695	-	59.695
16.3.1	Legal Reserves		11.423	-	11.423	11.423	-	11.423
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		48.146	-	48.146	48.272	-	48.272
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Income or (Loss)		(40.995)	-	(40.995)	(126)	-	(126)
16.4.1	Prior Years' Income/ (Loss)		-	-	-	-	-	-
16.4.2	Current Year Income/ (Loss)(*)		(40.995)	-	(40.995)	(126)	-	(126)
TOTAL LIABILITIES			2.957.300	3.854.281	6.811.581	2.896.165	1.545.384	4.441.549

(*) The classification mentioned in the 3rd part XXVIII numbered note has been restructured in prior year balance sheet.

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
31 DECEMBER 2013 AND 31 DECEMBER 2012**

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

II. OFF-BALANCE SHEET		Note(Section Five)	(31/12/2013)			(31/12/2012)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		4.173.600	8.916.392	13.089.992	2.198.032	3.971.008	6.169.040
I.	GUARANTEES AND WARRANTIES	III-a-2-3	574.140	612.481	1.186.621	457.586	600.726	1.058.312
1.1	Letters of Guarantee		573.287	197.876	771.163	456.790	160.944	617.734
1.1.1	Guarantees Subject to State Tender Law		10.202	20.787	30.989	10.229	24.176	34.405
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		563.085	177.089	740.174	446.561	136.768	583.329
1.2	Bank Acceptances		425	89.087	89.512	305	94.936	95.241
1.2.1	Import Letter of Acceptance		425	89.087	89.512	305	94.936	95.241
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	257.308	257.308	-	-	-
1.3.1	Documentary Letters of Credit		-	257.308	257.308	-	115.632	115.632
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		428	324	752	491	703	1.194
1.8	Other Guarantees		-	67.886	67.886	-	228.511	228.511
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	433.658	16.229	449.887	408.334	97.174	505.508
2.1	Irrevocable Commitments		433.658	16.229	449.887	408.334	97.174	505.508
2.1.1	Asset Purchase and Sales Commitments		6.429	16.229	22.658	21.741	97.174	118.915
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		106.629	-	106.629	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		278.991	-	278.991	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		41.413	-	41.413	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		3.165.802	8.287.682	11.453.484	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		3.165.802	8.287.682	11.453.484	1.332.112	3.273.108	4.605.220
3.2.1	Forward Foreign Currency Buy/Sell Transactions		324.928	1.057.623	1.382.551	157.430	511.404	668.834
3.2.1.1	Forward Foreign Currency Transactions-Buy		27.832	671.916	699.748	54.867	276.969	331.836
3.2.1.2	Forward Foreign Currency Transactions-Sell		297.096	385.707	682.803	102.563	234.435	336.998
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		419.893	3.137.611	3.557.504	129.900	972.942	1.102.842
3.2.2.1	Foreign Currency Swap-Buy		108.245	894.103	1.002.348	98.740	187.264	286.004
3.2.2.2	Foreign Currency Swap-Sell		294.424	702.736	997.160	31.160	250.730	281.890
3.2.2.3	Interest Rate Swap-Buy		8.612	770.386	778.998	-	267.474	267.474
3.2.2.4	Interest Rate Swap-Sell		8.612	770.386	778.998	-	267.474	267.474
3.2.3	Foreign Currency, Interest rate and Securities Options		2.420.981	4.092.448	6.513.429	1.044.782	1.788.762	2.833.544
3.2.3.1	Foreign Currency Options-Buy		1.210.495	2.030.983	3.241.478	522.391	866.782	1.389.173
3.2.3.2	Foreign Currency Options-Sell		1.210.486	2.030.983	3.241.469	522.391	866.782	1.389.173
3.2.3.3	Interest Rate Options-Buy		-	15.241	15.241	-	27.599	27.599
3.2.3.4	Interest Rate Options-Sell		-	15.241	15.241	-	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)		13.742.130	9.354.705	23.096.835	10.342.614	7.585.391	17.928.005
IV.	ITEMS HELD IN CUSTODY		1.664.341	247.481	1.911.822	1.605.746	226.199	1.831.945
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		426.376	4.629	431.005	634.592	3.514	638.106
4.3	Cheques Received for Collection		1.143.680	182.901	1.326.581	925.911	152.400	1.078.311
4.4	Commercial Notes Received for Collection		90.045	23.340	113.385	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	36.611	40.851	4.887	54.049	58.936
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		12.077.789	9.107.224	21.185.013	8.736.868	7.356.686	16.093.554
5.1	Marketable Securities		1.043	1.043	2.086	1.043	1.043	2.086
5.2	Guarantee Notes		9.720.771	7.201.557	16.922.328	6.761.107	5.574.693	12.335.800
5.3	Commodity		176.920	104.413	281.333	100.159	92.679	192.838
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		1.926.747	1.573.925	3.500.672	1.686.302	1.529.982	3.216.284
5.6	Other Pledged Items		252.308	227.329	479.637	188.257	159.332	347.589
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	2.506	2.506
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		17.915.730	18.271.097	36.186.827	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 YEARS ENDED
31 DECEMBER 2013 AND 31 DECEMBER 2012**

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

III.	INCOME STATEMENT	Note (Section Five)	01/01/2013- 31/12/2013	01/01/2012- 31/12/2012
	INCOME AND EXPENSE ITEMS			
I.	INTEREST INCOME	IV-a	412.232	493.378
1.1	Interest on Loans		318.338	354.680
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks		619	32.833
1.4	Interest Received from Money Market Transactions		2.742	7.996
1.5	Interest Received from Marketable Securities Portfolio		62.491	65.352
1.5.1	Trading Financial Assets		9.543	12.681
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		52.948	47.659
1.5.4	Held-to-maturity Investments		-	5.012
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		28.042	32.517
II.	INTEREST EXPENSE (-)	IV-b	245.541	315.918
2.1	Interest on Deposits (-)		167.318	217.950
2.2	Interest on Funds Borrowed (-)		19.716	51.204
2.3	Interest Expense on Money Market Transactions (-)		23.523	23.304
2.4	Interest on Securities Issued (-)		-	-
2.5	Other Interest Expenses (-)		34.984	23.460
III.	NET INTEREST INCOME (I + II)		166.691	177.460
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	IV-I	14.152	23.362
4.1	Fees and Commissions Received		18.963	28.211
4.1.1	Non-cash Loans		10.802	17.735
4.1.2	Other		8.161	10.476
4.2	Fees and Commissions Paid (-)		4.811	4.849
4.2.1	Non-cash Loans (-)		7	8
4.2.2	Other (-)		4.804	4.841
V.	DIVIDEND INCOME	IV-c	19.418	17.135
VI.	TRADING INCOME/(LOSS) (Net)	IV-d	25.052	22.813
6.1	Trading Gains/(Losses) on Securities		3.314	9.030
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		24.344	6.752
6.3	Foreign Exchange Gains/(Losses)		(2.606)	7.031
VII.	OTHER OPERATING INCOME	IV-e	7.894	9.977
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		233.207	250.747
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-f	100.683	85.722
X.	OTHER OPERATING EXPENSES (-)(*)	IV-g	182.386	157.068
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		(49.862)	7.957
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)	IV-h	(49.862)	7.957
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-i	(8.867)	8.083
16.1	Current Tax Provision		-	5.758
16.2	Deferred Tax Provision		(8.867)	2.325
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-VI)	IV-j	(40.995)	(126)
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)		-	-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	IV-k	(40.995)	(126)
	Earnings/(Loss) per share (1.000 nominal in TL full)		(0,719)	(0,002)

(*) The classification mentioned in the 3rd part XXVIII numbered note has been restructured in prior year statement of income.

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 INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY FOR THE YEARS ENDED
31 DECEMBER 2013 AND 31 DECEMBER 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	31/12/2013	31/12/2012
	I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(15.740)
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	344	340
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(*)	115	(1.393)
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	3.056	(3.565)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(12.225)	14.260
XI. CURRENT PERIOD INCOME/LOSS	(2.007)	(1.178)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	(2.007)	(1.178)
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)	(14.232)	13.082

(*)The classification mentioned in the 3rd part XXVIII numbered note has been restructured in prior year statement of income.

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BURGAN BANK A.Ş.

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
PREVIOUS PERIOD 31/12/2012	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 Shareholder s' Equity
I. Beginning Balance-31.12.2011		570.000	-	-	-	9.555	-	12.156	-	37.369	-	(3.739)	3.445	-	-	-	628.786
II. Adjustments according to TAS 8		-	-	-	-	-	-	615	(615)	-	-	-	-	-	-	-	-
2.1 Effect of Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	615	(615)	-	-	-	-	-	-	-	-
III. Beginning Balance(I+II)		570.000	-	-	-	9.555	-	12.771	(615)	37.369	-	(3.739)	3.445	-	-	-	628.786
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	(V-d)	-	-	-	-	-	-	-	-	-	-	13.924	-	-	-	-	13.924
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	(V-e)	-	-	-	-	-	-	-	-	-	-	-	272	-	-	-	272
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital Increase	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(1.114)	-	-	-	-	-	-	-	(1.114)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	(126)	-	-	-	-	-	-	(126)
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	-	48.272	(1.729)	(126)	-	10.185	3.717	-	-	-	641.742

(*) The classification mentioned in the 3rd part XXVIII numbered note has been restructured in prior year statement of income.

