

Annual Report
2013



**BURGAN BANK OFFERS
HIGH-VALUE ADDED
PRODUCTS AND SERVICES
THROUGH 60 BRANCHES
IN 20 CITIES IN TURKEY'S
LEADING INDUSTRIAL AND
TRADING ZONES.**

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GENERAL INFORMATION

CORPORATE PROFILE

Burgan Bank pursues a strategy in which it considers long-term relations with customers as key to success.

Burgan Bank offers high-added products and services with its 60 branches in 20 cities throughout Turkey's leading industrial and trading zones.

Offering services in Corporate, Commercial, Small Business, Retail and Private Banking, the Bank reinforces product and service offering capabilities, in cooperation with its subsidiaries - Burgan Leasing, Burgan Securities and Burgan Asset Management - by enabling cross-selling opportunities.

Backed by a principal shareholder that has an insight into the MENA (Middle East and North Africa) region, which is a rising global financial center, and its strong dynamics, the Burgan Bank adopts a customer-oriented approach to banking that places the interests of its customers at the focal point of the service cycle, and produces value for its shareholders. Burgan Bank's strategy is based on the establishment and sustainable development of long-term relations with its customers.

With strength derived from its dedication to banking ethics, particularly integrity and trust, Burgan Bank is focused on establishing long-term relations with its customers, in line with an approach that prioritizes stability and quality.

Values

Trust: We deem complete trust and integrity in all our business operations as our highest value. Keeping this virtue is the foundation of our brand.

Commitment: We are committed to creating long term relationships with our customers and employees, based on trust, partnership, mutual respect and loyalty.

Progression: We seek progress through innovation and understanding, allowing us to better serve our customers' needs through every stage of life.

Excellence: We aim to set and meet the highest standards of excellence through all of our activities, to live up to and deliver on our promises, and add value beyond what is expected by our customers.

About the Burgan Bank Group

Burgan Bank S.A.K. is an affiliate of the KIPCO Group (Kuwait Projects Company), one of the major holding groups in the Middle East and North Africa region. Established in Kuwait in 1977, it is one of the key banking groups operating in the Middle East and North Africa. Besides Kuwait, Burgan Bank Group is active in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), Jordan (Jordan Kuwait Bank) and Tunisia (Tunis International Bank) through banking associates in which it is a majority shareholder.

Burgan Bank Group foresees the creation of significant synergy thanks to its robust capitalization, high level of liquidity, international recognition and banking experience, and Turkey's position as an emerging, powerful financial center. For more information, please visit our website at www.burgan.com.

Milestones from 1989 to 2013

- Founded under the name of Tekfen Yatırım Finansman Bankası A.Ş. in 1989, the Bank quickly became one of the sector's leading banks in corporate and investment banking.
- Providing service under a single branch until 2001, the Bank decided to implement its expansion strategy, and put its knowledge to use in the area of commercial banking; in 2001, it acquired Bank Ekspres, a mid-sized commercial bank.
- In 2007, the Tekfen Group and Eurobank EFG entered into a partnership, and following the completion of legal requirements, the Bank was renamed Eurobank Tekfen A.Ş.
- Burgan Bank S.A.K. purchased the Bank's shares held by Eurobank and Tekfen Holding on December 21st, 2012 and became the majority shareholder with a 99.26% stake.
- Following the completion of legal amendments, the name of the Bank was changed to Burgan Bank A.Ş. with effect from January 25th, 2013.
- In 2013 Burgan Bank had largely completed the restructuring of its infrastructure and human resources in accordance with its new shareholder's banking strategy, illustrating that it was prepared to achieve efficient and effective growth in its loan volume at a rate exceeding the sector average.

GENERAL INFORMATION

SUMMARY FINANCIAL INFORMATION

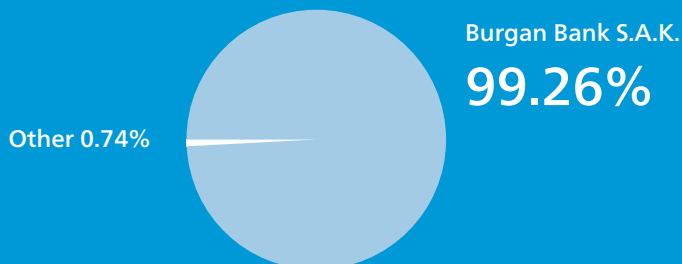
	31.12.2013 (*)	31.12.2012 (*)	%
Total Assets	6,811,581	4,441,549	53.4%
Loans and Factoring Receivables	4,761,368	3,045,267	56.4%
Marketable Securities	931,877	428,934	117.3%
Deposits	3,428,695	3,264,555	5.0%
Funds Borrowed and Money Market Borrowings	2,405,269	290,443	728.1%
Shareholders' Equity	586,515	641,742	-8.6%
Non-cash Loans	1,186,621	1,058,312	12.1%
Net Profit / (Loss) for the Period	(40,995)	(126)	32435.7%
Capital Adequacy Ratio	14.99%	16.45%	-8.88%

(*) TL thousand based on unconsolidated financial statements

THE BANK'S SHAREHOLDING STRUCTURE, CHANGES IN THE CAPITAL AND SHAREHOLDING STRUCTURE DURING THE REPORTING PERIOD, TITLES AND STAKEHOLDING OF REAL PERSONS OR LEGAL ENTITIES WITH QUALIFIED SHARES

The Bank's shareholding structure as of December 31, 2013 is presented below.

Trade Name	Share amount TL thousand	%
Burgan Bank S.A.K.	565,772	99.26%
Other	4,228	0.74%
Total	570,000	100.00%



THE BANK'S HISTORICAL DEVELOPMENT AND THE AMENDMENTS MADE TO THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD AND EASONS THEREFORE

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, a total of 2,983,800,000 shares, each with a nominal value of Kr 1 and constituting 99.46% of Bank Ekspres's capital, were transferred by way of sale to Tekfen Holding A.Ş. under the

Share Transfer Agreement by and between Tekfen Holding A.Ş. and SDIF, who was the capital owner holding administrative control of Bank Ekspres pursuant to the Banks Law. Based on the same agreement, permission was granted by the Banking Regulation and Supervision Agency (BRSA) decision dated 18 October 2001 and numbered 489 for the transfer of Tekfen Yatırım ve Finansman Bankası A.Ş., in which Tekfen Holding A.Ş. held 57.69% stake, to Bank Ekspres A.Ş. The closure of this transfer took place on 26 October 2001 and the bank's name was changed to Tekfenbank A.Ş. (the Bank) with 57.30% of the shares belonging to Tekfen Holding A.Ş. and 40.62% to TST International S.A.

On 08 May 2006, EFG Eurobank Ergasias S.A. ("Eurobank EFG") and Tekfen Holding A.Ş. ("Tekfen Group") executed an agreement for the purchase of 70% of the shares held by Tekfen Group in Tekfenbank A.Ş. and again 70% of the shares in Tekfen Finansal Kiralama A.Ş. (Tekfen Leasing) wholly-owned by Tekfen Group. The said agreement set forth that all of the remaining shares would be retained by the Tekfen Group in the capacity of strategic partner. BRSA approval has been granted on 23 February 2007 for the sale of Tekfenbank

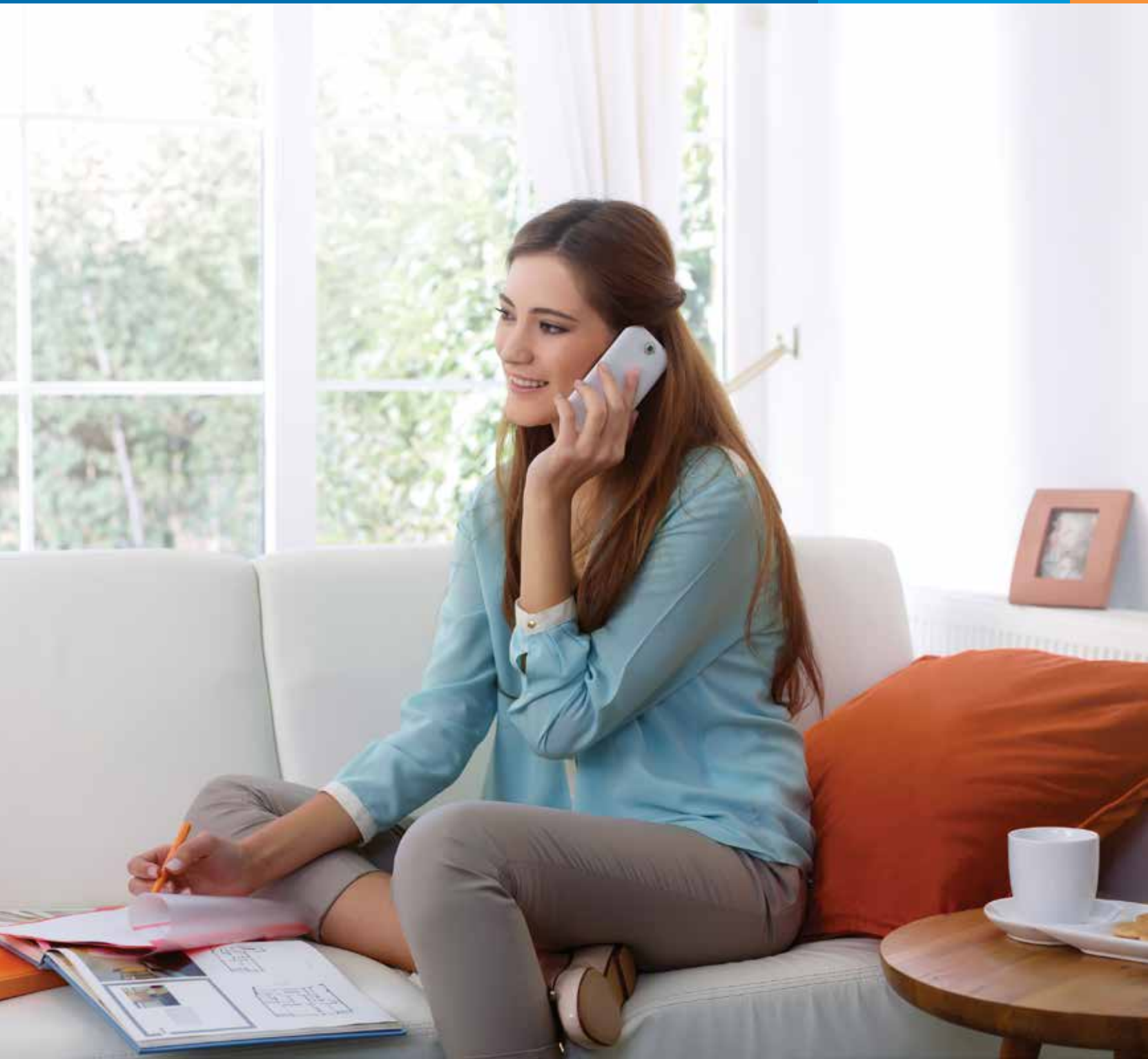
A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. ("Eurobank EFG Holding"), upon which the sale and share transfer occurred on 16 March 2007. Based on the decision adopted at the Bank's extraordinary general meeting convened on 25 December 2007, the Bank's company name was changed from Tekfenbank A.Ş. to Eurobank Tekfen A.Ş. ("the Bank") and was registered at the Turkish Trade Registry on 11 January 2008.

Within the framework of an agreement on the sale of Eurobank Ergasias S.A.'s operations in Turkey to Burgan Bank S.A.K., the Bank's 70% share owned by Eurobank EFG Holding (Luxembourg) and the 29.26% share owned by Tekfen Holding A.Ş. were purchased by Burgan Bank S.A.K. pursuant to a permit by the Banking Regulation and Supervision Agency dated December 7, 2012 and the Bank's shares of 99.26% were transferred to Burgan Bank S.A.K. on December 21, 2012.

In the extraordinary general meeting of the Bank held on January 23, 2013 it was determined to change the Bank's name from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. ("the Bank") and this was registered at the Turkish Trade Registry on January 25, 2013.

WELCOME TO BURGAN BANK WHERE YOU ARE AT THE CENTER OF POWER

**WE ARE
FOCUSED
ON STEADY
GROWTH.**



CHAIRMAN'S ASSESSMENT OF THE FISCAL YEAR AND FUTURE OUTLOOK



Esteemed Stakeholders of Burgan Bank,

The world economy began to change direction in 2013. Developments in global markets will play a key role in rebalancing for liquidity norms throughout the world in 2014.

In a speech at the US Congress on May 22nd, 2013, the FED's Chairman, Ben Bernanke expressed that the US economy was in a much healthier position than it had been in the previous year and that the FED would tighten its money policy, depending on developments. Bernanke had merely noted that the US economy would gradually exit its asset purchase program, which has been applied for some time with the aim of supporting economic activity and ensuring that that the US economy returned to its growth path.

In December 2013, the FED explained the conditions for its policy to terminate the asset purchase program, and in its first board meeting in 2014 it announced that it had cut the monthly asset purchases by US\$ 10 billion. The FED is expected to base its decisions on the employment and inflation figures in the US, and gradually decrease its asset purchases throughout 2014.

This policy change in the USA, which started in 2013, began to determine the conditions of the "new norm" for the world economy. Bernanke's speech in May led to volatility in global markets, reversing the process observed since 2008.

In the post-crisis period, the globally expansion in liquidity headed towards emerging markets, in search of high income. The expanding and cheapening capital set the stage for emerging

markets to be a bloc of countries providing the highest contribution to the world's economic growth.

During this period, the US economy and the Eurozone were facing economic recession. Authorities sought solutions through a raft of expansionary monetary policies supported by "near 0" interest rates. In time, improvements and the rapidly completed economic reforms undertaken in these regions led to a recovery in the economies of developed economies. This set the stage for a reversal in capital, which started to flow back to developed countries. The FED, as well as the US economy, will play a key role in such reversal.

The flight of capital precipitated a sharp decline in the growth rates of emerging markets in 2013. During the same period, a number of emergent market

The current account deficit, one of the most hotly debated topics in the Turkish economy, continued to widen in 2013.

currencies - including the Turkish Lira - were significantly devalued against major developed market economies, principally the US\$ and €. To sum up, the most conspicuous divergence between emerging and developed markets in the post-crisis period began to disappear.

In the near the future, the USA, Japan and the Eurozone will be pulling the strings in the global economy. Investors seeking income will prefer developed markets, where the risks are known, over highly risky markets. This new mega-trend will cause a decline in the rate of economic growth in emerging markets.

Despite a volatile international conjuncture, the Turkish economy continued to grow in 2013.

Developments in international markets in 2013 are of particular concern for the Turkish economy. Capital outflows from investment portfolios were observed, particularly in the second half of the year, and the Turkish Lira was devalued by around 20% despite the CBT's interventions.

Despite all of the challenges, the Turkish economy remained on a path of growth; however, the structure of the growth changed when compared

to 2012. As a result of the recovery in domestic demand conditions, there was an increase in private sector consumption expenditures and public sector investment spending. While these two sectors were the driving forces of economic growth, the impact of export on growth turned negative. The private sector's consumption expenditures accounted for 3.1 points of the 4% growth recorded in the Turkish economy in the first nine months of 2013, while the public sector's investment expenditures lent a positive 1.3 percentage points to the rate of growth. Exports, on the other hand, shaved 2.2 percentage points off the rate of economic growth.

The current account deficit, one of the most hotly debated topics in the Turkish economy, continued to increase in 2013. With buoyant domestic demand conditions and developments in Turkey's foreign trade activities, the current account deficit began to widen in April. The deficit did level off in the last two months of the year as the CBT tightened its monetary policy and applied a raft of policies aimed at limiting household consumption expenditures. The current account deficit increased by US\$ 16.5 billion and had reached US\$ 65.4 billion by the end of 2012.

The international conjuncture caused a 2% devaluation in the Turkish Lira by the end of 2013, a factor increasing upward pressure on the inflation rate. Against these developments, the CBT focused on exchange rates and aimed to ensure the sustainability of FX liquidity by holding FX selling auctions.

Developments in the last months of 2013 led the CBT to take tightening measures to maintain price stability. In order to prevent a worsening of inflation expectations and pricing behavior, the CBT began to apply a vigorous tightening policy and raised the overnight lending interest rate from 7.75% to 12% in its Monetary Policy Committee meeting dated 28th January, 2014.

In 2014, Turkey's economic growth is expected to show a trend similar to that of 2013. Likewise, consumption and investment expenditures will predominantly contribute to economic growth. The current level in the exchange rate is expected to positively affect export activities and enable net exports to provide a positive contribution to economic growth. In addition to global economic developments, the local elections and the Presidential election in Turkey could impact economic developments and the market conditions in the country.

CHAIRMAN'S ASSESSMENT OF THE FISCAL YEAR AND FUTURE OUTLOOK

The banking industry's total assets grew by 26.4% YoY to reach TL 1.732 trillion by the end of 2013

Our industry is focused on sustainable growth

In 2013, the banking industry continued to grow rapidly, not only in terms of total assets, but also on the basis of the number of branch openings and job opportunities created.

The banking industry's total assets increased by 26.4% YoY in 2013 to reach TL 1.732 trillion at the end of the year. Due to the recovery in domestic demand conditions in 2013, the increase in loan volume gained pace and the industry notched up a 31.8% YoY expansion in its loan volume. The sector's loans/total asset ratio climbed to 60.5%. The increase in loan volume in Q4 2013 was more muted than in the second and third quarters. The banking industry's average capital adequacy ratio stood at 15.3% at the end of 2013, comfortably exceeding the legally set and targeted levels.

The CBT's decisions to cut interest rates in the first half of 2013 were positively reflected to the banking industry's funding costs, while the monetary policy tightening in the subsequent periods put upward pressure on the costs of the industry.

A growth trend likely to be maintained in 2014

As far as expectations for 2014 are concerned, political and economic uncertainty may negatively impact economic growth and the private sector's investments and expenditures. Such a situation would slow down the growth in investment loans and consumer loans, such as housing and vehicle loans, and push the focus of the banking industry towards SMEs.

Despite relatively challenging negativities, our industry is expected to maintain its growth trend in 2014, although some moderation in the pace should be expected.

Growth targets met with increasing business volume for the Burgan Bank Group in its first year of operation in the Turkish market

Combining its experience in the banking industry with the strength of the Burgan Bank Group following the change of the principal shareholder, and having launched its brand in January 2013, our Bank succeeded in growing in its first year of operation under the Burgan Bank brand.

In 2013, our Bank focused its attention on customer-oriented activities through

its 60 branches throughout Turkey; and fully responded to the financial needs of its customers in the corporate, commercial, retail and private banking business lines by applying an effective pricing policy and a diverse array of products. As well as expanding its balance sheet, the Bank also undertook significant improvements which will further strengthen its performance going forward in terms of its product and service portfolio, number of customers and the structure of its service channels.

Our Bank recorded a 56.4% expansion its lending portfolio in 2013 - considerably higher than the 31.8% average increase in the lending portfolio in the sector. While the corporate and commercial banking segments were the driving forces of the expansion in our loan portfolio, small business banking demonstrated a significant improvement in terms of percentage share.

Middle East and North Africa mark our new growth region

One of the most important innovations introduced by Burgan Bank was its capability to offer specialized services in foreign trade for markets in the Middle East and Northern Africa.

Having a foreign trade volume of around US\$ 15 billion per year with Turkey, our business world is intensively focused on this region, and has recently been undertaking efforts to increase its business volume.

Burgan Bank Kuwait, one of the youngest banks in Kuwait, has strong collaborations with the Group's subsidiary banks in Algeria, Iraq, Jordan and Tunisia in the region.

In this context, our Bank began to work in synergic cooperation with the banks of the Burgan Bank Group in 2013, focusing on areas where there are opportunities for cooperation and common action, particularly in foreign trade mediation. In this scope, our foreign trade transaction volume grew in 2013, as both our head office and field teams systematically established contact with customers immediately after beginning to serve under our new brand, while offering our strengths in foreign trade as well our capability to provide service in regions where our Group is operational. We believe we will see the positive reflections of these efforts on our foreign trade transaction volumes in the periods to come.

We will concentrate on developing the Group synergy in different business areas in 2014 and beyond. Some of these areas are private banking services, and the investment banking services to be provided through our subsidiaries.

We are aware of Turkey's massive potential and design our fundamental growth scenario according to this potential

2014 could mark the beginning of a long-term period. As I mentioned at the beginning of my message, the global economy is switching to a new balance

in the post-crisis period. Such a transition will undoubtedly affect our domestic markets as well. What is important here is to protect our sound macroeconomic foundations, our strong banking system and our real sector. As long as we consistently utilize these three factors, our country will maintain its sustainable growth without encountering any major problems.

Having completed its year of restructuring, during which it had the chance to test its new strategy, Burgan Bank is determined to offer broader and high-quality services in its existing fields of activity.

The focal points of our business plan are to take strong initiatives in all segments, particularly in commercial banking, to reinforce our presence in niche areas and to demonstrate strong cross-selling performance through our subsidiary organization.

Our customer-oriented service approach, effective and rapid services and precisely configured channels, along with a rich array of products and services, will raise customer satisfaction as well as boost business volume and the number of customers.

Burgan Bank is focused on a strong future by continuously increasing the support, preference and trust of its stakeholders, particularly its shareholders

Our growth target is strongly supported by our shareholders.

In a globally challenging year, our shareholders continued to extend strong support to our Bank. In addition to the US\$ 150 million worth of subordinated debt worth received in December, we provided a total of US\$ 400 million in

resources within the scope of bilateral funding agreements with the Burgan Bank Group.

Such strong support will continue in 2014. The cash capital increase, which is targeted to be completed in 2014, will further strengthen our Bank's growth leverage.

The Turkish market and our Bank are considered by our shareholders as two primary focal points of growth according to our long-term strategy. Kuwait and Turkey are centers of development and the primary driving forces of Burgan Bank Group's sustainable growth plan.

Burgan Bank possesses all the required components to progress on its path as a company that generates permanent added value for its shareholders. The ability to combine its deep knowledge and disciplined business approach with its qualified human resources and effective risk management positions our Bank as a corporation that works perfectly and produces value for its stakeholders.

I would like to take this opportunity on behalf of myself and our Board of Directors to extend my gratitude to our employees - the architects of our performance - for their self-sacrificing efforts, and to our customers for their loyalty and trust in Burgan Bank.

Yours sincerely,

Mehmet N. ERTEN
Chairman of the Board

GENERAL MANAGER'S ASSESSMENTS OF THE FISCAL YEAR AND FUTURE OUTLOOK



Esteemed Shareholders,

I am delighted to share my first annual report message with you since February 2014, when I took over duty as the General Manager of Burgan Bank.

Maintaining its rooted presence in the banking industry backed by the strength of the Burgan Bank Group, following the change of the principal shareholder, the Burgan Bank Turkey launched its brand in January 2013. I would like to take this opportunity to express my pride in being a new member of the Burgan Bank Turkey.

With its extremely well-equipped and professional human resources and with an innovative and guided business approach, our Bank has the strength to generate permanent value for all of its stakeholders, primarily its customers. I believe that Burgan Bank will achieve successful results in the periods to come, thanks to its values and strong corporate strategy.

Our Bank's activities in 2013 are explained in detail on a business line basis in the subsequent pages of this report.

Before discussing our plans and targets for 2014 and beyond, I would like share with you our principal shareholder's thoughts about Burgan Bank and the Turkish market.

Turkey's demographic attributes and major regional potential and the dynamics of the Turkish business world were among the factors that encouraged the Burgan Bank Group - one of the strongest banking groups in Middle East and North Africa - the most about making investment in Turkey. No doubt that Turkey's well-structured and resilient banking system as well as its sound macroeconomic structure were the other factors that played a key role in the Burgan Bank Group's decision to enter the Turkish market.

2013 was our principal shareholder's first year of full operation in Turkey. Our Bank demonstrated growth in all categories during this period, during which all factors that have driven the Group to invest in Turkey were successfully tested under real market conditions. In 2013, we achieved a rate of growth in excess of the sector

In line with the shared values of trust and partnership, Burgan Bank continued its operations in 2013 based on the principle of offering the best international practices

average in lending activities - the most fundamental function of the banking industry; this is an indication that the future of the Burgan Bank brand in Turkey will be a bright one. To sum up, 2013 was a year in which the Burgan Bank Group expanded its business volume in the Turkish market, launched preparations for the future and became much better acquainted with the Bank that it had acquired.

During this one year period, our Bank required some investments in technology, financial sources and undoubtedly, the intensive efforts of our employees. The Burgan Bank Group provided Burgan Bank Turkey with all kinds of required financial and strategic support during this period, proving once again that it stands by its word in the strict sense as an investor.

In 2013 Burgan Bank conducted its operations based on the principle of offering the best international practices in line with common values of trust and partnership; and intensively shared the Group's service philosophy with its customers. We envisage that this approach will gain momentum in and after 2014.

Our branch network covers the geographical region where the overwhelming majority of economic activity takes place in Turkey. In 2014, we aim to demonstrate strong growth in the private, small business and retail banking business lines, in addition to corporate and commercial banking. Through our strong treasury operations based on deep and impartial knowledge, we will continue to offer our customers products that protect them against risks and to play an increasing role in the planning of their financial lives. All of these factors will trigger our efforts to generate added value in 2014, helping us carry our Bank to the targeted levels of growth and efficiency.

Having supported Burgan Bank Turkey with subordinated debt and other funding resources in 2013, the Burgan Bank Group positions Turkey as a growing regional financial center and is determined to create synergy by combining its strong capital and high liquidity with our Bank's service strength and experience.

After joining Burgan Bank, one of my first and most important observations is the superior qualifications of our human resources and the shared team spirit. The intimate support of my colleagues has made me feel that I am a member of the Burgan Bank family, in such a short space of time. I believe that as a strong team, we share the same targets and will work determinedly to create more synergy and produce added value in and after 2014.

In order to achieve our targets of sustainable growth and a healthy performance for 2014 and beyond, all we need is the support and preference of our customers and our domestic and foreign business partners.

I would like to take this chance to extend my thanks to all of our stakeholders for their contributions.

Yours sincerely,

Ali Murat Dinç
General Manager

WELCOME TO THE BURGAN BANK WHERE YOU ARE AT THE CENTER OF POWER

**WE STAND BY
YOU DURING
THE PLANNING
OF YOUR
FINANCIAL
FUTURE.**



GROWTH IN CASH LOANS: 56%

ASSESSMENT OF 2013

2013: The first year of the Burgan Bank brand in Turkey

Headquartered in Kuwait, the Burgan Bank Group became the principal shareholder of the Bank (with a 99.26% stake) as the acquisition process was completed in December 2012. Following the rapid transformation work, the Bank began to offer services under the Burgan Bank brand throughout Turkey on 28th January, 2013.

2013 was a year in which the Burgan Bank Group became more informed of the Turkish market and the Bank that it had acquired; and prepared and began to implement its plans for the future. During this time period, both the Burgan Bank Headquarters team and the Bank's branch teams throughout

Turkey displayed intensive efforts to introduce existing and potential customers the new brand, the high proposition value that further increased with diversified products and services, and the Bank's customer-oriented service approach.

The most important benefits that Burgan Bank achieved in its first year of operation in Turkey during 2013 were the increasing number of customers in almost all business lines, and a rate of growth in the Bank's lending volume - the primary function of the banking industry - which exceeded the sector average.