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 YEAR ENDED 31 DECEMBER 2013

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
CURRENT PERIOD 31/12/2013	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	Shareholders' Equity
I. Prior Period End Balance		570.000	-	-	-	11.423	-	48.272	(1.729)	(126)	-	10.185	3.717	-	-	-	641.742
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	(V-d)	-	-	-	-	-	-	-	-	-	-	(14.599)	-	-	-	-	(14.599)
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	(V-e)	-	-	-	-	-	-	-	-	-	-	-	275	-	-	-	275
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	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	92	-	-	-	-	-	-	-	92
XVII Current Year Income or Loss		-	-	-	-	-	-	-	-	(40.995)	-	-	-	-	-	-	(40.995)
XVIII.Profit Distribution		-	-	-	-	-	-	(126)	-	126	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	-	-	(126)	-	126	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		570.000	-	-	-	11.423	-	48.146	(1.637)	(40.995)	-	(4.414)	3.992	-	-	-	586.515

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2013 AND 31 DECEMBER 2012**

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	(31/12/2013)	(31/12/2012)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(175.811)	69.197
1.1.1 Interest Received		336.300	535.808
1.1.2 Interest Paid		(242.584)	(344.212)
1.1.3 Dividend Received		19.418	17.135
1.1.4 Fees and Commissions Received		14.152	23.362
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		33.362	30.207
1.1.7 Payments to Personnel and Service Suppliers		(94.286)	(82.226)
1.1.8 Taxes Paid		-	-
1.1.9 Other	VI-b	(242.173)	(110.877)
1.2 Changes in Operating Assets and Liabilities		434.208	(847.931)
1.2.1 Net (Increase)/Decrease in Trading Securities		(8.935)	266.892
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		(1.584.950)	(634.079)
1.2.5 Net (Increase)/Decrease in Other Assets		(241.421)	(36.813)
1.2.6 Net Increase/(Decrease) in Bank Deposits		150.997	(194)
1.2.7 Net Increase/(Decrease) in Other Deposits		14.127	986.195
1.2.8 Net Increase/(Decrease) in Funds Borrowed		2.111.175	(1.483.571)
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities	VI-b	(6.785)	53.639
I. Net Cash Provided from Banking Operations		258.397	(778.734)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(532.981)	661.318
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		(10.856)	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(9.807)	(6.788)
2.4 Disposals of Property and Equipment		3.277	7.258
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(515.595)	-
2.6 Cash Obtained from Sale of Investments Available-for-Sale		-	501.517
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	159.331
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		(483)	(1.648)
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		(275.067)	(119.064)
VI. Cash and Cash Equivalents at Beginning of the Period		584.502	703.566
VII. Cash and Cash Equivalents at end of the Period	VI-a	309.435	584.502

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

**CONVENIENCE TRANSLATION OF PUBLICLY
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BURGAN BANK A.Ş.

**UNCONSOLIDATED PROFIT APPROPRIATION STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2013 AND 31 DECEMBER 2012**

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

VII. PROFIT APPROPRIATION STATEMENT	(31/12/2013) (*)	(31/12/2012) (**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	(49.862)	7.957
1.2 TAXES AND DUTIES PAYABLE (-)	(8.867)	8.083
1.2.1 Corporate Tax (Income tax)	-	5.758
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(8.867)	2.325
A. NET INCOME FOR THE YEAR (1.1-1.2)	(40.995)	(126)
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] (*)		(126)
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	(126)
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (***)		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Authorised body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) As a result of prior period's adjustments according to TAS 19, the loss for 2012 was TL 126 thousand. The difference of TL 1.114 thousand compared to profit appropriation statement which was approved in General Assembly held on 29 March 2013, has been reclassified to "Other Capital Reserves".

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

The Bank prepares financial statements and notes according to Regulation Principles and Procedures on Banks' Accounting Practice and Keeping Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and annexes and comments (collectively "Turkish Accounting Standards" or "TAS") implemented by the the Public Oversight Auditing and Accounting Standards Authority (POA), other regulations, communiqués and circulars in respect of accounting and financial reporting promulgated by the Banking Regulatory and Supervision Agency (BRSA), announcements by BRSA, Turkish Commercial Code and Tax Legislation.

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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

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 54.117 based on the assessment done as of 31 December 2013 and TL 8.122 of this amount has been recorded under current period’s profit/loss.

The Bank has no joint ventures as of 31 December 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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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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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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 31 December 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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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.

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.

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ACCOUNTING POLICIES (Continued)

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.

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 in Extraordinary Reserves item in the Shareholders Equity section.

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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.

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.

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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 31 December 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.

	31 December 2013	31 December 2012
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	(40.995)	(126)
Weighted Average Number of Issued Ordinary Shares (Thousand)	57.000.000	57.000.000
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	(0,719)	(0,002)

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:

Communiqué on "Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)" published in Official as Gazette dated 12 March 2013 numbered 28585 by the Public Oversight Auditing and Accounting Standards Authority (POA) entered into force to be effective for the accounting periods starting at 1 January 2013 for accounting of differences in actuarial assumptions or actuarial income and loss realized due to differences between actuarial assumptions and the actual. Standard commands to start practice retroactively under "transition and enforcement date" title. Therefore, as of 31 December 2012, amount that were required to be accounted as " Other Comprehensive Income " is reflected in prior period profit/ loss account with the classification. As a result of this classification, as of 1 January 2013 prior period profit/ loss was increased by TL 1.114 and "Other Capital Reserves" was decreased by the same amount. Before the arrangement, as of 31 December 2012 the Bank's profit before taxes was amounted TL 6.564, the Bank's net profit was amounted TL 1.240.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

a. As of 31 December 2013, the unconsolidated capital adequacy ratio of the Bank is 14,99% (31 December 2012: 16,45%) which satisfies the requirement of being above both the minimum ratio of 8% stated in the related legislation and the targeted capital requirement stated in the BRSA legislation.

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:

31 December 2013	Risk Weights (*)							
	Bank							
	0%	20%	50%	75%	100%	150%	200%	250%
Surplus credit risk weighted	1.440.374	137.379	938.058	550.052	4.149.195	35.122	35.604	31
Risk classifications:								
Claims on sovereigns and Central Banks	1.304.762	-	-	-	61.278	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	7	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	12.559	37.222	189.295	-	87.006	16.162	-	-
Claims on corporates	77.938	95.305	25.826	-	3.478.008	2.418	-	-
Claims included in the regulatory retail portfolios	10.185	3.874	-	550.052	4.842	-	-	-
Claims secured by residential property	2.395	582	713.493	-	249.375	-	-	-
Past due loans	-	-	9.444	-	40.322	2.556	-	-
Higher risk categories decided by the Board	1.218	396	-	-	-	13.986	35.604	31
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	31.317	-	-	-	228.357	-	-	-

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

	31 December 2013	31 December 2012
Amount subject to credit risk (ASCR)	414.577	287.158
Amount subject to market risk (ASMR)	19.282	5.045
Amount subject to operational risk (ASOR)	21.829	19.710
Shareholders’ equity	853.691	641.563
Shareholders’ equity/(ASCR+ASMR+ASOR)	14,99	16,45

e. Information about shareholders’ equity items:

	31 December 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	57.932	57.966
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 (-)	40.995	126
Current period loss	40.995	126
Prior period loss	-	-
Operating Lease Development Cost (-)	4.444	6.597
Intangible assets (-)	23.673	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	558.820	598.551

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SUPPLEMENTARY CAPITAL	31 December 2013	31 December 2012
General provisions	48.122	37.096
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	1.796	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	249.686	-
45% of marketable securities valuation reserve from investments in associates and subsidiaries and Available-for-sale financial assets	(4.414)	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	295.190	43.352
CAPITAL	854.010	641.903
DEDUCTIONS FROM THE CAPITAL	319	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 secondary subordinated loan nature purchased from them	-	-
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	319	340
Other	-	-
TOTAL SHAREHOLDERS’ EQUITY	853.691	641.563

f. The Rating Process of Internal Capital Adequacy Regarding the Current and Future Operations

During the rating process of internal capital adequacy, the concentrating risk and the interest rate risk from banking calculations, country risk, residual risk, liquidity risk and reputation risk are taken into consideration in addition to the credit risk, market risk and operational risk, which are used in the calculation of legal capital adequacy ratio.

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II. EXPLANATIONS ON CREDIT RISK:

Credit risk represents the potential financial loss that the Bank may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the rating procedures. Main criteria are geographical and sectoral concentrations. The sectoral concentrations for loans are monitored closely in accordance with the Bank’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored on a regular basis.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation at regular intervals. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as “loans and other receivables under close monitoring” are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The credit limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

The Bank’s credit policy approved by the Board of Directors is reviewed at regular intervals. In order to maintain the credit risk under control, there are additional limitations in the scope of Bank credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, regional directorates, the headquarters and the credit committee. Constraints on the use of these delegations;

- The total of loans granted to a specific sector cannot exceed twenty percent of the Bank’s total credit portfolio.
- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Bank does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Credits shall not be issued for speculative purposes.
- Credits issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects , cash credit guarantees and credits for covering bank’s risks and refinancing loans are evaluated by headquarters and authorized upper management.

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- Derivative products’ limits cannot be allocated in Brach authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

The loans are considered as impaired receivables after 90 days delay from the reporting period or the decision of the bank that the debtor loses its credibility. According to the “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves,” group II loans and 90 day-delayed loans are considered as non-performing loan and general provision is allocated.

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

Risk Group	Amount	Average
Claims on sovereigns and Central Banks	1.360.268	1.089.383
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	36	46
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	377.051	229.226
Claims on corporates	4.270.696	3.123.833
Claims included in the regulatory retail portfolios	691.300	882.618
Claims secured by residential property	993.471	798.504
Past due loans	52.323	57.476
Higher risk categories decided by the Board	51.234	40.824
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	-	99
Other Receivables	402.116	634.364
Total	8.198.495	6.856.373

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The Bank's derivative transactions are mainly composed of foreign exchange and interest rate swaps, money and interest options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury.

In forward transactions no type of coercive action outside of the other party's consent is taken.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

With regard to the credits renewed and re-structured with a new payment plan by the Bank, the method adopted is the one specified by the relevant legislation. Within the framework of risk management systems a risk separation is not practiced as to the maturity of the liabilities.

The Bank does not perform any kind of banking activity abroad.

When evaluated within the context of the financial operations of other financial institutions acting as active participants in the international banking market, the Bank does not have significant credit risk concentration.

In the current period, the share of the Bank's receivables due to cash loans extended to its top 100 and top 200 customers are 44%, 55% (31 December 2012: 33% and 45%) within the total cash loan portfolio.

In the current period, the share of the Bank's receivables due to non-cash loans extended to its top 100 and top 200 customers are 35%, 50% (31 December 2012: 42% and 56%) within the total non-cash loans portfolio.

In the current period, the share of the Bank's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 42%, 54% (31 December 2012: 35% and 48%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

As of 31 December 2013, the Bank's general provision for loans amounting to TL 48.122 (31 December 2012: TL37.096).