One of the innovations offered by Burgan Bank to its customers is its capability to offer service to the customers in countries throughout the Middle East and North Africa. In particular, corporate and commercial

banking customer have recently entered more intensive collaboration with these regions, whose annual foreign trade volume with Turkey has reached US\$ 15 billion. The Bank has strengthened its international trade mediation capabilities in these regions through the synergy it has created with the Burgan Bank Group; this was an important factor in the popularity of the Bank's brand throughout the year.

Burgan Bank has a branch service network which offers the potential to gain further expertise in all banking products and services. The 20 Turkish cities where Burgan Bank's branches are operational account for 80-85% of Turkey's GDP, 85-90% of its annual foreign trade volume, 85% of the banking industry's total credit stock and 75% of its deposits in terms of geographical distribution.

At the end of 2013:

- Burgan Bank's total assets stood at TL 6.8 billion.
- The Bank's cash loans increased by 56% to TL 4.8 billion. The share of cash loans to the Bank's balance sheet rose to 70%.
- The total amount of cash loans monitored as part of the Bank's non-performing loans account was 2.2% of its total credit risk.
- The Bank's total deposits amounted to TL 3.4 billion with a 50% share in its balance sheet.
- Burgan Bank's capital adequacy ratio was 15%.

CORPORATE AND COMMERCIAL BANKING

In 2013, a year in which the Turkish economy regained momentum, Burgan Bank further increased its performance in the corporate and commercial banking segments.

The Bank continued to gain new customers and increased its revenues from the corporate and commercial banking segment, a situation which also contributes to the Bank's target to expand its loan base.

Burgan Bank served companies with a turnover of € 2.5-50 million under the Commercial Banking roof and companies with a turnover of more than € 50 million under the Corporate Banking roof. Burgan Bank reaches its corporate and mid-scale commercial customers through its 42 branches, its regional directorates and its corporate branch operating in Istanbul.

Burgan Bank's total corporate-commercial cash loan volume increased by 62% in 2013 to reach TL 4.059 billion. The share of corporate-commercial loans to the Bank's total loan portfolio reached 85%.

Burgan Bank concentrates on providing holistic solutions to meet its customers' needs under an integrated service approach, which places customers at the focal point

Undertaking effective use of cross-selling opportunities, Burgan Bank offers its rich array of products, including cash management, treasury, risk management, foreign trade, factoring, and leasing and investment products, through its physical and digital service channels.

Customers are at the heart of everything for the Bank. Setting out the aim of establishing strong relations with its customers by utilizing its multidirectional service offering capability and cross-selling opportunities, Burgan Bank considers the increase in customer penetration and diversification of its customer portfolio as the guarantee and basis of its long-term business partnerships.

Burgan Bank improved its activities in project finance in 2013

Burgan Bank offers creative solutions for financing projects deemed feasible or creditworthy.

Burgan Bank aims at projects with high added value in the area of project finance. The Bank provided financing and banking services to its customers in a number of major sectors from the services sector to construction, energy

to trade. Envisaging that project finance will grow in 2014, Burgan Bank will continue to allocate resources to the projects offering high added value in this business line.

Aiming to become one of the three most popular banks

Burgan Bank's corporate loan volume expanded by 142% in 2013.

The Bank further pressed ahead in its efforts to expand its customer deposit base, which is another important source of funding. In 2013 Burgan Bank conducted an effective sales and marketing activity for the utilization of customers' idle funds and increased its corporate deposit volume by 58%.

Applying an income-generating growth strategy that places importance on sales and operating efficiency, Burgan Bank's unwavering target is to become one of the three most preferred banks for customers. The Bank aims to reach a 1% market share in the corporate banking business line within the next 2 years.

Acquiring new customers and expanding our commercial banking volume

Burgan Bank gives priority to manufacturers and exporters in the commercial banking business line.

Having significantly increased its effectiveness in the commercial banking business line, the Bank's commercial cash loan volume increased by 34% to TL 2.489 billion in 2013. With this result, Burgan Bank achieved the targeted growth in cash loans in 2013.

Burgan Bank Group's effective service network in Iraq, Jordan, Tunisia and Algeria will continue to play a key role in the Bank's popularity with its commercial customers

With the strategic orientation and financial strength provided to them, Burgan Bank's branch teams succeeded to strongly and decisively disseminate the vision to make Burgan Bank one of the top three banks in the sector in line with customers' suggestions, which were received during customer visits. Another of the Bank's targets in this context is to strengthen its long-term loan relationships with customers.

Burgan Bank's main strategy in the commercial banking segment is focused on raising customer loyalty. The synergic cooperation created by and between the Transaction Banking, Treasury and Private Banking departments is especially important in this context. The Bank accordingly aims to increase customer loyalty and limit the risk that customers will stop working with the Bank.

A strengthening service offering capability in the Middle East and North Africa

One of the main focal points and areas of interest in intensive customer visits that were executed within the scope of commercial banking during 2013 was Burgan Bank's increasing service offering capability in the Middle East and Northern Africa. There was been a significant shift in Turkey's exports to these markets in recent years as a result

of the recession in Western European markets.

The effective service network of the Burgan Bank Group in Iraq, Jordan, Tunisia and Algeria will continue to play a key role in commercial customers preferring the Bank. On the other hand, this Group structure will provide significant advantages to the Bank's exporting customers.

Commercial banking activities to continue at full pace in 2014

The changing outlook of the markets, particularly in the second half of 2013, raised the Bank's FX and interest rate risks. This will bring a new dimension in the Bank's commercial banking activities in 2014. Burgan Bank will increasingly serve its manufacturer and/or exporter customers in the commercial banking segment through various credit products as well as treasury risk management products that provide effective protection against exchange rate and interest rate risks.

Burgan Bank will continue to provide its customers with advice in dealing with possible FX risks which could arise, particularly in relation to foreign trade products. This represents one of Burgan Bank's strengths and an important element that will set the Bank apart from its rivals in the market.

Call center service for corporate and commercial customers

In January 2014, Burgan Bank expanded the scope of its call center services, covering the needs of its corporate and commercial banking customers as well.

A result of the Bank's strategy to diversify its channel structure offered to its customers, this development will contribute to Burgan Bank's efforts to raise customer satisfaction. The Bank will continue its projects to improve its call center and ensure that it is increasingly used by its customers.

TRANSACTION BANKING

Aiming to raise its market share and transaction volume in transaction banking

Under Transaction Banking, Burgan Bank offers banking services in all stages of the supply and collection chain, starting from procurement to sales and collection for its customers. Within the scope of Transaction Banking, the Bank also provides financing to anyone involved in the chain from suppliers to manufacturers and offers services in a number of areas including foreign trade, cash management, factoring, commodity finance and export insurance. The

Bank's specialist teams support the branches with the sales of products from different portfolios, and develop complementary solutions that cater to the needs of Corporate, Commercial and Retail Banking customers. The Bank also devises solutions that respond to its customers' working capital requirements.

In cooperation with Fimbank - Burgan Bank Group's subsidiary in Malta - and the Group's 150 branches operating in Kuwait, Iraq, Algeria, Tunisia and Jordan, Burgan Bank Turkey became the solution partner of the Burgan Bank Group in the MENA region, with which Turkey carries out an increasing volume of foreign trade. With the contributions of its expanding correspondence bank network in other countries, the Bank aims to capture a 0.6% share in Turkey's foreign trade volume in 2014

Burgan Bank, a member of the FCI, raised its factoring transaction volume to over TL 600 million and its market share to 0.75% by the end of 2013. The Bank aims to speed up its factoring activities and raise its market share to at least 1% in this category in 2014. Having also become a member of the IFG, the Bank plans to raise its share in export factoring by further expanding its international factoring correspondence bank network.

Burgan Bank works in active cooperation with export insurance institutions. As a product, export insurance is crucial in leveraging foreign trade transactions; within this framework, the collaboration with Euler Hermes, the world's leading credit insurance company, was continued in 2013. Burgan Bank aims to diversify

its efforts and raise its effectiveness in this area with Coface and Eximbank products.

With the contribution of cash management products, the total amount of demand deposits created through corporate collections accounted for 25% of the Bank's total demand deposits in 2013. Efforts will be carried out by this division at the same pace in 2014, in line with the Bank's strategy of expanding its demand deposits volume and checking account volumes. The Bank also aims to receive a 1% share from the clearing cheque market by deepening its relations with existing loan customers. The Bank will add supplier finance to this product portfolio in 2014.

FINANCIAL INSTITUTIONS

Burgan Bank significantly added momentum to its international financing activities in 2013

Elaborately conducting robust international relationships that have been built and based on mutual respect and cooperation since its establishment, the Bank further diversified its cooperation with correspondence banks in 2013. Burgan Bank Group's acquisition of the Bank has contributed positively to the Bank's international reputation since the beginning of 2013, with a significant increase in the number of financial institutions working with the Bank, as well as the Bank's loan limits.

In 2013, the Bank provided a total of US\$125 million in resources from international markets and offered all of these resources to its customers.

These resources were provided through bilateral funding agreements and post-financing products (foreign trade financing).

Offering effective, rapid and high-quality services in foreign trade, Burgan Bank mediated in nearly US\$ 2 billion worth of foreign trade transaction volume in 2013. The Bank, which holds a 0.5% market share in foreign trade, aims to raise its market share from 2014 by increasingly utilizing the competitive edge provided by the Burgan Bank Group for the MENA region.

Collaborating with more than 800 correspondent banks in more than 100 countries, Burgan Bank plans to increase its existing limits in the coming period, to take advantage of the positive value introduced by its new shareholding structure, to establish new relations with correspondent banks and to enter the market for the first syndicated loan in 2015 if market conditions are suitable.

RETAIL BANKING

On course to rapidly become more effective in 2014

Burgan Bank's target mass in the retail banking segment is small businesses and individual customers.

The Bank offers retail banking services through its 60 branches.

In 2013, Retail Banking observed an increase of 30% in loans and contributed 15% to the Bank's total cash loans, and 26% to its total deposits.

Consumer loans were the primary driver of growth for Burgan Bank in the retail banking business line, while lending in this segment grew by 58%.

In Small Business Banking...

Burgan Bank's primary goal in Small Business Banking is to fulfill all credit and cash management needs of the companies in the relevant segment, to offer the banking services needed by these firms in a fast and integrated manner and to provide them with information-based financial consultancy. In 2013, Small Business Banking continued to acquire new credit customers and increased its business volumes. Lending in this segment grew by 28% and loans extended under the Small Business Banking segment accounted for 13% of total loans in 2013.

In Small Business Banking, Burgan Bank operates with the objective of ensuring that its customers receive the highest share possible in cash flow and of widening the time deposits base by taking an investment consultant approach.

The number of customers using Dost POS and SME Package products continued to increase in 2013, while customers using Burgan Bank's products more frequently are offered special discounts and an array of advantages for both existing and new products. The Bank continued to keep customer communication

and experience at the highest level through specially designed products and services, while it expanded the availability by the recently launched Corporate Phone Banking line. The Bank also redesigned its Internet Banking menus, taking customer recommendations into account, while offering customers easier access and the opportunity to carry out banking transactions, (particularly in products such as POS and Active Account) in a shorter space of time through user-friendly screens. In addition to its existing agreements with Visa Card for the payment systems, the Bank also reached an agreement with MasterCard. The printing of business cards as MasterCard will begin shortly. Moreover, the Bank also took a number of measures in the POS area in accordance with the changing legislation in Turkey, and began to offer cash register POS solutions to its customers upon completion of the system's infrastructure.

In Retail Banking...

Within the scope of retail banking activities, Burgan Bank offered credit products, deposit products, investment products, insurance products, PPS (Private Pension System) products and cash management products, as well as credit cards.

In the credit products category, the Bank supplied housing, vehicle and consumer loans to its customers. Personal consumer loans reached TL 70 million by the end of the year, and became the primary growth driver for the Bank in the retail banking business line. The Bank's personal consumer loan volume increased by 58% in 2013.

Regular Deposits with interim interest payments, and the Dynamic Account, which allows withdrawals of up to 90% of the balance during the term of the account, were quickly and enthusiastically received by customers. By the end of 2013, the total balance of Regular Deposits accounts amounted to TL 39 million.

Development of alternative delivery channels under way

Having determined its focal points as operational efficiency, the creation of new sales opportunities and acquisition of new customers, Alternative Delivery Channels grew in 2013 with the addition of new service channels and products. All channels, particularly the Bank's corporate website, were renewed. The phone banking channel, that had been serving individual customers, was offered to the service of corporations in December from the 0850 222 8 223 telephone number. In

Almost half of the Bank's customers in the Private Banking segment had corporate and commercial relationships with Burgan Bank at the end of 2013

internet banking, equity transactions were restored with a faster and more secure infrastructure, while foreign trade transactions began to be offered to customers as a new online service.

With the new improvements launched in August, alternative delivery channels were made a part of the customer acquisition process, particularly through consumer loans and deposits. These channels contributed 10% to the total individual product sales in a very short time in terms of both number and volume. The Alternative delivery channels will actively continue their sales and marketing activities through the call center, internet banking and social media channels in 2014.

In 2013, the number of transactions continued to increase in the internet banking, ATM and phone banking channels. Moreover, in order to take customers' online banking experience one step ahead in terms of technology and accessibility, the Bank will launch efforts in 2014 to render internet banking services easily accessible from all mobile devices.

PRIVATE BANKING

A successful performance in the Private Banking segment in 2013

In the Private Banking segment, Burgan Bank offers structured treasury and capital market products and alternative investment options, in addition to deposit and standard treasury products, to real person customers with a net worth of more than EUR 250,000. The Bank's private banking structure only serves those customers in Istanbul, Ankara and Bursa in cooperation with the Bank's other segments (retail, small business, commercial and corporate banking) on the basis of a matrix organization.