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a. Information on types of loans and specific provisions:

31 December 2013	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	4.239.981	66.979	22.944	178.107	4.508.011
Loans under close monitoring	191.247	3.004	1.022	5.762	201.035
Non-performing loans	97.548	704	881	8.663	107.796
Specific provision (-)	49.168	646	666	4.994	55.474
Total	4.479.608	70.041	24.181	187.538	4.761.368

31 December 2012	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	2.612.944	43.766	15.390	128.643	2.800.743
Loans under close monitoring	168.446	2.488	733	11.139	182.806
Non-performing loans	160.381	972	738	4.038	166.129
Specific provision (-)	100.289	882	537	2.703	104.411
Total	2.841.482	46.344	16.324	141.117	3.045.267

b. Information on loans and receivables past due but not impaired

31 December 2013	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due up to 30 days	231.852	12.276	2.059	7.401	253.588
Past due 30-60 days	2.026	149	7	196	2.378
Past due 60-90 days	2.719	445	6	-	3.170
Total	236.597	12.870	2.072	7.597	259.136

31 December 2012	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due up to 30 days	211.911	2.369	524	12.432	227.236
Past due 30-60 days	12.108	1.069	360	-	13.537
Past due 60-90 days	17.501	735	203	186	18.625
Total	241.520	4.173	1.087	12.618	259.398

c. Information on debt securities, treasury bills and other bills:

31 December 2013	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody's Rating				
Ba1 (*)	80.271	851.606	-	931.877
Total	80.271	851.606	-	931.877

31 December 2012	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody's Rating				
Ba2 (*)	71.242	357.692	-	428.934
Total	71.242	357.692	-	428.934

(*) Consists of Turkish Republic government bonds and treasury bills.

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d. Information on rating concentration:

The Bank evaluates its credit risk based on an internal rating system and the portfolio is classified from least probability of default to highest. The information about the concentration of cash and non cash loans which are classified with the rating system is presented below.

	31 December 2013	31 December 2012
Above average (%)	11,99	9,24
Average (%)	62,22	57,60
Below average (%)	24,47	29,81
Not rated (%)	1,32	3,35

e. Fair value of collaterals (loans and advances to customers):

31 December 2013	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans under close monitoring	150.509	606	308	3.888	155.311
Non-performing loans	35.341	78	134	134	35.687
Total	185.850	684	442	4.022	190.998

31 December 2012	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans under close monitoring	131.221	338	198	8.225	139.982
Non-performing loans	50.022	170	104	456	50.752
Total	181.243	508	302	8.681	190.734

Type of Collaterals	31 December 2013	31 December 2012
Real-estate mortgage	107.153	120.093
Pledge	55.371	44.794
Cash and cash equivalents	28.474	25.847
Total	190.998	190.734

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f. Profile of significant exposures in major regions:

	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Current Period 31 December 2013																	
Domestic	1.366.039	-	7	-	-	206.022	3.829.971	591.190	966.055	52.322	51.235	-	-	-	-	259.677	7.322.518
EU Countries	-	-	-	-	-	137.559	92	83	-	-	-	-	-	-	-	-	137.734
OECD Countries (**)	-	-	-	-	-	4.580	97	1	-	-	-	-	-	-	-	-	4.678
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	17.013	-	-	-	-	-	-	-	-	-	-	17.013
Other Countries	-	-	-	-	-	4.504	-	118	-	-	-	-	-	-	-	-	4.622
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.366.039	-	7	-	-	369.678	3.830.160	591.392	966.055	52.322	51.235	-	-	-	-	259.677	7.486.565

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

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

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	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Previous Year 31 December 2012																	
Domestic	696.296	-	12	-	-	412.673	2.112.309	719.726	784.832	61.718	31.798	-	-	-	-	266.153	5.085.517
EU Countries	-	-	-	-	-	10.722	2.209	20	-	-	-	-	-	-	-	-	12.951
OECD Countries (**)	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	6
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	599	-	7	-	-	-	-	-	-	-	-	606
Other Countries	-	-	-	-	-	5.466	1.597	-	-	-	-	-	-	-	-	-	7.063
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities																	-
Total	696.296	-	12	-	-	429.466	2.116.115	719.753	784.832	61.718	31.798	-	-	-	-	266.153	5.106.143

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

g. Risk profile by Sectors or Counterparties:

	Exposure Categories (*)																TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16				
Agriculture	-	-	-	-	-	-	76.567	21.201	15.951	5.001	9	-	-	-	-	-	52.205	66.524	118.729	
Farming and Stockbreeding	-	-	-	-	-	-	73.733	19.392	14.252	3.450	9	-	-	-	-	-	45.846	64.990	110.836	
Forestry	-	-	-	-	-	-	320	430	160	54	-	-	-	-	-	-	964	-	964	
Fishery	-	-	-	-	-	-	2.514	1.379	1.539	1.497	-	-	-	-	-	-	5.395	1.534	6.929	
Manufacturing	-	-	4	-	-	-	2.138.412	239.439	319.000	22.263	548	-	-	-	-	-	990.880	1.728.786	2.719.666	
Mining and Quarrying	-	-	4	-	-	-	88.441	8.623	68.298	59	12	-	-	-	-	-	115.160	50.277	165.437	
Production	-	-	-	-	-	-	1.975.694	228.539	247.643	22.088	536	-	-	-	-	-	861.248	1.613.252	2.474.500	
Electricity, Gas and Water	-	-	-	-	-	-	74.277	2.277	3.059	116	-	-	-	-	-	-	14.472	65.257	79.729	
Construction	-	-	-	-	-	-	459.470	38.998	166.831	6.943	221	-	-	-	-	-	367.112	305.351	672.463	
Services	1.346.699	-	2	-	-	369.678	1.033.112	247.903	453.363	17.437	1.135	-	-	-	-	-	1.920.766	1.548.563	3.469.329	
Wholesale and Retail Trade	-	-	-	-	-	-	595.002	201.700	245.000	11.670	816	-	-	-	-	-	578.036	476.152	1.054.188	
Hotel, Food and Beverage services	-	-	-	-	-	-	100.056	7.680	158.660	5.049	46	-	-	-	-	-	32.248	239.243	271.491	
Transportation and Telecom	-	-	-	-	-	-	101.319	15.743	5.547	61	44	-	-	-	-	-	48.573	74.141	122.714	
Financial Institutions	1.346.699	-	-	-	-	369.678	148.544	1.147	819	-	37	-	-	-	-	-	1.189.783	677.141	1.866.924	
Real Estate and Rental Services	-	-	-	-	-	-	68.505	10.627	5.677	505	168	-	-	-	-	-	38.137	47.345	85.482	
Self-employment Services	-	-	-	-	-	-	8.411	3.123	1.650	90	1	-	-	-	-	-	10.615	2.660	13.275	
Educational Services	-	-	2	-	-	-	249	1.490	19.655	-	11	-	-	-	-	-	2.482	18.925	21.407	
Health and Social Services	-	-	-	-	-	-	11.026	6.393	16.355	62	12	-	-	-	-	-	20.892	12.956	33.848	
Other	19.340	-	1	-	-	-	122.599	43.851	10.910	678	49.322	-	-	-	-	-	259.677	396.283	506.378	
Total	1.366.039	-	7	-	-	-	369.678	3.830.160	591.392	966.055	52.322	51.235	-	-	-	-	259.677	3.727.246	3.759.319	7.486.565

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

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h. Analysis of maturity-bearing exposures according to remaining maturities:

Risk classifications	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	174	184.041	19.101	192.473	461.590
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	7	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	176.855	2.997	16.711	12.804	12.926
Claims on corporates	818.343	460.794	722.170	865.326	963.528
Claims included in the regulatory retail portfolios	170.156	100.624	129.861	133.867	56.883
Claims secured by residential property	147.101	51.151	60.478	82.402	624.922
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	1.315	-	-	-	49.919
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	-	-	-	-	-
Total	1.313.951	799.607	948.321	1.286.872	2.169.768

i. Information about the risk exposure categories

As explained in the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks," abovementioned receivables are calculated via third party ratings. Receivables from central governments or central banks are calculated according to the OECD's published country risks. OECD classification is used to determine the risk weights set by the regulations. When a receivable is not provided a grading, the Bank complies with the rules under the regulations.

j. Exposures by risk weights

Risk Weights	0%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	1.359.972	72.491	941.338	565.790	4.273.855	35.920	36.418	31	28.436
2. Exposures after Credit Risks Mitigation	1.440.374	137.379	938.058	550.052	4.149.195	35.122	35.604	31	28.436

(*) The bank mitigates the credit risk using the simple financial collateral methods.

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k. Informations in terms of major sectors and type of counterparties:

Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	8.921	22.127	299	3.920
Farming and Stockbreeding	6.797	21.924	293	3.347
Forestry	98	135	5	44
Fishery	2.026	68	1	529
Manufacturing	41.264	69.012	1.958	19.001
Mining and Quarrying	474	1.910	35	415
Production	40.533	66.532	1.894	18.445
Electricity, Gas and Water	257	570	29	141
Construction	15.817	32.025	1.216	8.874
Services	39.744	119.807	4.617	22.307
Wholesale and Retail Trade	29.475	43.315	1.111	17.805
Accommodation and Dining	5.868	64.496	3.122	819
Transportation and Telecom	856	4.152	159	795
Financial Institutions	22	922	7	22
Real Estate and Rental Services	3.031	1.579	18	2.526
Professional Services	220	969	22	130
Educational Services	22	399	14	22
Health and Social Services	250	3.975	164	188
Other	2.050	16.165	215	1.372
Total	107.796	259.136	8.305	55.474

l. Information about Value Adjustment and Change in Provisions:

	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments(*)	Closing Balance
1. Specific Provisions (**)	110.064	62.942	(5.518)	(104.347)	63.141
2. General Provisions	37.096	8.237	-	2.789	48.122

(*) 104,347 TL shown in Other Adjustments column for “Specific Provisions” consists of released loan loss provision upon sale of Non Performing Loans to Girişim Varlık Yönetimi A.Ş. on 25 July 2013. Other Adjustments column consists of exchange rate differences of provisions in foreign currencies.

(**) Also includes provisions for non-cash loans that are classified as non-performing loans.

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III. 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	3.960
(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	951
(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	98
(VII) Capital to be Employed for the Other Party’s Credit Risk - Standard Method	14.255
(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)	19.282
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	241.025

b. Average Market Risk Table of Calculated Market Risk during the Period at Month Ends:

	31 December 2013		
	Average	Maximum	Minimum
Interest Rate Risk	2.842	3.084	1.356
Common Stock Risk	-	-	-
Currency Risk	2.998	6.113	546
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Option Risk	102	141	63
Counterparty Credit Risk	7.945	13.449	2.720
Total Amount Subject to Risk	173.583	283.060	57.781

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

c. Information on Counterparty Credit Risk:

In order to calculate the counterparty credit risk “Calculating Fair Value” (Annex 2) of “Communiqué on Measurement and Assessment of Capital Adequacy of Banks,” published in 28 June 2012 is taken into consideration. In accordance with the before-mentioned method, potential credit risk value is calculated and added to the renewal costs of the agreements with positive values.

While customer counterparty credit risk limits are listed under a single limit, the limit value differ for banks according to product groups. In order to check the use of limits in customer operations, the maximum possible risk is calculated by the monte carlo simulations till the maturity. Limits for derivate products are determined in the related authorisation according to the customer types whether they are commercial or real person.

Limits for the transactions of banks are calculated with its fair value. The consistency of counterparty credit risk limits gets daily checked.

There are no credit risk derivatives and credit risk protections.

d. Quantitative Information on Counterparty Risk:

	Balance
Agreements based on Interest Rate	9.081
Agreement based on Foreign Exchange Currency	190.198
Agreement Based on Commodity	-
Agreement Based on Shares	-
Other	1.471
Gross Positive Fair Values	200.750
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
Net Position of Derivatives	200.750

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IV. 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.

	31.12.2011	31.12.2012	31.12.2013	Total/Positive Year	Rate (%)	Total
Gross Income	12.441	22.821	30.226	3	15	21.829
Amount subject to Operational Risk (Total*12,5)						272.863

V. 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	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Bid rate	TL 2,9344	TL 2.3452	TL 2,1304	TL 1,7776
1. Day bid rate	TL 2,9344	TL 2,3452	TL 2,1304	TL 1,7776
2. Day bid rate	TL 2,9844	TL 2,3517	TL 2,1604	TL 1,7826
3. Day bid rate	TL 2,9844	TL 2,3657	TL 2,1604	TL 1,7829
4. Day bid rate	TL 2,8693	TL 2,3566	TL 2,0957	TL 1,7848
5. Day bid rate	TL 2,8353	TL 2,3586	TL 2,0710	TL 1,7877

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	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Arithmetic average- 30 days	TL 2,8345	TL 2,3340	TL 2,0681	TL 1,7797

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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
31 December 2013				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	7.493	347.097	158	354.748
Due From Banks	4.118	34.140	3.073	41.331
Financial Assets at Fair Value Through Profit or Loss	-	265	-	265
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans (*)	1.159.425	1.519.138	22.748	2.701.311
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	132.328	-	132.328
Total Assets (*)	1.171.036	2.032.968	25.979	3.229.983
Liabilities				
Bank Deposits	70.137	4.910	40.618	115.665
Foreign Currency Deposits	499.609	1.426.336	10.196	1.936.141
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	380.274	1.228.559	-	1.608.833
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	9.184	12.844	9	22.037
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	1.147	18.472	28	19.647
Total Liabilities (*)	960.351	2.691.121	50.851	3.702.323
Net On-balance Sheet Position	210.685	(658.153)	(24.872)	(472.340)
Net Off-balance Sheet Position	(205.335)	661.093	25.173	480.931
Financial Derivative Assets	1.322.887	2.123.913	159.994	3.606.794
Financial Derivative Liabilities	1.528.222	1.462.820	134.821	3.125.863
Non-Cash Loans (**)	126.803	475.493	10.185	612.481
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 684.582 (31 December 2012: TL 398.798) classified as Turkish Lira assets in the 31 December 2013 financial statements are added to the table above. Besides this, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL 78.410 (31 December 2012: TL 13.547), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 109.116 (31 December 2012: TL 12.281), "General Provisions" amounting to TL 15.942 (31 December 2012: TL 9.793) "General Provisions" and 26.900 TL (31 December 2012: None) "Provisions held for Potential Risks" 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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VI. 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:

31 December 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	-	-	-	-	-	520.638	520.638
Due From Banks	46.782	-	-	-	-	15.662	62.444
Financial Assets at Fair Value Through Profit/Loss	24.149	61.689	109.365	45.913	1.066	-	242.182
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	61.643	404.569	275.610	109.784	-	6.474	858.080
Loans	2.084.050	1.537.647	823.017	261.009	3.323	52.322	4.761.368
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	366.869	366.869
Total Assets	2.216.624	2.003.905	1.207.992	416.706	4.389	961.965	6.811.581
Liabilities							
Bank Deposits	150.455	-	-	-	-	14.899	165.354
Other Deposits	1.705.567	977.771	255.104	9.912	-	314.987	3.263.341
Funds From Interbank Money Market	736.800	-	-	-	-	-	736.800
Miscellaneous Payables	-	-	-	-	-	65.946	65.946
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	112.883	1.109.360	429.258	16.968	-	-	1.668.469
Other Liabilities (*)	24.296	22.640	80.948	-	-	783.787	911.671
Total Liabilities	2.730.001	2.109.771	765.310	26.880	-	1.179.619	6.811.581
Balance Sheet Long Position	-	-	442.682	389.826	4.389	-	836.897
Balance Sheet Short Position	(513.377)	(105.866)	-	-	-	(217.654)	(836.897)
Off-balance Sheet Long Position	-	5.399	7.776	11.767	-	-	24.942
Off-balance Sheet Short Position	(2.853)	-	-	-	-	-	(2.853)
Total Position	(516.230)	(100.467)	450.458	401.593	4.389	(217.654)	22.089

(*) 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)

Interest Rate Risk Sensitivity Analysis:

Change in interest rates 31 December 2013	Effect on income statement	Effect on equity
(+) 1%	(1.353)	(9.294)
(-) 1%	1.393	9.622

Change in interest rates 31 December 2012	Effect on income statement	Effect on equity
(+) 1%	(514)	(555)
(-) 1%	540	561

The effect of changes in interest rates by (+) 1% and (-) 1% on income statement and equity is demonstrated on the above table as net off tax amounts.

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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.

31 December 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	-	0,37	-	7,71
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	8,97
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	8,49
Loans	5,04	4,89	-	12,26
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,50	-	-	6,24
Other Deposits (*)	2,82	2,82	-	8,19
Funds From Interbank Money Market	-	-	-	5,75
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,72	2,92	-	5,45

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	(55.006)	(6,4%)
2. TRY	-400 bp	50.045	5,9%
3. EURO	+200 bp	(29.751)	(3,5%)
4. EURO	-200 bp	20.298	2,4%
5. USD	+200 bp	74.011	8,7%
6. USD	-200 bp	(70.359)	(8,2%)
Total (For Negative Shocks)		(16)	0,0%
Total (For Positive Shocks)		(10.746)	(1,3%)

d. Equity share position risk resulting from banking accounts:

None.

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VII. 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 (%)	139,85%	175,37%	98,60%	124,57%	11,07%
Maximum (%)	209,80%	283,37%	115,24%	160,64%	12,56%
Minimum (%)	97,55%	128,57%	82,53%	103,48%	9,92%

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Breakdown of assets and liabilities according to their outstanding maturities:

31 December 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	31.354	489.284	-	-	-	-	-	520.638
Due From Banks	15.662	46.782	-	-	-	-	-	62.444
Financial Assets at Fair Value Through Profit or Loss	-	22.917	29.319	109.805	78.898	1.243	-	242.182
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	-	183.735	210.241	388.594	69.036	6.474	858.080
Loans	-	636.727	1.463.809	1.213.744	1.069.840	324.926	52.322	4.761.368
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	48.556	267	5.965	19.262	7	292.812	366.869
Total Assets	47.016	1.244.266	1.677.130	1.539.755	1.556.594	395.212	351.608	6.811.581
Liabilities								
Bank Deposits	14.899	150.455	-	-	-	-	-	165.354
Other Deposits	314.987	1.705.567	990.877	241.998	9.912	-	-	3.263.341
Funds Borrowed From Other Financial Institutions	-	5.777	255.425	367.185	719.604	320.478	-	1.668.469
Funds From Interbank Money Market	-	736.800	-	-	-	-	-	736.800
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	18.269	2.007	-	-	-	45.670	65.946
Other Liabilities (**)	-	104.636	21.488	85.577	4.595	-	695.375	911.671
Total Liabilities	329.886	2.721.504	1.269.797	694.760	734.111	320.478	741.045	6.811.581
Net Liquidity Gap	(282.870)	(1.477.238)	407.333	844.995	822.483	74.734	(389.437)	-
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.

Financial liabilities according to their remaining maturities:

31 December 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	165.354	-	-	-	-	165.354
Other deposits	2.024.608	986.305	261.623	11.401	-	3.283.937
Borrowings	6.751	263.557	143.769	855.292	452.369	1.721.738
Funds from money market	736.965	-	-	-	-	736.965
Total	2.933.678	1.249.862	405.392	866.693	452.369	5.907.994

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31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	14.347	-	-	-	-	14.347
Other deposits	1.766.808	1.064.392	446.396	14.294	-	3.291.890
Borrowings	5.615	13.881	116.413	72.052	-	207.961
Funds from money market	87.822	-	-	-	-	87.822
Total	1.874.592	1.078.273	562.809	86.346	-	3.602.020

Contractual maturity analysis of the Bank’s derivative instruments:

31 December 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	1.210.204	651.277	1.517.139	74.248	-	3.452.868
- Outflow	1.214.464	645.920	1.511.829	65.031	-	3.437.244
Interest rate derivatives:						
- Inflow	461	967	47.769	10.944	-	60.141
- Outflow	294	611	9.828	77.824	-	88.557
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	1.210.665	652.244	1.564.908	85.192	-	3.513.009
Total cash outflow	1.214.758	646.531	1.521.657	142.855	-	3.525.801

31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	415.554	233.739	430.846	54.239	-	1.134.378
- Outflow	416.603	233.723	437.250	55.491	-	1.143.067
Interest rate derivatives:						
- Inflow	291	618	2.029	10.458	-	13.396
- Outflow	262	487	1.604	9.802	-	12.155
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	415.845	234.357	432.875	64.697	-	1.147.774
Total cash outflow	416.865	234.210	438.854	65.293	-	1.155.222

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VIII. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

IX. 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	1.360.268	-	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	36	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	377.051	-	-	951
Claims on corporates	4.270.696	128.610	-	2.912
Claims included in the regulatory retail portfolios	691.300	17.960	-	2.135
Claims secured by residential property	993.471	3.308	-	1.150
Past due loans	52.323	-	-	-
Higher risk categories decided by the Board	51.234	1.615	-	-
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	402.116	-	-	-
Total	8.198.495	151.493	-	7.148

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X. 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.
- 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.
- 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.
- 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 RMD limits are daily monitored. Interest rate gap limits are monitored monthly. All market risk limit utilizations are reported to the ALCO and Risk and Audit Committee. Market Risk Unit runs stress tests on a regular basis and presents the results to BoD, ALCO and Risk and Audit 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.