The Bank's primary target audience in Private Banking is comprised of shareholders, partners and senior executives of companies which are the corporate and commercial customers of the Bank. At the end of 2013, almost half of the Bank's customers in the Private Banking segment had corporate and commercial relationships with Burgan Bank. This current level contributes to the creation of cross-selling opportunities between business lines, an extremely important target for the Bank.

Highlights from private banking activities in 2013

- A 15% increase in the number of customers
- Total assets of private banking customers now account for 23% of the Bank's total assets
- 11% growth in Treasury operations volumes in the private banking segment
- A 35% jump in customers' FX deposits
- Deposits continued to be the most popular investment instrument for private banking customers

The private banking international sales desk entered operation in December 2013.

The Bank launched its international sales desk in December in order to carry out its operations within the framework of Burgan Bank's Private Banking Group Strategy. The desk primarily aims to attract private banking customers interested in Turkish markets and who currently work with the subsidiaries of the Burgan Group (such as in Kuwait and Lebanon) to the Bank and to offer them private banking

Burgan Bank's Treasury Unit handles assets and liabilities management in accordance with the liquidity strategy and policies acceptable to the Bank

services. Targeting investors working with Burgan Bank Group's subsidiaries in various countries, the desk will provide custody services and treasury products and services and also support those customers looking to invest in international markets.

Private Banking Center

Burgan Bank will continue to offer private banking services at the Private Banking Center located in Etiler, Istanbul, which is planned to enter operation in the first quarter of 2014.

In 2014, the Bank aims to increase its penetration in the private banking segment - particularly through treasury products - and contribute to the revenue base of its customers. Another target of the Bank is to open its international sales desk in the shortest possible time and to serve investors from countries in the region - particularly Kuwait - who are interested in and would like to invest in Turkey.

TREASURY AND CAPITAL MARKETS

2013 was an extremely successful year for Burgan Bank's treasury operations both in terms of transaction volume and in terms of the contribution to the Bank's interest and non-interest revenues.

Burgan Bank's Treasury and Capital Markets Unit is organized to focus on three specialized services:

- Assets & Liabilities Management Division, which is responsible for managing the Bank's balance sheet,
- Capital Markets Division, which handles all trading transactions in the markets,
- Treasury Sales Division, which responds to customers' financial needs.

The Treasury Unit handles assets and liabilities management in accordance with the liquidity strategy and policies acceptable to the Bank; the Unit also aims to ensure that profitability and the risk/return balance are maintained.

Burgan Bank fulfills short-term funding needs, invests surplus funds, and ensures effective liquidity management through transactions it carries out in the money markets, in which it is an active player.

Burgan Bank's Treasury Unit engages in trading in the FX and bonds markets, and offers customers advanced risk management services as well as derivatives and structured products that are designed in line with customer needs.

2013 - a year of two very different halves in the capital and money markets.

The first five months of 2013 were characterized by a positive economic atmosphere with optimism in the markets in the first five months of 2013. The upgrading of Turkey's credit rating to investment grade by a second credit rating agency marked an important development during this period, particularly for the markets, the stock exchange and interest rates, despite Turkey's weak economic growth performance.

Ben Bernanke announcement in May that the FED would gradually exit its asset purchase program precipitated a wave of volatility in global markets and capital outflows from emerging markets. In sum, the whole environment changed after June 2013 and markets encountered swings from excessive optimism to pessimism.

At the end of the year, Turkey's inflation rate exceeded the target and interest

In 2013, Burgan Bank maintained the diversified structure of its credit portfolio. The wholesale-retail trade sector held the highest share at 19.1%, followed by the iron-steel industry, with a 14.5% share, and the construction sector with a 12.7% share

rates, which had witnessed historically low levels in the first months of the year, began to rise as the CBT has begun to apply tightening policies. During this period, the Turkish Lira suffered a devaluation of nearly 20%.

Revenue-oriented strategies and effective risk management

In response to the decline in risk appetite and uncertainty in the markets in 2013, Burgan Bank applied revenue-oriented strategies in treasury operations and attached priority to effective risk management.

Treasury revenues supported by increasing FX activity

Burgan Bank's customers generally have FX-weighted portfolios. During this aforementioned process, FX transaction volume increased in line with the Bank customers' instruction, a factor that raised the Bank's revenues from treasury product sales by more than 40%. The Bank carried out US\$ 6.5 billion worth of transactions for more than 4,000 customers in this category.

Offering of the right risk management products

In setting its service and business model, Burgan Bank's Treasury Unit aims to not only to generate trading

income but also to offer the right risk management products to its customers through a well-equipped team, thus setting itself apart in the sector. Having gained success in this area in 2013, the Treasury Unit intensively offered service to its customers in coordination with teams from the Bank's other business lines.

The Unit deals with derivatives products in this context, as these products allow the elimination of risks, contributing to the financial health of customers receiving loans. Risk management oriented derivatives transactions held with mid-scale and large corporations reached US\$ 3.5 billion in volume during 2013.

Murex Project

Burgan Bank aims to change the infrastructure for its treasury and risk management operations through the Murex Project. Launched in 2013, this project represents a major infrastructure investment for the Bank. When the project is completed, the Bank will offer effective and advanced risk management services which meet international standards and ensure that new products are released in a more effective manner.

CREDITS

Burgan Bank's loan portfolio continued to expand in 2013.

Burgan Bank succeeded in expanding its lending portfolio at a rate in excess of the 35% growth recorded in the sector in 2013, with the Bank's total placements growing by 56% YoY to reach TL 4.761 billion by the end of 2013.

The Bank's non-performing loans ratio stood at around 2.2%, while the Bank completed an asset sale worth TL 124.5 million in July and closed 2013 with TL 107.8 million of non-performing loans.

Burgan Bank has maintained the diversified structure of its credit portfolio in 2013. The wholesale and retail trade sector accounted for the highest share of credit, at 19.1%, followed by the iron-steel industry with a 14.5% share and the construction sector with a 12.7% share.

In 2014, Burgan Bank aims to expand its credit portfolio in a healthy manner and more strongly than the sector, where the credit volume is expected to grow by about 15%. The Bank expects the growth of its loan portfolio to predominantly arise from the corporate, commercial and retail banking business lines.

Burgan Bank Operations Group carried out its activities and realized many new projects in 2013 by sticking to the principles of efficiency and customer orientation

OPERATIONS

Burgan Bank Operations Group carried out its activities and realized many new projects in 2013 by sticking to the principles of efficiency and customer orientation. Some highlights from the Burgan Bank Operations Group's efforts in 2013 are listed below:

- The Group continued its BPR (Business Processes Restructuring) activities with "Lending Processes" and carried out many improvements in this area to offer fast and high-quality services to customers.
- New Service Level Agreements were signed by and between service receiving and service providing departments within the Bank.
- The Deputy General Manager of the Operations Group was assigned as the Consumer Relations Coordinator and the "Customer Complaint Management Unit" was restructured under the Operations Group in order to ensure more effective management of customer complaints and to identify all of work items at one single time based on customer complaints.

- The new EFT system was successfully established within the scope of the CBT's EFT project.
- Securities custody transactions started to be managed by the Treasury Operations Department in order to create a more efficient organizational structure.
- A meeting was held in Turkey to bring together the managers of operations groups of all banks under the Burgan Bank Group, while communication continued between them throughout the year with teleconferences held on a monthly basis.
- The Group started work towards receiving the ISO 9001 and ISO 10002 Quality Certificates.
- The Group centralized the account opening procedure for customers.
- The Group undertook improvements in lending screens with the aim of completing the lending procedures more rapidly.
- The Group renewed the electronic purchase platform.

The Operations Group aims to implement a wide array of projects in 2014 in order to further enhance internal and external customer satisfaction, and to keep operational risks at a minimum while offering rapid and high-quality services. These projects included the following:

- Setting up an automatic monitoring system for primary operating indicators,
- Setting up a new system to centrally archive general loan agreements in the physical environment,
- Continuing work on projects for the restructuring of business processes,
- Implementation of cost reducing projects and
- Receiving the ISO 9001 and ISO 10002 Quality Certificates

Burgan Bank presses ahead with its investments in the digital channel. By undertaking new investments in the internet banking and mobile channels, the Bank carries seeks to provide faster service to customers in digital channels

INFORMATION SYSTEMS

A busy year in which a number of projects were completed

In line with the Bank's new strategies and in response to various developments in the Bank's business lines, the Information Technology Department carried out a number of projects during 2013 and introduced some innovations to raise the technological level of the Bank. These projects can be classified under the following categories: operational efficiency, new product/service development, risk management and regulatory requirements.

All requirements for the Bank's changing brand were rapidly fulfilled

The change in shareholder in early 2013 required the revision of the Bank's changing brand in all electronic platforms. The Bank's corporate website and internet banking module, as well as the related documentation, were revised and went online again in a very short space of time, in accordance with the Bank's new corporate identity.

In 2013:

- The Bank launched a new product entitled Online Foreign Trade. This product, which is still not offered by many banks in Turkey, allows foreign trade transactions to be performed through the Bank's internet branch.
- Burgan Bank's Call Center is available to corporate and commercial customers.
- A new reporting infrastructure was launched in the areas of risk management and operations in parallel with both legal requirements and the Bank's needs.
- The management declaration and internal control systems were implemented for the Internal Audit and Control Department.
- The Information Technology Department moved forward with the Murex Treasury and Risk Management project. The project, which is expected to contribute greatly to the efficiency of treasury transactions, is planned to be completed in 2014.
- The department completed its efforts in the money laundering auditing module as stipulated by MASAK (Financial Crimes Investigation Board).

- The department successfully launched new infrastructure, in compliance with the CBT's new EFT system simultaneously with other players in the sector.
- The department also successfully conducted routine tests in disaster centers within the scope of the business continuity plan.

Pressing ahead unstintingly to develop information security

The Unit continued its information security efforts in 2013, strengthening the Bank's infrastructure by undertaking investments in this area. The Unit also conducted social engineering tests aimed at strengthening employees' perceptions with respect to information security and to ensure they are ready to resist any possible attacks.

In 2014:

Burgan Bank will continue with its digital channel investments. By undertaking new investments in the internet banking and mobile channels, the Bank works to provide faster service to customers in the digital channels. The Bank furthermore aims to complete the Murex Treasury and Risk Management Project by August-September 2014.

In 2013, the Burgan Bank Internal Audit and Control Group concentrated on the complete execution of audit and control plans and practices

INTERNAL AUDIT AND CONTROL DEPARTMENT

The Burgan Bank Internal Audit and Control Group concentrated on the complete execution of audit and control plans and practices in 2013, and also continued its efforts to set up a risk-oriented, effective and strong internal audit and control system for its products, services and processes.

The Burgan Bank Internal Audit and Control Group comprises of the Internal Audit Unit and the Internal Control Unit.

Internal Audit Unit

In 2013, the Internal Audit Unit carried out audits in the Bank's branches, headquarter divisions and subsidiaries as planned. Within the scope of the annual audit plan, the Internal Audit Unit conducted on-site and central audits in various support services providers serving the Bank. In addition to the auditing of support services, the Unit audited the main banking and CoBIT processes in accordance with the results of the performed risk evaluation within the framework of the Management Declaration system and by also taking the materiality criteria into account.

Within the scope of integration efforts, the Burgan Bank Internal Audit Unit launched its new auditing software, AutoAudit, in 2013 for the execution, reporting and monitoring of auditing activities. Moreover, within the context of the same project, the Internal Audit Unit's auditing methodology, program and reporting standards were reviewed and modified in line with the amended legislation and best international practices.

Another development in 2013 was the change of the audit report format. This work can be considered as a preliminary quality study - which is carried out by the Internal Audit Unit in accordance with International Internal Audit Standards and in line with the auditing strategy of the Burgan Group - for the Quality Assurance Review (QAR), a program that the Bank targets to implement in 2014.

In parallel with International Standards for the Professional Practice of Internal Auditing, the Internal Audit Unit encourages its auditors to receive appropriate professional certificates for such titles as Certified Internal Auditor (CIA) and similar titles granted by the Institute of Internal Auditors and other related professional organizations. In 2013, only 2 auditors completed the Certified Internal Auditor (CIA) certification program.

In 2013, Burgan Bank's subsidiaries subject to consolidation - Burgan Leasing, Burgan Securities and Burgan Asset Management - were audited. A 3-person auditing team was set up in Burgan Securities.

Internal Control Unit

In 2013, the Internal Control Unit carried out remote and on-site periodic auditing of banking processes in headquarters and branches. As a first in the Bank, the Internal Control Unit launched on-site auditing activities in the Bank's subsidiaries. In this context, the Internal Control Unit carried out on-site auditing in Burgan Securities and Burgan Leasing, two of the Bank's subsidiaries subject to consolidation, which was performed in addition to their own internal auditing activities.

Another important development in 2013 was the implementation of new AutoControl software, which allows the Unit to manage all of its internal auditing activities. With the implementation of this program, the Internal Control Unit is able to automate its daily activities, as well as carry out the sharing and reporting of auditing results and follow-up on the findings.

In 2013, the Internal Control Unit was restructured to gain functional expertise. In this context, the Accounting and Financial Reporting Control Unit, the Headquarters and Processes Control Unit, and the Branches and Operations Control Unit were set up.

The number of people employed in the Internal Control Unit increased by 50% as a result of the growing scope of the Unit's activities in 2013.

Moreover, in line with the above-mentioned developments, the Internal Control Unit's working principles/ methodology and checklists were reviewed and updated. The scope of controls was expanded and enriched with new checkpoints that were implemented in this context.

Burgan Bank Legislation & Compliance Unit

The Unit is primarily engaged in the execution of necessary controls to prevent the laundering of criminal proceeds and financing of terrorism.

In 2013, the Legislation & Compliance Unit continued to monitor other units of the Bank and suspicious transactions, and check compliance with the Bank's policy - Know Your Customer (KYC). Furthermore, the Unit developed common policies and strategies in cooperation with the Bank's new shareholder in line with the KYC policy as well as the new legal practices introduced by the Central Bank of Kuwait.