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a Financial Assets and Liabilities at their fair values:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Bank’s current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Bank’s current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Bank.

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	Book Value		Fair Value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Financial Assets	5.681.892	3.754.451	5.563.468	4.040.967
Due from Money Market	-	133.074	-	133.101
Due from Banks	62.444	213.257	62.444	213.259
Available-for-Sale Financial Assets	858.080	362.853	858.080	362.853
Held-to-maturity Investments	-	-	-	-
Loans	4.761.368	3.045.267	4.642.944	3.331.754
Financial Liabilities	5.163.110	3.512.419	5.095.895	3.532.702
Bank Deposits	165.354	14.347	165.353	14.347
Other Deposits	3.263.341	3.250.208	3.262.691	3.269.182
Borrowings	1.668.469	202.699	1.601.905	204.008
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	65.946	45.165	65.946	45.165

b Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- Quoted market prices (non-adjusted) (1st level)
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2013	1 st Level	2 nd Level	3 rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	80.271	161.911	-	242.182
Government Debt Securities	80.271	-	-	80.271
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	161.911	-	161.911
Available for Sale Financial Assets (*)	851.606	-	-	851.606
Government Debt Securities	851.606	-	-	851.606
Other Marketable Securities	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	931.877	161.911	-	1.093.788
Trading Derivative Financial Liabilities	-	127.225	-	127.225
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	127.225	-	127.225

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31 December 2012	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	71.242	19.029	-	90.271
Government Debt Securities	71.242	-	-	71.242
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	19.029	-	19.029
Available for Sale Financial Assets (*)	357.692	-	-	357.692
Government Debt Securities	357.692	-	-	357.692
Other Marketable Securities	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	428.934	19.029	-	447.963
Trading Derivative Financial Liabilities	-	20.853	-	20.853
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	20.853	-	20.853

(*) As noted in the footnote VII-d, written down values of available for sale securities are reported if the such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason.

There is not any transfer between 1st and 2nd levels in the current year.

XII. EXPLANATION REGARDING THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES:

The Bank carries out marketable security trading and custody services on behalf of customers and on their account. The details of items held in custody is given in off-balance sheet commitments.

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XIII. 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 income statements items.

	Retail Banking	Corporate Banking	Treasury	Total Operations of the Bank
31 December 2013				
Segment revenue	56.458	100.127	57.204	213.789
Unallocated costs	-	-	-	(283.069)
Net Operating Profit	56.458	100.126	57.204	(69.280)
Dividend income	-	-	-	19.418
Profit Before Tax	-	-	-	(49.862)
Tax expense	-	-	-	8.867
Net Profit	-	-	-	(40.995)
Segment assets	781.125	4.227.660	1.435.927	6.444.712
Investments in associates, subsidiaries and	-	-	-	99.193
Unallocated assets	-	-	-	267.676
Total Assets	781.125	4.227.660	1.435.927	6.811.581
Segment liabilities	1.108.990	2.360.659	2.532.494	6.002.143
Unallocated liabilities	-	-	-	809.438
Total Liabilities	1.108.990	2.360.659	2.532.494	6.811.581

	Retail Banking	Corporate Banking	Treasury	Total Operations of the Bank
31 December 2012				
Segment revenue	61.563	103.123	68.926	233.612
Unallocated costs	-	-	-	(242.790)
Net Operating Profit	61.563	103.123	68.926	(9.178)
Dividend income	-	-	-	17.135
Profit Before Tax	-	-	-	7.957
Tax expense	-	-	-	(8.083)
Net Profit	-	-	-	(126)
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:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Cash/Foreign currency	10.471	20.846	11.569	13.125
CBRT	155.419	333.902	191.692	146.816
Other	-	-	-	-
Total	165.890	354.748	203.261	159.941

2. Information on the account of CBRT:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Demand Unrestricted Amount	155.419	61.278	191.692	22.766
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	272.624	-	124.050
Total	155.419	333.902	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 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:

- As of 31 December 2013, financial assets at fair value through profit or loss subject to repo transactions amounts to TL 30.749 (31 December 2012: None).
- Positive differences related to derivative financial instruments held for trading:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Forward Transactions	29.034	648	2.451	838
Swap Transactions	18.657	6.193	2.482	4.722
Futures Transactions	-	-	-	-
Options	35.771	71.608	461	8.075
Other	-	-	-	-
Total	83.462	78.449	5.394	13.635

c. Information on banks:

- Information on banks:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Banks				
Domestic	21.113	25.781	114.778	89.772
Foreign	-	15.550	-	8.707
Headquarters and Branches Abroad	-	-	-	-
Total	21.113	41.331	114.778	98.479

- Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
EU Countries	4.509	6.524	-	-
USA, Canada	8.008	2.176	-	-
OECD Countries (*)	2.446	7	-	-
Off-shore Banking Regions	-	-	-	-
Others	587	-	-	-
Total	15.550	8.707	-	-

(*) OECD countries except EU countries, USA and Canada.

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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 31 December 2013, there are TL 42.600 available-for-sale financial assets given as collateral/blocked (31 December 2012: TL 88.396) and those subject to repurchase agreements amounts to TL 732.520 (31 December 2012: TL 87.918).

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

	31 December 2013	31 December 2012
Debt Securities	852.908	357.692
Quoted on Stock Exchange	852.908	357.692
Not Quoted	-	-
Share Certificates	6.474	5.161
Quoted on Stock Exchange	-	-
Not Quoted	6.474	5.161
Impairment Provision (-)	1.302	-
Total	858.080	362.853

e. Explanations on loans:

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

	31 December 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	-	126	-	-
Loans Granted to Employees	4.167	-	3.582	-
Total	4.167	126	3.582	-

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	4.419.523	78.497	9.991	55.073	136.998	8.964
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	933.131	7.954	-	2.575	443	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	122.847	-	-	-	-	-
Consumer Loans	66.979	-	-	3.004	-	-
Credit Cards	22.944	-	-	1.022	-	-
Other (*)	3.273.622	70.543	9.991	48.472	136.555	8.964
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	4.419.523	78.497	9.991	55.073	136.998	8.964

(*) The Bank also has TL 183,689 factoring receivables in the Other account.

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(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	65.103	136.998
3, 4 or 5 times	8.394	-
Over 5 times	5.000	-
Total	78.497	136.998

(iii)

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	22.894	57.931
6 Months – 12 Months	8.062	4.076
1-2 Years	332	6.909
2-5 Years	47.209	68.082
5 Years and Over	-	-
Total	78.497	136.998

3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	2.562.504	20.330	30.935	41.520
Non-specialised Loans	2.562.504	20.330	30.935	41.520
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	1.857.019	68.158	24.138	104.442
Non-specialised Loans	1.857.019	68.158	24.138	104.442
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
TOTAL	4.419.523	88.488	55.073	145.962

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	2.842	61.209	64.051
Real estate loans	63	8.827	8.890
Automotive loans	-	698	698
Consumer loans	2.779	51.684	54.463
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	6.029	-	6.029
With installments	-	-	-
Without installments	6.029	-	6.029
Individual Credit Cards- FC	33	-	33
With installments	-	-	-
Without installments	33	-	33
Personnel Loans-TL	241	2.918	3.159
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	241	2.918	3.159
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	1.000	2	1.002
With installments	-	2	2
Without installments	1.000	-	1.000
Personnel Credit Cards-FC	6	-	6
With installments	-	-	-
Without installments	6	-	6
Credit Deposit Account-TL (Real Person)	2.773	-	2.773
Credit Deposit Account-FC (Real Person)	-	-	-
Total	12.924	64.129	77.053

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	44.656	341.873	386.529
Real estate Loans	-	315	315
Automotive Loans	64	3.732	3.796
Consumer Loans	30.290	284.214	314.504
Other	14.302	53.612	67.914
Commercial Installments Loans-FC Indexed	8.253	66.225	74.478
Real estate Loans	-	1.919	1.919
Automotive Loans	-	1.789	1.789
Consumer Loans	8.253	62.517	70.770
Other	-	-	-
Commercial Installments Loans-FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	16.857	5	16.862
With installment	-	5	5
Without installment	16.857	-	16.857
Corporate Credit Cards-FC	34	-	34
With installment	-	-	-
Without installment	34	-	34
Credit Deposit Account-TL (Legal Person)	20.317	-	20.317
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	90.117	408.103	498.220

6. Loans according to types of borrowers:

	31 December 2013	31 December 2012
Public	-	-
Private	4.709.046	2.983.549
Total	4.709.046	2.983.549

7. Distribution of domestic and foreign loans:

	31 December 2013	31 December 2012
Domestic Loans	4.709.046	2.983.549
Foreign Loans	-	-
Total	4.709.046	2.983.549

8. Loans given to associates and subsidiaries;

	31 December 2013	31 December 2012
Direct Loans given to associates and subsidiaries	16.409	-
Indirect Loans given to associates and subsidiaries	-	-
Total	16.409	-

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9. Specific provisions provided against loans:

	31 December 2013	31 December 2012
Loans and Other Receivables with Limited Collectability	3.057	3.457
Loans and Other Receivables with Doubtful Collectability	13.420	10.785
Uncollectible Loans and Other Receivables	38.997	90.169
Total	55.474	104.411

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

a. 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
31 December 2013			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2.241	110	7.928
31 December 2012			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	127	145	4.485

b. 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 (+)	84.678	2.573	12.325
Transfers from Other Categories of Non performing Loans (+)	-	75.445	71.930
Transfers to Other Categories of Non-performing Loans (-)	75.445	71.930	-
Collections (-)(**)	10.169	4.224	18.969
Write-offs (-)(*)	-	-	124.547
Corporate and Commercial Loans	-	-	121.248
Consumer Loans	-	-	800
Credit Cards	-	-	2.289
Other	-	-	210
Balance at the End of the Period	20.563	33.788	53.445
Specific Provision (-)	3.057	13.420	38.997
Net Balance on Balance Sheet	17.506	20.368	14.448

(*) 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 upon being sold to the Girişim Varlık Yönetim A.Ş. for TL 20.200.

(**) Illiquid claim of TL 4.143 under loans, was transferred to reconstructed loans under appropriate laws and regulations.

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c. 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
31 December 2013			
Period-End Balance	258	6.692	9.654
Specific Provision (-)	52	2.389	4.775
Net Balance on balance sheet	206	4.303	4.879
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

d. 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)	17.506	20.368	14.448
Loans Given to Real Persons and Legal Persons (Gross)	20.563	33.788	53.445
Specific Provision Amount (-)	3.057	13.420	38.997
Loans Given to Real Persons and Legal Persons (Net)	17.506	20.368	14.448
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
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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11. Policy followed-up for the collection of uncollectible loans and other receivables (Net):

The Bank aims to collect uncollectible loans and other receivables through the liquidation of collaterals by legal procedures

12. Explanations on the write-off policy:

The write off transactions from the Bank's assets are performed in accordance with the regulation.

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.

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.

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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	100,00	0,00

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	508.224	45.995	24	25.063	-	5.968	4.727	-
2 (*)	125.040	57.983	3.143	5.867	949	(7.814)	(3.475)	-

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

5. Movement schedules of subsidiaries:

	31 December 2013	31 December 2012
Balance at the beginning of the Period	88.337	134.332
Movements during the Period	10.856	(45.995)
Purchases	-	-
Bonus Shares Obtained	18.978	-
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	(8.122)	(45.995)
Balance at the end of the Period	99.193	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	31 December 2013	31 December 2012
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	41.210	22.232
Finance Companies	-	-
Other Financial Subsidiaries	57.983	66.105
Total	99.193	88.337

7. Subsidiaries quoted on stock exchange:

None (31 December 2012: None).

i. Information on joint ventures:

None (31 December 2012: None).

j. Information on lease receivables (net):

None (31 December 2012: None).

k. Information on hedging derivative financial assets:

None (31 December 2012: None).

l. Information on property and equipment (Net):

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2011				
Cost	8.282	160	42.852	51.294
Accumulated depreciation (-)	1.432	160	19.410	21.002
Net book value	6.850	-	23.442	30.292
31 December 2012				
Net book value at beginning of the period	6.850	-	23.442	30.292
Additions	-	-	1.735	1.735
Disposals (-) (net)	50	-	-	50
Impairment	-	-	-	-
Depreciation (-)	140	-	7.144	7.284
Revaluation Increase	340	-	-	340
Cost at Period End	8.557	160	44.539	53.256
Accumulated Depreciation at Period End (-)	1.557	160	26.506	28.223
Closing Net Book Value at Period End	7.000	-	18.033	25.033

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	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2012				
Cost	8.557	160	44.539	53.256
Accumulated depreciation (-)	1.557	160	26.506	28.223
Net book value	7.000	-	18.033	25.033
31 December 2013				
Net book value at beginning of the period	7.000	-	18.033	25.033
Additions	-	-	5.131	5.131
Disposals (-) (net)	-	-	13	13
Impairment	-	-	-	-
Depreciation (-)	144	-	6.427	6.571
Revaluation Increase	344	-	-	344
Cost at Period End	8.901	111	49.556	58.568
Accumulated Depreciation at Period End (-)	1.701	111	32.833	34.644
Closing Net Book Value at Period End	7.200	-	16.723	23.923

m. Information on intangible assets:

1. Book value and accumulated depreciation at the beginning and at the end of the period:

	31 December 2013	31 December 2012
Gross Book Value	36.735	32.058
Accumulated Depreciation (-)	13.062	9.366
Net Book Value	23.673	22.692

2. Information on movements between the beginning and end of the period:

	31 December 2013	31 December 2012
Beginning of the Period	22.692	20.560
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	4.677	5.053
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	-
Impairment Reversal	-	-
Amortisation (-)	3.696	2.921
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	23.673	22.692

n. Information on investment property:

None (31 December 2012: None).

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o. Information on deferred tax asset:

As of 31 December 2013, the Bank has netted-off the calculated deferred tax asset of TL 24.856 (31 December 2012: TL 9.393) and deferred tax liability of TL 5,695 (31 December 2012: TL 2.657) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 19,161 (31 December 2012: TL 6.736) in the financial statements.

As of 31 december 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	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Carried Financial Loss	58.373	-	11.675	-
Provision for Legal Cases	17.402	14.012	3.480	2.802
Reserve for Employment Termination Benefit, Unused Vacation and Bonus Payments	26.900	-	5.380	-
Valuation Differences of Derivative Instruments	15.979	18.193	3.196	3.639
Unearned Revenue	-	11.029	-	2.206
Other	5.278	3.534	1.056	707
Deferred Tax Assets	350	196	69	39
	124.282	46.964	24.856	9.393
Difference Between Book Value and Tax Base of Tangible and Intangible Assets				
Valuation Difference of Securities	12.885	13.244	2.577	2.649
Deferred Tax Liabilities	-	40	-	8
	15.592	-	3.118	-
Deferred Tax Assets/(Liabilities) (Net)	28.477	13.284	5.695	2.657
	95.805	33.680	19.161	6.736

Movement of deferred tax asset/ liabilities is presented below:

	31 December 2013	31 December 2012
Balance as of 1 January	6.736	12.331
Current year deferred tax expense	8.867	(2.325)
Deferred tax charged to equity (net)	3.558	(3.270)
Balance at the End of the Period	19.161	6.736

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

The Bank has assets held for resale amounting to TL 13.692 (31 December 2012: TL 12.694) and has no discontinued operations.

Prior Period	31 December 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	4.797	7.125
Disposals (-), net	3.507	9.265
Impairment	-	14
Depreciation (-)	292	272
Cost at end of the period	14.348	13.175
Accumulated Depreciation at end of the period (-)	656	481
Closing Net Book Value	13.692	12.694

q. Information on other assets:

As of 31 december 2013, other assets amount to TL187.048 (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. 31 December 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	22.112	-	18.901	584.467	99.102	37.058	47.242	-	808.882
Foreign Currency Deposits	179.136	-	129.292	1.231.370	276.114	86.363	33.866	-	1.936.141
Residents in Turkey	155.210	-	129.292	1.221.766	274.536	83.223	33.303	-	1.897.330
Residents Abroad	23.926	-	-	9.604	1.578	3.140	563	-	38.811
Public Sector Deposits	36.753	-	-	258	-	-	-	-	37.011
Commercial Deposits	75.487	-	63.600	157.752	41.549	27.397	62.687	-	428.472
Other Institutions Deposits	1.499	-	2.233	35.732	13.371	-	-	-	52.835
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	14.899	-	150.455	-	-	-	-	-	165.354
CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	102	-	126.980	-	-	-	-	-	127.082
Foreign Banks	14.797	-	23.475	-	-	-	-	-	38.272
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	329.886	-	364.481	2.009.579	430.136	150.818	143.795	-	3.428.695

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	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Saving Deposits				
Saving Deposits	299.714	205.376	509.168	929.581
Foreign Currency Savings Deposit	81.428	46.532	604.784	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	381.142	251.908	1.113.952	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:

	31 December 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	3.750	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	3.750	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	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Forward Transactions	4.390	298	5.847	441
Swap Transactions	12.740	2.829	2.465	3.558
Futures Transactions	-	-	-	-
Options	933	106.035	166	8.376
Other	-	-	-	-
Total	18.063	109.162	8.478	12.375

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	59.636	75.904	43.402	66.665
From Foreign Banks, Institutions and Funds	-	1.212.451	-	92.632
Total	59.636	1.288.355	43.402	159.297

2. Information on maturity structure of borrowings:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Short-term	59.636	136.750	43.402	73.567
Medium and Long-term	-	1.151.605	-	85.730
Total	59.636	1.288.355	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 31 December 2013, deposits from Bank's risk group comprise 1% (31 December 2012: 2%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 71% (31 December 2012: None) of subordinated and other borrowings.

d. Information on other liabilities:

Other liabilities amounting to TL 68.768 (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.

	31 December 2013		31 December 2012	
	Gross	Net	Gross	Net
Less than 1 year	671	659	1	-
1-4 years	-	-	-	-
More than 4 year	-	-	-	-
Total	671	659	1	-

f. Information on hedging derivative financial liabilities:

None.

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g. Information on provisions:

1. Information on general provisions:

	31 December 2013	31 December 2012
General Provisions	48.122	37.096
Provisions for First Group Loans and Receivables	35.165	27.948
Additional Provision for Loans and Receivables with Extended Maturities	3.924	1.856
Provisions for Second Group Loans and Receivables	8.022	5.746
Additional Provision for Loans and Receivables with Extended Maturities	6.894	3.359
Provisions for Non-Cash Loans	2.598	2.070
Other	2.337	1.332

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 3.254,44 (31 December 2012: TL 3.033,98). 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 1.637 as of 31 December 2013 and TL 1.729 as of 31 December 2012 have been presented in the "Extraordinary reserves". As of 31 December 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.