The Compliance Unit launched a new project within the scope of the Foreign Account Tax Compliance Act (FATCA), which the Burgan Bank Group committed itself to comply with. The project is planned to be completed by July 2014.

As a result of the organizational change performed in 2013, the Unit began to directly report to the Chairman of the Board of Directors and its title was changed from the "Compliance Unit" to the "Legislation & Compliance Unit".

The Bank sets itself apart from its peers in the sector with the high levels of education, expertise and corporate belonging in its human resources

HUMAN RESOURCES

Employees who participate and who are innovative, and faithful to team spirit from their hearts

Burgan Bank sure-footedly moves towards its development and growth targets. At the end of 2013, the Bank had 980 banking personnel on its payroll.

The Bank sets itself apart from its peers in the sector with the high levels of education, expertise and corporate belonging of its human resources. True to Burgan Bank's service philosophy, that places customers at the heart of everything it does, the Bank employees hold a broad vision and make a difference with their adherence to ethical principles and professional expertise, attaching the highest importance to fulfilling customers' needs and expectations, and are open to improvement.

Objective: The continuity of a modern working environment

Burgan Bank considers the task of maintaining a modern business environment that encourages its employees to participate and shows full respect for human rights as a corporate objective. An interactive and participative business environment supports personal development for employees and reveals the social and

cultural diversity of its human resource as an asset to be valued.

Highlights from Burgan Bank's human resources...

- 54% of Burgan Bank's personnel are female.
- The average seniority in the Bank is 4.5 years. This is a clear indication of the high sense of belonging in the Bank.
- The average age of Bank employees is 35.5.
- 80% of Bank employees are university graduates, and 8.7% of them have postgraduate degrees.
- 57% of Bank employees are able to speak English.

In 2013, various activities were performed at Burgan Bank in the area of talent development and performance management with the participation of senior and mid-level managers. In these activities, open positions and the Bank's talent pool were discussed and strategies were developed with respect to the personal development of employees. In line with these strategies, mentorship and coaching programs were conducted. On the other hand, training programs on different points of view and motivation of employees were held with the participation of our mid-level managers.

Basic management talent programs were designed and held for our recently appointed branch managers.

Burgan Bank offered its employees classroom training sessions in 2013, as well as e-learning, orientation, rotation and on-the-job training. A total of 54,454 hours of internal and external training were provided throughout 2013, with the average length of training given per person climbing to eight hours.

SOCIAL LIFE

At Burgan Bank, social life is a concept realized through the social activity clubs established in different branches with the voluntary and broad participation of the Bank's employees.

As part of the Social Life activities, 10 people were assigned to social clubs in 12 different branches. More than 650 participants have voluntarily taken part in nearly 100 activities conducted by these clubs since March 2010. A band was formed under the Social Life projects during 2013, which include many branches from photography to tennis and swimming.

THE BURGAN BANK MEMORIAL FOREST

In 2013 Burgan Bank established a 5,000-sapling memorial forest in cooperation with TEMA (the Turkish Foundation for Combating Soil Erosion

Burgan Leasing's total assets grew by 75% and its leasing receivables by 93% in 2013

for Reforestation and the Protection of Natural Habitats) in the village of Gökköy, located in the district of Salihli in the province of Manisa.

BURGAN FİNANSAL KİRALAMA A.Ş.

Targets exceeded

Burgan Finansal Kiralama A.Ş. (Burgan Leasing), a subsidiary of the Burgan Bank, completed 2013 with a market share of over 2%.

In a year of growth in the sector, Burgan Leasing's total business volume, leasing receivables and profit significantly exceeded the company's budgetary targets. Burgan Leasing's total assets climbed by 78% to reach TL 508 million, and leasing receivables were up by 93% to reach TL 486 million. With these results, the company significantly exceeded the targets it had set out at the beginning of the year, and completed 2013 with a net profit of TL 5.9 million.

Highlights from Burgan Leasing in 2013

	31 Dec. 2013	31 Dec. 2012	%
Number of customer	544	549	-1
Number of contract	711	684	4
Leasing receivables (TL million)	486	251	93

One of the primary factors behind Burgan Leasing's success company has been its low loans/total assets ratio, which was just 2.5% in 2013. Burgan Leasing continued to unwaveringly apply a strong lending policy during 2013 and offered financial leasing services to the right companies in the right sectors for the right assets.

The company provided financial leasing services to customers operating in the real estate, construction and equipment, textiles, plastics and tourism sectors throughout 2013. When look at these sectors reveals that the real estate sector comprises approximately 40% of Burgan Leasing's portfolio (the highest share) - a clear indication of Burgan Leasing's competence, knowledge and years of expertise in the real estate sector.

Burgan Leasing will remain one of the key players in financial leasing activities conducted in Turkey for real estate leasing in 2014.

A strategy to take positions and grow in special areas

Burgan Leasing's strategy is to take positions and grow in special areas that require extensive know-how and expertise. In 2013, the company directed its activities in line with this strategy and undertook the first

software leasing transaction in Turkey. The company also offered financial leasing services for aircraft, motorboats and yachts in 2013. Burgan Bank plans to grow especially in these special areas.

2013: An important year for the leasing sector

The new financial leasing law that entered effect on 13th December, 2012 upon its publication in the Official Gazette played a key role in supporting the sector's performance in 2013. The new law introduces highly important innovations for the financial leasing sector and sets out a number of measures which will support the sector, such as duration and registration, as well as operational leasing, sub-leasing, software leasing, sell-and-leaseback, and financial leasing activities to be initiated abroad and directed to Turkey.

Healthy and sustainable growth

The Turkish economy offers tremendous growth potential in the area of financial leasing.

Burgan Leasing will continue to grow rapidly in 2014 by reflecting such potential to its performance, thanks to its strong human resources and firm financial structure, as well as the continuous support of its shareholders.

Burgan Securities was one of the fastest organic growing companies in the capital markets in 2013

BURGAN YATIRIM MENKUL DEĞERLER A.Ş.

2013 was a year of restructuring and growth for Burgan Securities.

Burgan Securities serves all investor profiles - domestic & foreign and individual & corporate - in capital markets in the areas of brokerage, consultancy, corporate financing and asset management.

In the most important development in 2013, the company began to serve domestic investors in addition to foreign investors. This new initiative has radically changed Burgan Securities' business model, and the company's organization has been reviewed in accordance with the requirements of domestic service offerings and strengthened with investments which fit the new business model.

Burgan Securities was one of the fastest organic growing companies in the capital markets during 2013. The company has restructured its foreign and domestic customer portfolio in line with its growth strategy. The number of people employed by the company increased from 70 to 107 during the year.

In the Corporate Finance business line...

Burgan Securities was actively involved in all major public offerings in the market during 2013 and offered consultancy services for mergers and acquisitions. In 2013 Burgan Securities was engaged as:

- the consultant consortium leader in the privatization of Salıpazarı Cruise Port, also known as the Galata Port, providing service to the Privatization Administration of the Prime Ministry of the Turkish Republic;
- an exclusive consultant for Georg Fischer in the acquisition of Hakan Plastik by Georg Fischer;
- an exclusive consultant for the Plato Group in the acquisition of the Group's assets by Smith and Nephew;
- the co-leader in the initial public offerings of Halk GYO (Real Estate Investment Trust) and Pegasus Airlines; and
- a consortium member in the public offerings of Emlak Konut GYO and Royal Hali.

Diversification of Brokerage Activities

In 2013 Burgan Securities began to offer brokerage services through online platforms, after already having done so in the representative services where it serves its individual customers. Designed to offer customers speed, simplicity and ease of use, the BurganTRADE Web platform was expanded in scope to be used in iOS and Android smart phones. Supporting the BurganTRADE Web platform with online submitted ideas of investment, Burgan Securities included the technical and basic analysis products of Recognia® - an international major brand with high expertise in this field - in the platform for market analysis. Offering alternatives to unique investor profiles, Burgan Securities also released the Burgan Kokpit platform particularly for professional users.

The company also provided its domestic customers with access to global markets allowing them to perform leveraged FX and precious metal trading through the BurganFX platform.

3 international awards from the Global Banking and Finance Review Magazine

Research and Financial Consultancy Activities

Boasting a prestigious research department since its foundation, Burgan Securities also set up a new structure entitled "Financial Consultancy" as it has begun to serve domestic investors in 2013. This new structure basically prepares reports in Turkish and designs research products for individual domestic investors based on the reports prepared by its research team. In 2013, the Financial Consultancy unit also began to offer investors quantitative research products.

Three international awards in 2013

The Banking and Financial Sector Awards 2013 were hosted by the Global Banking and Finance Review, a magazine that addresses more than 140,000 readers in 163 countries. Burgan Securities received awards in the following categories:

- Best Brokerage House,
- Best Investment Bank,
- Best Corporate Financing Consultancy Company

These awards, which are given to brokerage houses of any scale from a number of countries throughout the world based on their unique competencies, are considered as an indication of the achievements, innovations, strategies and growth and development of these agencies throughout the year.

At the end of 2013...

The domestic customer portfolio of Burgan Securities had exceeded 1,000 people by the end of 2013, with the company serving in 7 centers in 6 cities throughout Turkey. Burgan Securities also makes use of Burgan Bank's network of 60 branches across the nation as a delivery channel. In 2013 Burgan Securities held a 2.7% market share in the total equity market.

Burgan Securities is focused on growth in all business lines

Burgan Securities will press ahead with its innovations and reap the fruits of its investments in 2014. Thanks to its experience and the trust it has gained in capital markets, the company will continue to provide high-quality services to its domestic and foreign customers.

Burgan Asset Management currently manages a total of five mutual funds, three of which were established by Burgan Bank.

BURGAN PORTFÖY YÖNETİMİ A.Ş.

Target: Alternative and innovative products

Burgan Asset Management Inc., a 100% affiliate of Burgan Securities Inc., whilst providing portfolio management, custom-tailored strategy development, and in this framework, private fund establishment services to corporate investors, also grants portfolio management services to retail investors, consistent with their risk-income preferences. Having completed its restructuring and IT infrastructure investments in 2013, Burgan Asset Management currently manages a total of five mutual funds, three of which were established by Burgan Bank. The company is also undertaking efforts to offer investors alternative products.

Hedge funds and other innovative products

Burgan Asset Management, which was granted CMB approval for the foundation of the Burgan 1 Hedge Fund on 20th September, 2013, also launched efforts to establish smart stock exchange mutual funds and received permission for the establishment of the iSTOXX Turkey Strong Quality 20 Stock Exchange Mutual Fund following the CMB's

approval dated 7th February, 2014.

The hedge fund was designed as a neutral investment option for the market which invests in the investment ideas generated by the quantitative analysis department at Burgan Securities and is protected from market fluctuations to the greatest possible extent. The hedge fund also plays a key role in the pair trade area.

Burgan Asset Management collaborates with the Stoxx index specialist that offers products which meet global standards. The company also aims to offer investors the iSTOXX Turkey Strong Quality 20 Stock Exchange Mutual Fund in 2014, which will aim to return a yield exceeding that of the Borsa Istanbul, as well as other smart stock exchange mutual funds. All investors will have the opportunity to invest in stock exchange mutual funds, as they have the same status with equities traded on the stock exchange.

Within the scope of its efforts related to its current product portfolio, Burgan Asset Management started to manage its equity fund with a unique and a more active strategy from August 2013, while concluding its efforts to convert the Type B Variable Fund into an equity fund.

Efforts aimed at foreign investors

As well serving its domestic investors, Burgan Asset Management will carry out efforts aimed at foreign investors in 2014. The company is currently engaged in preparations to develop products for those customers, especially from the Gulf region, seeking to invest in Turkey or other markets in the world.

The company also conducts various projects aimed at pension funds. In line with the CMB's new regulation, pension companies will be entitled to collaborate with asset management companies outside their own group structure with respect to fund management. Burgan Asset Management considers this field as a business line of growth.

INFORMATION RELATED TO PERSONNEL AND BRANCH NUMBER, EVALUATION OF THE BANK'S POSITIONING IN THE SECTOR

With a total of 60 branches composed of 17 retail branches, 7 commercial and corporate branches and 36 combo branches, along with the internet banking application, call center and 980 personnel, Burgan Bank provides high added value banking products and services in corporate and commercial banking, small business banking, retail banking, private banking, factoring and through its subsidiaries in leasing and investment banking.

The Bank's market shares in the sector in terms of key indicators are presented below:

TL million	December 2013		
	Burgan Bank	Sector *	The Bank's Share (%)
Cash Loans	4,545	1,058,623	0.43
Customer Deposits	3,247	1,002,724	0.32
Number of Branches	60	11,023	0.54
Number of Employees	980	197,460	0.50

* Source: BRSA (Banking Regulatory and Supervision Agency), BAT (The Banks Association of Turkey)

R&D PRACTICES RELATING TO NEW SERVICES AND ACTIVITIES

The Bank launched a new product entitled "Online Foreign Trade" in 2013. The product allows customers from anywhere with internet access and regardless of the time or place to place their orders - on a 24/7 basis - for any foreign trade transactions, FX transfer to the request for the opening of letter of credit, as well as to view the status of their requests and to gain instant access to documents such as swift messages, letters of credit or opening messages which report the results of such transactions.

INFORMATION ON BENEFITS PROVIDED TO TOP MANAGEMENT

The Top management of the Bank is composed of the Chairman of the Board, the General Manager and Vice General Managers. The sum of benefits paid to the top management in the current period totalled TL 13,617,000 (December 31st, 2012: TL 10,600,000) which includes total gross salaries, travel, meal allowances, health insurance, life insurance and other expenses.

INFORMATION CONCERNING LEGAL ACTION TAKEN AGAINST THE BANK WHICH MAY AFFECT THE FINANCIAL STATUS OR OPERATIONS OF THE BANK, AND THEIR POSSIBLE RESULTS

As of December 31st, 2013, the total amount of legal action taken against the Bank stood at TL 48,783,000 (December 31st, 2012: TL 19,264,000) and the Bank sets aside a provision of TL 17,402,000 (December 31st, 2012: TL 14,012,000) regarding these risks. Due to the delayed reply to e-foreclosure submitted by the Gökpınar Tax Administration, negative declaratory action has been claimed at the "Denizli Tax Authority" and the "Denizli Civil Court of General Jurisdiction" for the cancellation of the payment order of TL 25,459,000, which was notified to the Bank. The transactions have been suspended with an injunction obtained in response to the 15% collateral. The trial is currently in progress and the verdict is expected to be in favor of the Bank. As a result, the Bank has not booked any provisions.

THERE ARE NO EXPLANATIONS WITH RESPECT TO ADMINISTRATIVE OR LEGAL SANCTIONS IMPOSED ON THE BANK, MEMBERS OF THE BOARD OR TOP MANAGEMENT IN CONNECTION WITH ACTS OR PROCEDURES IN VIOLATION OF THE CODES.

SUM OF FINANCIAL BENEFITS PROVIDED SUCH AS DAILY ALLOWANCES, SALARIES, PREMIUMS, BONUSES OR DIVIDENDS

The sum of the Bank's Personnel Expenses totaled TL 94,286,000 as of December 31st, 2013 (December 31st, 2012: TL 82,226,000), while the Bank set aside a provision of TL 7,452,000 (December 31st, 2012: TL 9,771,000) to be paid to the Bank's personnel.

WELCOME TO THE BURGAN BANK WHERE YOU ARE AT THE CENTER OF POWER

**STRONG
CUSTOMER
RELATIONS
BUILT ON
ROBUST
FOUNDATIONS**



MANAGEMENT AND CORPORATE GOVERNANCE

NAMES & SURNAMES, TERMS OF OFFICE, AREA OF RESPONSIBILITY, ACADEMIC BACKGROUNDS AND PROFESSIONAL EXPERIENCE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, DIRECTOR AND MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND VICE PRESIDENTS, AND HEADS OF THE UNITS UNDER INTERNAL SYSTEMS

Name and Surname	Position	Date of Appointment to Office	Academic Background	Experience in Banking or Business Administration Prior to Appointment to Office (Years)
Chairman and members of the Board of Directors:				
Mehmet Nazmi Erten	Chairman	29.01.2014	Bachelor's degree	29
Faisal H.M.H. Al Ayyar	Vice Chairman	29.01.2014	Bachelor's degree	23
Eduardo Eguren Linsen	Member	20.12.2012	Bachelor's degree	25
Faisal M.A. Al Radwan	Member	21.12.2012	Bachelor's degree	26
Majed E.A.A. Al Ajeel	Member	20.12.2012	Master's degree	22
Adrian Alejandro Gostuski	Member	21.12.2012	Master's degree	35
Mehmet Alev Göçmez	Member	23.01.2013	Master's degree	33
Halis Murat Ece	Member	17.04.2013	Bachelor's degree	36
Ali Murat Dinç	Member and General Manager	03.02.2014	Master's degree	21
Chief Executive Officer				
Ali Murat Dinç	Member and General Manager	03.02.2014	Master's degree	21
Executive Vice Presidents:				
Bülent Nur Özkan	Senior Executive Vice President	17.11.2008	Bachelor's degree	21
Robbert J. R. Voogt	Operations, IT and Private Banking Senior Executive Vice President	23.09.2013	Bachelor's degree	15
Fatma Aliye Atalay	Private Banking	01.05.2005	Master's degree	15
Esra Aydın	Operations	01.08.2007	Bachelor's degree	16
Mutlu Akpara	Treasury and Capital Markets	08.08.2007	Master's degree	11
Hüseyin Cem Öge	Corporate Banking	22.08.2007	Master's degree	13
Ayşe İdil Kural	Finance	17.01.2008	Bachelor's degree	12
Cihan Vural	Internal Control and Audit	03.11.2008	Bachelor's degree	13
Soner Ersoy	Information Systems	12.01.2009	Bachelor's degree	12
Rasim Levent Ergin	Human Resources	01.11.2012	Master's degree	17
Emine Pınar Kuriş	Commercial Banking	10.12.2013	PhD	16

Changes in the Bank's top management during 2013 and until the reporting date:

Appointments:

Halis Murat Ece took office as a Member of the Board of Directors on April 17th, 2013. Fedon Hacaki – Executive Vice President responsible for Loans – was appointed as the Executive Vice President responsible for Risk Management on July 1st, 2013. Robbert J. R. Voogt was assigned as the Senior Executive Vice President responsible for Operations, Information Technologies and Private Banking. Mehmet Nazmi Erten – Chairman of the Board of Directors – resigned on October 31st, 2013 and Faisal H.M.H Al Ayyar – Deputy Chairman of the Board of Directors – was appointed as the

Chairman on the same date. Mehmet Nazmi Erten, who resigned from his duty as Chairman of the Board of Directors was assigned as the General Manager on November 1st, 2013. Emine Pınar Kuriş took office on December 10th, 2012 as the Executive Vice President responsible for Retail Banking. Mehmet Nazmi Erten - a Member of the Board of Directors and General Manager - resigned from his duty on January 29th, 2014 and was appointed as the Chairman of the Board of Directors on the same date. Faisal H.M.H Al Ayyar – Chairman of the Board of Directors – resigned from his duty on January 29th, 2014, but continues his duty as the Deputy Chairman. Ali Murat Dinç was appointed as the General Manager and Board of Directors Member on February 3rd, 2014.

Resignations:

Şebnem Dönbekçi – Executive Vice President responsible for Retail Banking – resigned on February 1st, 2013; Neşe Atabey – Executive Vice President responsible for Commercial Banking – resigned on March 22nd, 2013; Board of Directors Member Cüneyt Akpınar resigned on March 28th, 2013. Zeliha Deniz Veral – Executive Vice President responsible for Transaction Banking – resigned on August 31st, 2013. Mehmet Gani Sönmez – Board of Directors Member and General Manager – resigned from his duties on October 31st, 2013. Fedon Hacaki – Executive Vice President responsible for Risk Management – resigned on February 28th, 2014.

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE OF STATUTORY AUDITORS

According to the Provisional 2nd Clause of Article 6 of the new Turkish Commercial Code numbered 6102, the auditors Firdevs Sancı and Semih Çınar's terms of office were over with the assignment of a new independent auditor on March 29th, 2013. The company "Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." was selected as an independent external auditor for one whole year for the 2013 reporting period.

ACTIVITIES OF THE CREDIT COMMITTEE AND OF THE COMMITTEES REPORTING TO, OR SET UP TO ASSIST, THE BOARD OF DIRECTORS UNDER RISK MANAGEMENT SYSTEMS PURSUANT TO THE REGULATION ON BANKS' INTERNAL SYSTEMS, AND THE NAMES, SURNAMES AND PRINCIPAL DUTIES OF THE HEADS AND MEMBERS SERVING ON THESE COMMITTEES

CREDIT COMMITTEE

The Credit Committee undertakes the assessment of credit proposals and revisions thereto, within the framework of the authority granted by the Board of Directors. As of 31 December 2012, the authorization limit for the Credit Committee for secured and unsecured lending are EUR 15 million and EUR 7.5

million, respectively. If it is so deemed appropriate, the Credit Committee refers credit proposals beyond its authorization limit to the Board of Directors.

The Committee is briefed on credit proposals and credit risks by the Credits and Marketing Groups and keeps the Board of Directors informed regularly.

The chairman of the Committee is Mehmet N. Erten, the chairman of the Board of Directors. The Bank's CEO, Mehmet G. Sönmez and board directors Faisal M.A.Al Radwan and Eduardo Eguren Linsen serve as members of the Committee. The Committee meets once a week.

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

The actions taken by the Bank with regard to its Internal Systems Organizational Structure are presented below, within the scope of the "Regulation on Bank's Internal Audit and Risk Management Systems" issued by the Banking Regulation and Supervision Agency (BRSA) and published in the Official Gazette dated 28 June 2012 and numbered 28337.

AUDIT COMMITTEE

Mehmet N. Erten is the board director responsible for Internal Audit and Risk Management. The Risk Management Group reporting to the Board of Directors via the Audit Committee consists of the Credit Risk Division, Credit Monitoring Division, Credit Portfolio Analysis Division, Market Risk Unit and Operational Risk Unit. Similarly, Internal Audit and Internal Control Units work under the Internal Audit and Control Group reporting directly to the Board of Directors via the Audit Committee.

A. RISK MANAGEMENT SYSTEM

The Risk Management System has been set up to regulate the definition, measurement, exploration, reporting, analysis, monitoring and auditing of the risks involved in all aspects of the banking activities, subject to the principles established jointly by the Bank's executive management and the Risk Management Group, and approved by the Board of Directors. One of the main aims of Risk Management System is to establish a common risk management conception within the Bank.

The organizational components of the Risk Management System are the Risk Committee and the Risk Management Group that operates within Audit Committee scope.

1) Risk Committee:

Primary roles and responsibilities of the Risk Committee;

- Approval of Strategic Risk Management decisions (such as the Bank's risk appetite, capital allocation and risk management structure) and qualitative and quantitative monitoring of Market, Liquidity, Credit and Operational Risks and presentation of all to the Audit Committee.
- Inspection of Risk Management Group's performance on their regular follow-up of the Bank's activities regarding compliance with set risk policies and presentation of such to the Audit Committee.

2) Risk Management Group

The roles and responsibilities of the Risk Management Group have been explicitly set by the Board of Directors and the units under the group perform their duties orderly. The Head of Risk Management Group is assigned with the coordination among the Credit Risk Unit, Credit Monitoring Unit, Credit Portfolio Analysis Unit, Market Risk Unit and Operational Risk Unit reporting to it, and presentation of the results of their works to the Risk Committee for their review.

a) Market Risk Unit

The objective of the Market Risk Unit is to monitor and analyze the market risks that the Bank and affiliates subject to consolidation are exposed to, and to create and report risk policies and implementation procedures. The monitoring and the reporting of limits defined in Treasury Risk Parameters are among the unit's responsibilities

The Bank employs the standardized approach in the calculation of the Value at Risk (VaR) for the market risk for statutory reporting and additionally the Bank uses internal method based VaR for its management reporting and internal processes.

Interest-sensitivity and liquidity gap analysis of balance sheet items in order to track interest rate and liquidity risks are performed. Based on these efforts, maturity mismatches in relation to credits and deposits are monitored and reported. Additionally, interest and exchange rate scenario analyses are performed for various balance sheet items.

b) Credit Risk Unit

Credit Risk Unit is responsible for monitoring, on a portfolio basis, the credit risk undertaken by the Bank as a result of its lending activities. The unit provides information flow to the executive management of the Bank in terms of the current position and performance direction of the loan portfolio through regular monitoring of all the stages of lending activities and by regular and frequent reporting of credit limits and risks on the basis of collaterals, sectors, geographical regions, and internal rating scores. The unit also makes proposals for the identification and improvement of hitches and vulnerabilities in the lending system, as and when necessary.

c) Credit Monitoring Unit

The credit monitoring unit monitors the entire corporate, commercial and retail credit portfolio using a proactive method, communicates credits with potential problematic nature, which are identified through early warning signals, to the relevant management, works toward taking necessary action therefore, and functions so as to minimize the Bank's possible loss.

d) Operational Risk Unit

The objective of the operational risk unit is to monitor and analyze the operational risks that the Bank and affiliates subject to consolidation are jointly exposed to, and to create and report risk policies and implementation procedures.

A loss database has been set up for operational risk quantification. Operational risk categories have been developed based on the BIS standards, and sub-categorization of the incidents

that might be confronted with has been completed.

The operational risk unit maintains and improves the Bank's Contingency Plan.

Meeting Frequencies of Committees:

As defined in the Bank's Risk Policies document, the Risk Committee meets at least four times a year, and the Risk Coordination Committee meets biweekly. The Risk Coordination Committee is set up in order to determine joint actions in relation to Internal Audit, Internal Control and Risk Management issues. Participants are the board director responsible for Internal Audit and Risk Management (as the chairman), General Manager, Senior Executive Vice President, Head of Risk Management Group, Head of Internal Audit and Control, Head of Internal Audit, Head of Internal Control and Head of Compliance. Heads of the Credit Control, Market Risk and Operational Risk Units also attend these meetings.

B. INTERNAL AUDIT AND CONTROL GROUP

Internal audit and control group consists of Internal Audit and Internal Control units. Heads of Internal Audit and Internal Control report to the executive vice president responsible for Internal Audit and Control who directly reports to the Audit Committee.

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

B.1. INTERNAL AUDIT

Internal Audit consists of branch audit, headquarters audit and information systems audit divisions. Internal Audit, by carrying out audits in the Bank's branches, headquarter divisions and subsidiaries, aims to provide assurance to the Bank's top management that the Bank's operations are in compliance with the laws and other legislations, the Bank's strategy, policy and procedures and that the Bank's internal control and risk management systems are effective and adequate.

In this context, all banking activities are investigated and audited on a risk focused approach and it is targeted to add value to the Bank by providing vision and suggestions for the formation of preventive measures, for the protection of Bank's assets and for increasing operational efficiency. The audit reports, that are a result of the audits performed in the branches, headquarter divisions and subsidiaries in line with the risk focused annual audit plan, are submitted to the relevant divisions, top management and Audit Committee to ensure the taking of necessary actions.

2013 Internal Audit Plan has been successfully completed in branch, headquarters and information systems audits.

In the management declaration work performed in 2013, the risk control matrices of the core banking and CoBIT processes prepared by the related business units have been reviewed and the controls have been tested. The findings of the Management Declaration audit have been reported to the Board of Directors within the timing required in the related legislation.