	31 December 2013	31 December 2012
Discount rate (%)	3,10	2,50
Salary increase rate (%)	7,40	6,00
Average remaining work period (Year)	11,11	12,38

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Movement of reserve for employment termination benefits during the period:

	31 December 2013	31 December 2012
Prior Period Ending Balance	7.016	4.977
Service Cost	1.118	762
Interest Cost	506	421
Settlement Cost	222	236
Actuarial Loss/Gain	(115)	1.392
Benefits Paid	(1.661)	(772)
Balance at the End of the Period	7.086	7.016

In addition, as of 31 December 2013 the Bank has accounted for vacation rights provision amounting to TL 1.441 (31 December 2012: TL 1.406) and personnel bonus provision amounting to TL 7.452 (31 December 2012: TL 9.771).

3. Other provisions:

i) Information on provisions for possible risks:

	31 December 2013	31 December 2012
Provisions for potential risks (*)	26.900	-
Total	26.900	-

(*) TL 26.900 provision, was booked for potential risks in credit portfolio.

ii) Information on other provisions:

The Bank set aside reserves amounting to TL 17.402 (31 December 2012: TL 14.012) for lawsuits, TL 2.937 (31 December 2012: TL 2.538) for non-cash loans, TL 4.730 (31 December 2012: TL 3.115) for customer cheques commitments, TL 108 (31 December 2012: TL 52) for credit card loyalty points and TL 133 (31 December 2012: TL 111) for other receivables.

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

As of 31 December 2013, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 55 (31 December 2012: TL 3.730) and is netted from the loan amount in the financial statements.

h. Information on taxes payable:

1. Information on tax provision:

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

2. Information on taxes payable:

	31 December 2013	31 December 2012
Corporate Tax Payable	-	2.108
Taxation of Marketable Securities	4.357	3.635
Property Tax	161	148
Banking Insurance Transaction Tax	3.984	2.675
Value Added Tax Payable	186	250
Other	1.779	1.686
Total	10.467	10.502

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3. Information on premium payables:

	31 December 2013	31 December 2012
Social Security Premiums-Employee	638	566
Social Security Premiums-Employer	953	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	45	39
Unemployment Insurance-Employer	90	79
Other	-	-
Total	1.726	1.496

4. As of 31 December 2013, the Bank has netted-off the calculated deferred tax asset of TL 24.856 (31 December 2012: TL 9.393) and deferred tax liability of TL 5.695 (31 December 2012: TL 2.657) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 19.161 (31 December 2012: TL 6.736) in the financial statements.

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

None.

j. Information about subordinated loans:

Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, option to be converted into stock certificate:

Issuing Institution	Amount	Value Date	Maturity Date	Interest Rate(%)
Burgan Bank S.A.K.	USD 150.000.000	06 December 2013	04 December 2023	LIBOR+3,75

The subordinated loan does not have the option to be converted into stock certificate.

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1. Information on subordinated loans:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Financial Institutions	-	-	-	-
Foreign Banks	-	320.478	-	-
Other Foreign Financial Institutions	-	-	-	-
Total	-	320.478	-	-

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 December 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:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(4.414)	-	10.185	-
Foreign Currency Translation Difference	-	-	-	-
Total	(4.414)	-	10.185	-

9. Information on tangible assets revaluation reserve:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	3.992	-	3.717	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	3.992	-	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 2013 amounting to TL 1.240 has been allocated from extraordinary reserves.

As a result of prior period's adjustments according to TAS 19, the loss for 2012 was TL 126 thousand. The difference of TL 1.114 thousand compared to profit appropriation statement which was approved in General Assembly held on 29 March 2013, has been reclassified to "Other Capital 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:

	31 December 2013	31 December 2012
Foreign currency buy/sell commitments	22.658	118.915
Commitments for cheques	278.991	267.935
Loan limit commitments	106.629	88.406
Time securities purchase and sale commitments	-	-
Commitments for credit card limits	41.413	30.056
Blocked cheques given to customers	178	178
Tax and fund obligations arising from export commitments	18	18
Total	449.887	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:

	31 December 2013	31 December 2012
Letter of guarantees	771.163	617.734
Letter of credits	257.308	115.632
Other guarantees	67.886	228.511
Bank acceptance loans	89.512	95.241
Factoring guarantees	752	1.194
Total	1.186.621	1.058.312

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

	TL	FC
Irrevocable letters of guarantee	449.663	136.164
Guarantees given to customs	57.569	1.731
Letters of guarantee given in advance	42.525	15.107
Revocable letters of guarantee	20.573	29.814
Other letters of guarantee	2.957	15.060
Total	573.287	197.876

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

	31 December 2013	31 December 2012
Non-cash loans given against cash loans	84.207	246.591
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	84.207	246.591
Other non-cash loans	1.102.414	811.721
Total	1.186.621	1.058.312

ii. Information on sectoral concentration of non-cash loans:

	31 December 2013				31 December 2012			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	3.421	0,60	8.146	1,33	11.124	2,43	6.863	1,14
Farming and Livestock	3.038	0,53	8.125	1,33	9.367	2,05	6.845	1,14
Forestry	120	0,02	-	-	509	0,11	-	-
Fishing	263	0,05	21	-	1.248	0,27	18	-
Manufacturing	252.784	44,03	411.340	67,16	218.414	47,73	376.577	62,69
Mining	28.456	4,96	42.423	6,93	22.532	4,92	46.249	7,70
Production	217.619	37,90	368.910	60,23	191.692	41,89	326.387	54,33
Electric, Gas, Water	6.709	1,17	7	-	4.190	0,92	3.941	0,66
Construction	131.336	22,88	29.649	4,84	87.582	19,14	50.574	8,42
Services	170.632	29,72	150.069	24,50	130.256	28,47	165.689	27,58
Wholesale and Retail Trade	106.353	18,52	52.586	8,59	79.559	17,39	43.261	7,20
Hotel and Food Services	2.507	0,44	7.472	1,22	544	0,12	35.737	5,95
Transportation and Telecommunication	13.454	2,34	23.891	3,90	10.600	2,32	36.424	6,06
Financial Institutions	29.132	5,07	27.504	4,49	22.949	5,02	26.996	4,49
Real Estate and Leasing Ser.	13.312	2,32	20.844	3,40	8.506	1,86	12.292	2,05
Professional Services	3.492	0,61	43	0,01	-	-	-	-
Education Services	100	0,02	3.404	0,56	215	0,05	-	-
Health and Social Services	2.282	0,40	14.325	2,34	7.883	1,72	10.979	1,83
Other	15.967	2,78	13.277	2,17	10.210	2,23	1.023	0,17
Total	574.140	100,00	612.481	100,00	457.586	100,00	600.726	100,00

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

Non-cash Loans (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	552.750	192.044	13.899	5.559
Bank Acceptances	425	89.087	-	-
Letters of Credit	-	257.308	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	388	324	40	-
Other Commitments and Contingencies	-	67.886	-	-
Total	553.563	606.649	13.939	5.559

(*) In addition to non-cash loans stated above, the Bank has non-cash loans classified as non-performing loans, amounting to TL 6.911. As of 31 December 2013, the Bank has recorded a provision amounting to TL 2.937 regarding these risks.

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b. Information on derivative financial instruments:

	31 December 2013	31 December 2012
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	9.865.006	4.015.074
Currency forward transactions	1.382.551	668.834
Currency swap transactions	1.999.508	567.894
Futures transactions	-	-
Options	6.482.947	2.778.346
Interest related derivative transactions (II)	1.588.478	590.146
Forward rate agreements	-	-
Interest rate swaps	1.557.996	534.948
Interest rate options	30.482	55.198
Interest rate futures	-	-
A. Total trading derivative transactions (I+II)	11.453.484	4.605.220
Types of hedging transactions	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	-	-
Total derivative transactions (A+B)	11.453.484	4.605.220

c. Investment Funds:

As of 31 December 2013, the Bank is the founder of 3 investment funds (31 December 2012: 3) with a total fund value of TL 24.950 (31 December 2012: TL 24.360). The shares of the investment funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Central Registry Agency, Inc..

d. Information on contingent assets and contingent liabilities:

As of 31 December 2013, the total amount of legal cases against the Bank is TL 48.783 (31 December 2012: TL 19.264) and the Bank sets aside a provision of TL 17.402 (31 December 2012: TL 14.012) regarding these risks. Due to the delayed reply to e-foreclosure sent by Gökpınar Tax Administration, , negative declaratory action has been claimed at “Denizli Tax Authority” and “Denizli Civil Court of General Jurisdiction” for cancellation of the payment order of TL 25.459, which was notified to the Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The trial is currently in progress and the result is expected to be in favor of the Bank. As a result, the Bank did not book any provision.

e. Brief information on the Bank’s rating given by International Rating Institutions:

MOODY'S (Dated on 06 September 2013)

Category	Rating	Outlook
(Financial Strength Rating)	E+	Stable
(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 (*):

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Interest Income on Loans				
Short-term Loans	196.199	26.146	242.250	31.112
Medium/Long-term Loans	58.671	35.609	51.601	28.324
Interest on Loans Under Follow-up	1.626	-	1.344	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	256.496	61.755	295.195	59.436

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

2. Information on interest income on banks:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	475	117	76	145
From Foreign Banks	16	11	32.390	222
Headquarters and Branches Abroad	-	-	-	-
Total	491	128	32.466	367

3. Information on interest income on marketable securities:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
From Trading Financial Assets	9.531	12	12.669	12
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	52.948	-	47.659	-
From Held-to-Maturity Investments	-	-	5.012	-
Total	62.479	12	65.340	12

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

	31 December 2013	31 December 2012
Interest Received From Investments in Associates and Subsidiaries	87	49

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b. Information on interest expense:

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

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Banks	3.008	16.708	46.855	4.349
The CBRT	-	-	-	-
Domestic Banks	3.008	2.043	3.170	1.785
Foreign Banks	-	14.665	43.685	2.564
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	3.008	16.708	46.855	4.349

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

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

	31 December 2013	31 December 2012
Interest Paid to Investment in Associates and Subsidiaries	1.988	6.564

3. Interest expense on issued marketable securities:

None.