Further, in line with the Audit Plan, the companies from which the Bank receives support services were audited on and off-site and the audit findings have been reported to the related business units. The Internal Audit Unit published an authorized companies' evaluation report for the last quarter of 2013, on support services, valuation companies, independent audit firm, and rating agencies for review by the Audit Committee.

B.2. INTERNAL CONTROL

The Internal Control Center reports to the Audit Committee and the Board of Directors via the executive vice president responsible for internal audit and control. Internal Control consists of branches and operations control unit, headquarters and processes control unit and accounting and financial control unit.

The mission of the Internal Control Center is to design the internal control activities in close co-ordination with the related business units, to improve the effectiveness and competency of the internal control system, to carry control activities that will cover the main risks in the organization including protection of Bank's property and assets, assuring conduct of activities in compliance with all in-house developed policies and rules of the Bank, banking practices, the Banking Law and other related regulations and in the most effective and efficient manner, the reliability and integrity of the accounting and financial reporting system, and prompt availability of information.

Control activities of the Internal Control are carried on with a risk focused approach, in terms of main control points mainly on lending, deposit collection, accounting, financial reporting, information systems, treasury, and capital market transactions from amongst the Bank's functional activities. Internal Control oversees the transactions in these and other fields on and off-site periodically in the context of predetermined schedules with respect to their

conformity with regulatory legislation, the Bank's strategy and policies, implementation procedures, limits and internal regulations.

Any problem identified is shared daily with the relevant branch and headoffice units for the necessary actions.

The Internal Control Unit launched on-site auditing activities in the Bank's subsidiaries in 2013. In this context, the Internal Control Unit carried out on-site auditing in Burgan Securities and Burgan Leasing.

In addition, Internal Control Center's findings together with proposals for the improvement of internal control system and the remediation of risk elements in the general workflows and practices are regularly reported to the Audit Committee and via the Audit Committee to the Board of Directors and the actions taken are followed-up. The 2013 internal control plan has been completed successfully with the periodic controls performed both from headquarters and on-site in branches. Further, in 2013, internal control center personnel

has participated in management declaration work including audits of companies from which the Bank obtains support services, in the stages of the review of risk matrices, testing and findings follow-up and preparation of management declaration report.

In 2013, the Internal Control Unit also launched a new software program (AutoControl) to increase the effectiveness of the internal control system. With the implementation of this program, the Internal Control Unit is able to automate its daily activities, as well as the sharing and reporting of auditing results and the follow-up of the findings.

C. COMPLIANCE

The Compliance Department reports to the Board of Directors via the Audit Committee.

In 2013, the efforts of monitoring the Bank's compliance to the legal obligations of combating laundering proceeds of crime and financing of terrorism and the execution of Compliance Programme have continued.

In the context of combating laundering proceeds of crime and financing of terrorism, emphasis has been placed on branch training activities. The software programs used by the Bank allow for effective monitoring of suspicious transactions. The Compliance Unit launched a new project within the scope of the Foreign Account Tax Compliance Act (FATCA); the project was implemented in line with the plan submitted by the Burgan Bank Group.

The legislation unit has continued efforts to inform the personnel regarding changes in the banking legislation and to give consultancy with the aim of our Bank's practices and operations being in conformity with legal legislation.

ATTENDANCE OF BOARD DIRECTORS AND MEMBERS OF THE AUDIT AND CREDIT COMMITTEES AND MEMBERS OF THE COMMITTEES REPORTING TO, OR SET UP TO ASSIST, THE BOARD OF DIRECTORS UNDER RISK MANAGEMENT SYSTEMS PURSUANT TO THE REGULATION ON BANKS' INTERNAL SYSTEMS TO THE RELEVANT MEETINGS HELD DURING THE FISCAL YEAR

The Board of Directors convenes monthly. The provisions of the Turkish Commercial Code are adhered to in relation to the quorum for Board of Directors meetings.

The Audit Committee meets at least four times a year. The Credit Committee meets once a week. The Risk Committee meets at least four times a year, and the Risk Coordination Committee meets biweekly.

The participation of Board Directors and committee members to relevant meetings was at a sufficient level.

BOARD OF DIRECTORS' SUMMARY REPORT PRESENTED TO THE GENERAL ASSEMBLY

Drawing the strength of the Burgan Bank Group following the change of the principal shareholder, our Bank targeted stable growth in its activities in 2013. In this context, Burgan Bank pursued its banking activity in accord with the Turkish Commercial Code, tax legislation, the Banking Law, Banking Ethics, the 'Know Your Customer' and Suspicious Transaction provisions and the Competition Laws and Guidelines.

In formulating its risk policies, Burgan Bank aims to enhance the total benefit for its shareholders and customers, with keen consideration of risk-sensitive capital management principles and liquidity factors. Internal audit and risk management systems are being developed in line with the BRSA's guidelines.

Our Bank succeeded in achieving growth in its first year of operation under the Burgan Bank brand. 2013 was also a year in which our Bank demonstrated progress towards its targets by preserving its existing reputation and the trust in its brand under its new title.

In 2013, our Bank has focused its attention on customer-oriented activities through its 60 branches throughout Turkey and fully responded to the financial needs of its customers in the corporate, commercial, retail and private banking business lines by means of an effective pricing policy and a rich array of products. As well as its expanding balance sheet, the Bank also effected significant improvements, which will further strengthen its performance in the future in terms of product and service portfolio, the number of customers and the structure of service channels.

In 2013, our Bank recorded a 56.4% expansion its lending portfolio, considerably exceeding the sector's average lending portfolio growth rate of 31.8%. While the corporate and commercial banking segments were the driving forces of our expanding loan portfolio, small business banking demonstrated a significant improvement in terms of percentage share.

As of the end of 2013;

- Burgan Bank's total assets stood at TL 6,811,581,000, having recorded a 53.4% YoY increase.
- Total deposits stood at TL 3,428,695,000.

As of December 31st, 2013, 50% of the total liabilities consisted of deposits, 35% consisted of funds borrowed and money market borrowings and 9% consisted of shareholders' equity. The sum of funds borrowed together with money market borrowings increased by 728.1% to TL 2,405,269,000. The increase was mostly due to a long-term loan of US\$ 300 million, a short-term loan of € 75 million and the subordinated loan of US\$ 150 million received from the principal shareholder.

As far as assets are concerned, total cash loans had reached TL 4,761,368,000 as of December 31st, 2013, signifying a YoY rise by 56.4%. Following the asset sale in 2013, the total amount of the Bank's non-performing loans accounted for 2.2% of its cash loan portfolio, for which a 51% provision was set aside.

Government debt instruments reached TL 931,877,000, marking an increase of 117%. As a result, 70% of our assets consisted of loans, with securities accounting for 14% and cash, CBTR and short term placements comprising 9% of our assets.

Although the Bank's lending portfolio grew at a rate considerably in excess of the sector average, the net loss for the year 2013 amounted to TL 40,995,000 because of the loan provisions allocated by the Bank, as well as the negative impacts of the fierce competition and volatility in interest rates on interest margins and accordingly, on revenues.

Upon the decision of our Board of Directors on October 23rd, 2013 and following the BRSA's permission dated December 2nd, 2013, we received a subordinated loan worth US\$ 150 million from our principal shareholder. The Bank's unconsolidated capital adequacy ratio stood at 15% at the end of the year.

In addition to the subordinated loan in question, the Bank initiated efforts to complete a capital increase in cash, in order to support growth by maintaining its capital adequacy ratio at reasonable levels. As an important step in such efforts, the Board of Directors made a decision in its meeting on January 29th, 2014 to switch to the registered capital system and determine the registered capital ceiling as TL 1 billion.

In addition to the capital increase, the Bank will continue to take further measures to support its operating profitability. To this end, the Bank will press ahead with efforts to maintain the growth trend observed in its lending portfolio in 2013 with priority given to loan quality, reducing funding costs by diversifying funding resources, raising revenues without departing from the principle of caution, and to take some measures to bring down operating costs.

Burgan Bank possesses all required components to progress towards being a company that generates permanent added value for its stakeholders. The ability to combine its deep knowledge and disciplined business approach with its qualified human resources and effective risk management positions our Bank as a corporation that works perfectly and produces value for its stakeholders.

On behalf of myself and on behalf of our Board of Directors, I would like to take this opportunity to extend my gratitude to our employees - the architects of our performance - for their self-sacrificing efforts and to our customers for their loyalty and trust in Burgan Bank.

Drawn up as of December 31st, 2013 and subjected to independent audit, the Bank's Financial Statements are presented for your review and approval.

Yours sincerely,

BOARD OF DIRECTORS

HUMAN RESOURCES PRACTICES

Human Resources Policy:

The human resources of a financial institution are the most valuable part of its assets. The success of the Bank is closely linked to its human resources policy which aims to ensure human resources of the highest caliber. The main responsibilities of human resources are outlined below:

- Formulating human resource policies and programs to support the Bank's strategic goals and priorities.
- Recruiting competent and result-oriented human resources, capable of contributing to the attainment of the Bank's goals and strategies, always ensuring the maintenance of transparency and meritocracy, whether sourcing refers to internal transfer or external hiring.
- Contributing to the enhancement of the Bank's performance by designing a competitive pay policy and by rewarding superior performance.
- Gearing up our employees who are trained within the corporate culture and specialized in their careers for managerial positions, thus fortifying the Bank's corporate culture.
- Assuring employee satisfaction through proactive human resources practices and building an efficient and highly motivated organization.

Recruitment:

Human resource needs are fulfilled in line with the Bank's short and medium-term strategic goals.

The target is to attract the human resource possessing good academic background, that is open to innovation and change, and that will espouse and maintain the Bank's values.

The considerations in the selection of new employees are conformity of individuals possessing potential for improvement to the Bank's competencies, as well as the conditions prevailing in the sector.

The Bank's overall Annual Headcount Budget is approved by the BoD. The Executive Vice President of Human Resources reviews and approves all recruitments of the Bank. All new recruitments within the budget are also approved by the respective Executive Vice President, while recruitments outside the budget are also approved by the General Manager.

Training:

Ensuring that training is an investment for the Bank and making sure that training plays a part in achieving the Bank's business targets,

Extending the training and development support required to enhance the employees' performances in line with the Bank's strategy, business targets and mission,

Guaranteeing that the training and development support is provided regularly, continually and systematically, Creating training strategies that are clear, shared and principled,

Conducting customized training management which is based on need analysis and design, and the outcomes of which are measured and monitored,

Relating training and development support with the lines of business and business results,

Training and development plans are implemented, which are aimed at enhancing employees' productivity, ensuring their adaptation to change and raising the future's managers pool, in line with the Bank's objectives, It is of utmost importance to take care in ensuring that the training and development opportunities targeted in this direction are in conformity with the Bank's goals, strategies and competencies, as well as to have them monitored and followed-up by the Bank's managers.

Career Management:

The Bank's primary goal is to ensure planning of promotion for high potential employees who have espoused the Bank's vision, mission and values, to managerial positions. It is targeted that the employees are actively involved in and manage their own career planning in cooperation with their line managers based on the results of performance appraisals.

For vacant positions in the Bank, the main strategy is recruitment from internal sources of the Bank. Our employees may be appointed to the vacant position by promotion or by keeping their existing titles and rights, depending on the requirements of such position. In order for the employees to be promoted in line with the Bank's needs, the relevant position must be vacant, the person must possess the

knowledge and experience required by the position to which he/she will be promoted, and he/she must have displayed a high performance.

Performance Appraisal:

The primary goal of performance appraisal is to achieve the Bank’s goals and strategies, and to ensure attainment of better results by the employees and the Bank through management of individual performance. To this end, the employees’ targets, contributions to business results and improvement in their competencies are measured on an annual basis.

The appraisal process serves to the rewarding of individuals displaying superior performances, as well as to the identification of people with high potentials and the determination of development needs of the employees.

Performance levels of employees open the way for their promotion to various positions within the frame of personal career plans and also have an influence on their remunerations.

Remuneration:

The Bank has in place a remuneration policy which aims at:

1. Enabling the Bank to attract, acquire, motivate and retain highly competent employees
2. Setting a specific framework in order to ensure a consistent approach in rewarding employees, in line with their roles and responsibilities as well as knowledge and experience.

3. The Remuneration Policy ensures also that Compensation & Benefits

- a. Are in line with Banking Sector Practices
- b. Maintain internal equity
- c. Are in line with the Personnel Costs Budget
- d. Are aligned with Performance Management Evaluation, thus promoting the result-oriented culture of the Bank

Staff Vacation:

The Bank adheres to the provisions of the Labor Law no 4857 in relation to vacations. Accordingly, annual vacation days according to years of service are as follows:

Year of Service	Vacation Days
1 to 5 months	14 days
5 to 15 months	20 days
More than 15 years	26 days

The employees must use:

- At least two consecutive weeks’ vacation, if they are entitled to annual vacation of 20 or more days.
- At least one straight through week vacation if they are entitled to annual vacation of 14 days,
- The General Manager, the Senior Executive Vice President, Executive Vice Presidents, Group Heads, Regional Managers, Department Heads and Branch Managers should take at least 2 consecutive weeks’ vacation, regardless of their entitled days of vacation.

Only the General Manager may permit a member of staff to take less than two consecutive weeks, and only in exceptional and justifiable circumstances. It is the responsibility of the Human Resources Division to ensure that the rule is adhered to, or to place a note in the personnel file of each staff member setting the reason in case of an exception.

Employment of Relatives Policy:

The aim of this policy is to ensure that Management decisions relating to the recruitment of relatives and promotions / transfers of relatives already in service are taken in a way that does not give rise to conflicts of interest.

Employees who are related are not allowed to be placed in posts where one can control, evaluate, examine, approve or determine the work done by the other, or affect the pay and promotion of the other in any way.