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

	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	16	250	-	-	-	-	-	266
Savings Deposits	-	896	42.507	9.299	16.360	12.007	-	81.069
Public Deposits	-	-	6.143	-	-	-	-	6.143
Commercial Deposits	-	3.364	13.909	4.044	8.896	4.165	-	34.378
Other Deposits	-	162	3.267	1.938	269	-	-	5.636
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	16	4.672	65.826	15.281	25.525	16.172	-	127.492
Foreign Currency								
Foreign Currency Account	-	1.904	29.372	4.104	2.482	1.762	-	39.624
Bank Deposits	-	202	-	-	-	-	-	202
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2.106	29.372	4.104	2.482	1.762	-	39.826
Sum Total	16	6.778	95.198	19.385	28.007	17.934	-	167.318

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a. Information on dividend income:

	31 December 2013	31 December 2012
Trading Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	439	135
Other (*)	18.979	17.000
Total	19.418	17.135

(*) In the current period, the amount of TL18.979 represents the bonus shares acquired due to the capital increase of Burgan Finansal Kiralama A.Ş., the Bank's subsidiary that is included in the consolidation. For the previous period, TL17.000 represents the dividend income paid by the Burgan Menkul Değerler A.Ş., the Bank's subsidiary that is included in the consolidation.

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

	31 December 2013	31 December 2012
Income	3.340.401	2.364.277
Income from Capital Market Transactions	9.176	11.344
Income From Derivative Financial Transactions	142.247	32.265
Foreign Exchange Gains (*)	3.188.978	2.320.668
Loss (-)	3.315.349	2.341.464
Loss from Capital Market Transactions	5.862	2.314
Loss From Derivative Financial Transactions	117.903	25.513
Foreign Exchange Loss (*)	3.191.584	2.313.637
Net Income/(Loss)	25.052	22.813

(*) The net foreign exchange profit from foreign exchange gain regarding to derivative financial transactions included in foreign exchange loss is TL 36.568 (31 December 2012: TL1.698 loss).

c. Information on other operating income:

As of 31 December 2013, the Bank's other operating income is TL 7.894 (31 December 2012: TL 9.977). TL 3.275 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 (31 December 2012: TL 7.218).

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

	31 December 2013	31 December 2012
Specific Provisions for Loans and Other Receivables	57.424	30.205
III. Group Loans and Receivables	7.641	9.330
IV. Group Loans and Receivables	17.244	9.887
V. Group Loans and Receivables	32.539	10.988
General Provision Expenses	8.237	9.606
Provision Expense for Possible Risks	26.900	-
Marketable Securities Impairment Expense	-	(84)
Financial Assets at Fair Value Through Profit or Loss	-	(84)
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities	-	45.995
Value Decrease	8.122	-
Investments in Associates	-	-
Subsidiaries	8.122	45.995
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	100.683	85.722

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e. Information related to other operating expenses:

	31 December 2013	31 December 2012
Personnel Expenses	94.286	82.226
Reserve For Employee Termination Benefits(*)	1.881	1.493
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	6.571	7.284
Impairment Expenses of Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	3.696	2.921
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	14
Depreciation Expenses of Assets Held for Resale	292	272
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	59.714	47.830
Operational Lease Expenses	17.061	14.909
Maintenance Expenses	978	661
Advertising Expenses	3.833	917
Other Expense	37.842	31.343
Loss on Sales of Assets	8	19
Other	15.938	15.009
Total	182.386	157.068

(*) As of 31 December 2013, the employee vacation fee provision is TL 35 (31 December 2012: 6).

f. 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 49.862.

g. 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 31 December 2013, the Bank has current tax expense amounting to TL 2.331 and deferred tax income amounting to TL 11.603.

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

The Bank has TL 11.675 tax income from carried financial loss, TL 6.181 from temporary differences and TL 8.989 deferred tax expense from closed temporary differences amounting to net TL 8.867 deferred tax income.

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Reconciliation of theoretical tax expense and current year tax expense using the legal tax rate of the Bank:

	31 December 2013	31 December 2012
Profit / Loss Before Tax	(49.862)	6.564
General Loan Loss Provision	11.026	9.082
Non-Deductible Expenses	475	1.039
Dividend Income	(19.418)	(17.135)
Other	5.324	(6.524)
Impairment Provision of Subsidiary	8.122	45.995
Total	(44.333)	39.021
Corporate Tax Rate	%20	%20
Current Year Tax Income / Loss	(8.867)	7.804

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

As of 31 December 2013, the Bank has TL 2.808 tax expense arising from temporary differences and TL 11.675 deferred tax income from carried financial loss.

h. 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.

i. 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.

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j. Information on other income and expenses:

As of 31 December 2013, the Bank's fee and commission income amounts to TL 18.963 (31 December 2012: TL 28.211) and TL 8.161 (30 December 2012: TL 10.476) the related amount is classified under "Other fee and commission income" account.

	31 December 2013	31 December 2012
Other Fee and Commissions Received		
Credit Card and POS Transaction Commission	2.345	2.380
Account Operating Fees	1.267	913
Transfer Commissions	1.135	1.250
Insurance Commissions	1.010	1.088
Commissions on Investment Fund Services	399	355
Commissions from Correspondent Banks	393	587
Ortak Nokta Commissions	122	109
Letter of Credit Commissions	20	23
Other	1.470	3.771
Total	8.161	10.476

As of 31 December 2013, Bank's fee and commission expense amounts to TL 4.811 (31 December 2012: TL 4.849) and TL 4.804 (31 December 2012: TL 4.841) of the related amount is classified under "Other fee and commission expense" account.

	31 December 2013	31 December 2012
Other Fee and Commissions Given		
Credit Card Transaction Commission	2.881	3.097
Ortak Nokta Commissions	401	646
EFT Commissions	470	425
Commissions Granted to Correspondent Banks	438	224
Transfer Commissions	104	103
Other	510	346
Total	4.804	4.841

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V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS’ EQUITY

a. Information on change in the shareholder structure of the Bank:

There is no change in Bank’s partnership structure in 2013.

b. Information on distribution of profit:

According to the General Assembly meeting decision on 29 March 2012, the loss of 2012 amounting to TL 1.240 has been allocated to legal reserves. As a result of prior period’s adjustments according to TAS 19, the loss for 2012 was TL 126 thousand. The difference of TL 1.114 thousand compared to profit appropriation statement which was approved in General Assembly held on 29 March 2013, has been reclassified to “Other Capital Reserves”.

c. Information on capital increase:

None.

d. Information on valuation differences of marketable securities:

Unrealized gains and losses” arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the “Marketable securities valuation reserve” account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(4.414)	-	10.185	-
Foreign Currency Difference	-	-	-	-
Total	(4.414)	-	10.185	-

e. Information on revaluation differences of tangible and intangible assets :

The reversal from revaluation reserve to their fair value for immovables amounting to TL 275 net of tax (31 December 2012: TL272) is accounted under “Revaluation differences of tangible assets and intangible assets”.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

(i) Cash and cash equivalents at the beginning of period:

	31 December 2013	31 December 2012
Cash	247.965	277.550
Cash, Foreign Currency and Other	24.694	23.162
Demand Deposits in Banks	223.271	254.388
Cash Equivalents	336.537	426.016
Interbank Money Market	133.000	-
Time Deposits in Bank	203.537	426.016
Total Cash and Cash Equivalents	584.502	703.556

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

(ii) Cash and cash equivalents at the end of the period:

	31 December 2013	31 December 2012
Cash	263.672	247.965
Cash, Foreign Currency and Other	31.317	24.694
Demand Deposits in Banks	232.355	223.271
Cash Equivalents	45.763	336.537
Interbank Money Market	-	133.000
Time Deposits in Bank	45.763	203.537
Total Cash and Cash Equivalents	309.435	584.502

b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents :

"Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to negative TL 242.173 (31 December 2012: negative TL 110.877) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

"Net increase/decrease in liabilities" items presented in "Changes in operating assets and liabilities" amount to TL 6.785 (31 December 2012: TL 53.639) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2013, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately negative TL 483 (31 December 2011: negative TL1.648).

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VII. 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 of 31 December 2012 for balance sheet and income statements items which depicts the risk group balances of the previous partnership structure whereas the current period's balances are derived from the new partnership structure.

1. 31 December 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	16.409	18.786	-	126	13.267	892
Interest and Commission Income Received	87	28	-	-	32	2

(*) 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	49	17	-	-	-	-

(*) 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	20.798	75.261	576	445	8.812	3.376
Interest Expense on Deposits	1.913	6.564	25	-	420	290

(*) 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	3.310	-	-	-	-	108
Interest Expense on Repurchase Transactions	75	-	-	-	2	6

(*) 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	16.724	3.577	-	-	-	-
Total Profit/Loss	42	159	-	-	-	-
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.

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	1.416.039	70,81
Non-cash loans	19.804	1,67
Funds from leasing activities	13.267	0,28
Loans	9.388	0,28
Deposit	8	0,01
Banks and Other Institutions	8	0,01

As of 31 December 2013, the Bank has realized interest expense amounting to TL 13.268 (31 December 2012: None) on loans borrowed from the direct shareholders of the Bank.

3. Equity accounting transactions: None.

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1. 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:

The Bank, has financial leasing agreements with Burgan Finansal Kiralama A.Ş. As of 31 December 2013, there financial leasing payables amounting to TL 659 arising from these agreements (31 December 2012: None). The interest expense amount paid for the related financial leasing agreements amounts to TL 9 (31 December 2012: TL 6).

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has TL 62 from Burgan Finansal Kiralama A.Ş., and TL 150 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 0,83 % (31 December 2012: 0,30%) of the Bank's total cash and non-cash loans.

As of 31 December 2013 there are no purchase-sales transactions on any assets including real - estate with the risk group consisting the Bank.

As of 31 December 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 Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 13.617 (31 December 2012: TL 10.600) which include total gross salary, travel, meal, health, life insurance and other expenses.

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VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

- a. Information on domestic, foreign branches and foreign representatives:

	Number	Employee number			
Domestic Branch	60	980			
			Country of Incorporation		
Foreign Representative	-	-	-		
				Total Asset	Statutory share capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

- b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

According to the Bank's Board of Directors Meeting Minute numbered 789 dated 29 January 2014, the Bank has decided to pass from prime capital system to registered capital system under the conditions in law. Moreover, the board of directors were authorized to reach the upper limit of TL 1 billion in 5 years period and all these matters are decided to be submitted to the approval of the General Assembly.

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SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements as of 31 December 2013 and for the nine 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 March 14, 2013 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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