This commitment is not limited to cases of service in the same unit but also relates to posts in collaborating units which provide complementary services or operate as approval / audit services.

Private Insurance Practices:

Healthcare expenses of our employees and their families (spouse and children) are covered under the health insurance policies revised every year.

Material losses that may arise from any accident are covered under personal accident insurance policies revised every year.

THE BANK'S TRANSACTION WITH ITS RISK GROUP

	Total Risk Group	Share in Financial Statements (%)
Received loans	1,181,460	70.81
Deposits	30,186	0.88
Loans	29,676	0.62
Non cash loans	19,804	1.67
Funds from repurchase transactions	3,310	0.45
Debts from leasing transactions (net)	659	100.00
Banks and other financial institutions	8	0.01

For details please see Appendix 3 - Section 5 - VII.

INFORMATION REGARDING AFFILIATE REPORT

In accordance with the article 199 of the Turkish Commercial Code numbered 6102 which is effective since 1 July 2012; The Board of Directors are obliged to prepare an affiliate report regarding the transactions/relations between the controlling company and other affiliates of the controlling company within the first quarter of the activity year and attach the conclusion part of the affiliate report to the activity report.

The required information with respect to the transactions between the Bank and related parties have been stated in the part 5 number VII of the Footnotes and Information Regarding The Non-Consolidated Financial Statement as an Annex- 4. It has been explained at the end of the Affiliate report which has been prepared by the Board of Directors; " All transactions between the controlling company of the Bank and the affiliate companies of the controlling company in the

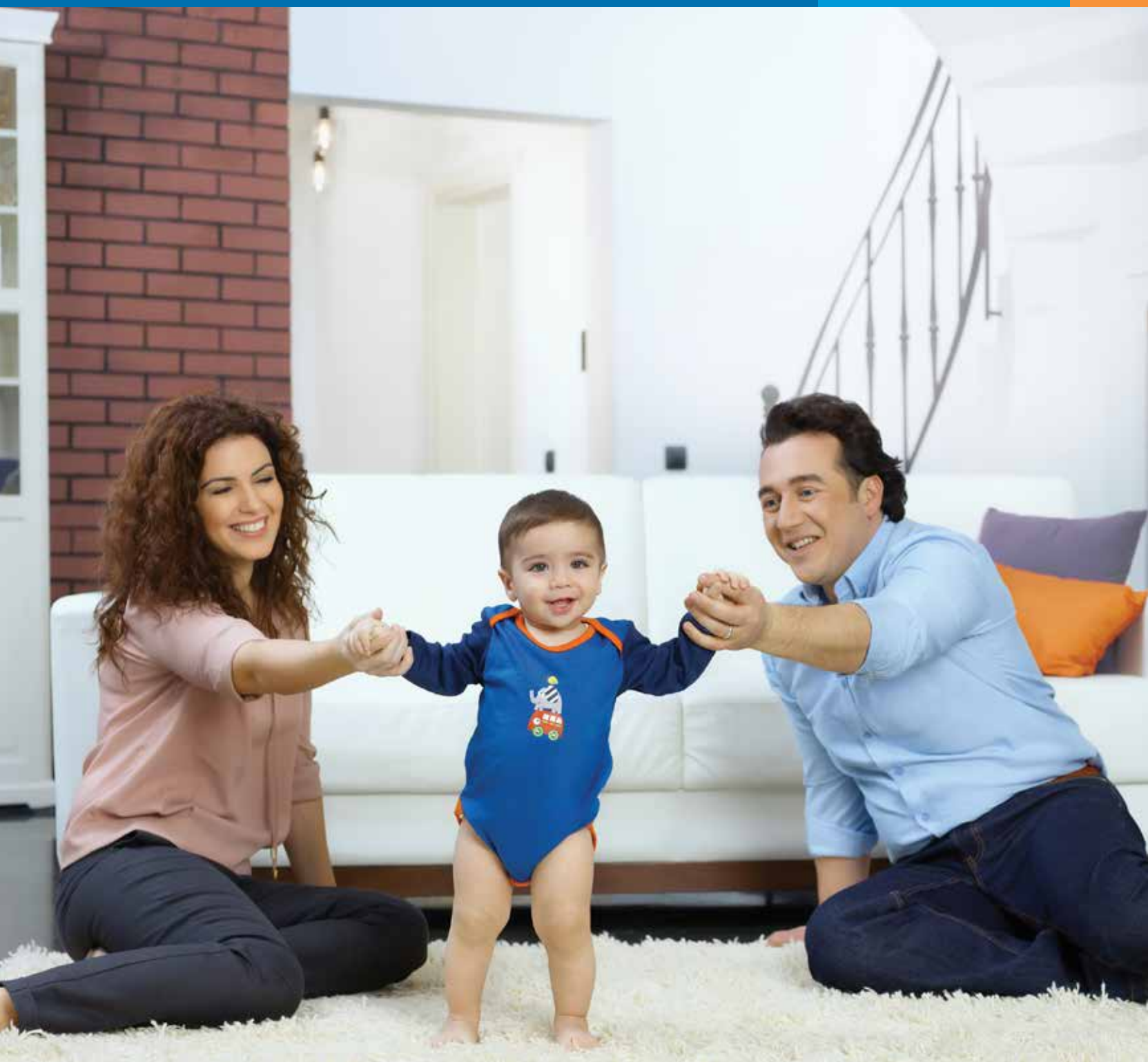
fiscal year 2013, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counter-performance in relation to each proceeding and whether the company incurred any loss due to taking or refraining from taking the measure and in this regard there is no transaction or prevention required to net-off' .

FIELDS OF ACTIVITY IN WHICH SUPPORT SERVICES WERE PROCURED AND THE PERSONS AND COMPANIES FROM WHICH THEY WERE PROCURED PURSUANT TO THE REGULATION ON THE SUPPORT SERVICES TO BE PROCURED BY BANKS AND AUTHORIZATION OF SUPPORT SERVICE PROVIDERS

SUPPORT SERVICE COMPANY	AREA OF EXPERTISE	EXPLANATION OF SERVICE
Risk Aktif Danışmanlık Eğitim ve Yazılım San. Tic. Ltd. Şti.	Information Systems	Basel II reporting
Asseco SEE Teknoloji A.Ş.	Information Systems	MASAK reporting
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	Core Banking System, Support and Maintenance Services
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	Credit card integration
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	SIRON integration
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	e-pledge integration
Garanti Bankası A.Ş.	Information Systems	Bonus Credit Card Programme
Active Bilgisayar Hizmetleri Tic. Ltd. Şti.	Information Systems	Nova 2000 software system
ATC - Athens Technology Centre S.A.	Information Systems	ERP system
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	Paygate Maestro & Search Swift application
Eastern Networks Çözümleri Tic. A.Ş.	Information Systems	SWIFT Application Software Repair and Maintenance Services
EFG IT Shared Services S.A.	Information Systems	EFG IT joint services
EFG Eurobank Ergasias S.A.	Information Systems	GATOS software, license, continuity and support services
EFG Eurobank Ergasias S.A.	Information Systems	KONDOR+ GLOBAL risk software, license, and maintenance
IBM Global Services İş ve Teknoloji Hizmetleri ve Tic. Ltd. Şti.	Information Systems	IBM Business Continuity and Flexibility Services
IBM Global Services İş ve Teknoloji Hizmetleri ve Tic. Ltd. Şti.	Information Systems	IBM Emergency Services
Innova Bilişim Çözümleri A.Ş.	Information Systems	Kiosks equipment installation and support
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	IVR and CTI applications, and support services
Mor Teknoloji Yazılım İletişim Bilişim Danışmanlık Enerji San. Tic. Ltd. Şti.	Information Systems	Software development
PCS - Professional Computer Services S.A.	Information Systems	PCS custody services software
Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Information Systems	ATM management , ATM card management system, ATM Fraud management system
Bantaş A.Ş.	Logistics	CIT cash management services
Provus Bilişim Hizmetleri A.Ş.	Operational services	Printing and Distribution of Credit Cards and ATM Cards, Settlement, Reporting, Slip Printing and Distribution, Provision Services
RM Arşiv Yönetim Hizmetleri Tic. A.Ş.	Operational services	Archive Services
Securverdi Güvenlik Hizmetleri A.Ş.	Security	Physical Security Services
BİLİN Yazılım ve Bilişim Danışmanlığı Ltd. Şti.	Operational services	Software support and development services
TAGAR Tapu Garanti Hizmetleri A.Ş.	Operational services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Operational services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
İSNET Telekomünikasyon Servis Hizm. Tic. Ltd. Şti.	Information Systems	Communication Equipments Procurement
Risk Business Int.	Information Systems	Operatioan Risk Database

WELCOME TO A BANK WHERE YOU ARE AT THE CENTRE OF THE POWER

**WE SEEK
TO GROW
CUSTOMER
NUMBERS
IN CHOSEN
SEGMENTS.**



FINANCIAL INFORMATION AND ASSESSMENT ON RISK MANAGEMENT

AN ASSESSMENT BY THE AUDIT COMMITTEE OF THE OPERATION OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS, AND THEIR ACTIVITIES IN THE REPORTING PERIOD

The primary function of the Burgan Bank Audit Committee is to assist the Bank's Board of Directors in the fulfillment of the latter's responsibility to supervise the Bank and its affiliates subject to consolidation, by reviewing the financial data to be presented to the shareholders, ensuring the productivity and efficiency of the Internal Control Framework set up by the Board of Directors and the Management level, and monitoring the audit process.

The Audit Committee meets at least four times a year, and reviews and evaluates the efficiency, adequacy and productivity of the Internal Control Framework and Systems particularly with respect to the achievement of the objectives in the categories listed below:

- Efficiency, productivity and adequacy of the Bank's accounting and reporting systems, as well as of the Bank's Internal Audit, Internal Control and Risk Management,
- Accuracy of the data provided by the systems mentioned above,
- Reliability of financial reporting,
- Establishment of communication channels and information system control,
- Compliance with the laws and legislation in force.

The Audit Committee informs the Board of Directors on any case of non-compliance, also presenting a proposal relating to the corrective action that needs to be taken.

The Audit Committee's assessment of the operation of internal control, internal audit and risk management systems is as follows:

Risk Management System at Burgan Bank has been formulated based on this significance and our commitment to the banking concept we are willing to implement; the system is in a constant evolution process. The purpose of Burgan Bank is to make Risk Management System a part of the decision-making process, rather than using it merely for measurement and reporting purposes.

The Internal Control and Internal Audit Systems make it the focal point of their work to provide reasonable assurance for the adequacy of the internal control system in place at the Bank and to improve the same, in line with a risk-based approach. In their activities, these systems do not solely focus on identifying errors, but are rather concentrated on the establishment and implementation of measures that will prevent the occurrence of errors.

INDEPENDENT AUDITORS' REPORT

Please refer to Appendix 1.

FINANCIAL STATEMENTS AND INFORMATION ON FINANCIAL STRUCTURE

Please refer to Appendix 2.

AN ASSESSMENT OF THE FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

At the end of 2013, the Bank's total assets had reached TL 6,811,581,000.

Liquid assets assumed a 9% share in the balance sheet.

The TL 931,877,000 in securities accounted for a 14% share of the balance sheet.

A 56.4% rate of growth was secured in cash loans. The share of cash loans in the balance sheet increased to 70%. The Bank's non-performing loans as a ratio of the total cash and non-cash loans stood at 2.2%.

As of December 31st, 2013, total deposits amounted to TL 3,428,695,000 and made up 50% of the balance sheet.

The Bank received a US\$ 150 million subordinated loan with a 10-year term from Burgan Bank S.A.K. – its principal shareholder – on December 6th, 2013, thus reinforcing its capital structure. In 2013, the also Bank provided US\$ 400 million in loan equivalent short- and long-term funds from Burgan Bank S.A.K.

The shareholders' equity stood at TL 586,515,000.

BURGAN BANK A.Ş. BALANCE SHEET ANALYSIS THOUSAND TL

Assets	31.12.2013	31.12.2012	Change
Liquid Assets	583,082	709,533	-17.8%
Securities	931,877	428,934	117.3%
Loans	4,761,368	3,045,267	56.4%
Subsidiaries	99,193	88,337	12.3%
Tangible And Intangible Assets	61,288	60,419	1.4%
Other Assets	374,773	109,059	243.6%
Total Assets	6,811,581	4,441,549	53.4%
Liabilities			
Deposits	3,428,695	3,264,555	5.0%
Funds Borrowed	2,405,269	290,443	728.1%
Other Liabilities	391,102	244,809	59.8%
Shareholders' Equity	586,515	641,742	-8.6%
Total Liabilities	6,811,581	4,441,549	53.4%

BURGAN BANK A.Ş. STRUCTURAL BALANCE SHEET ANALYSIS

Assets	31.12.2013	31.12.2012
Liquid Assets	8.6%	16.0%
Securities	13.7%	9.7%
Loans	69.9%	68.6%
Subsidiaries	1.5%	2.0%
Tangible and Intangible Assets	0.9%	1.4%
Other Assets	5.4%	2.3%
Total Assets	100%	100%
Liabilities		
Deposits	50.3%	73.5%
Funds Borrowed	35.3%	6.5%
Other Liabilities	5.7%	5.5%
Shareholders' Equity	8.7%	14.5%
Total Liabilities	100%	100%

Despite the 56.4% growth in the lending portfolio, interest revenues collected from loans declined by 10.2% as a result of falling interest rates in the market. Likewise, despite the 117.3% growth in the government debt instruments portfolio, interest revenues generated from this item declined by 4.4% due to the falling interest rates. As a result, there was a 16.4% decrease in the Bank's gross interest income.

The positive impacts of the fall in interest rates was observed in interest sensitive liabilities items. Despite the 5% YoY increase in total deposits, interest paid on deposits declined by 23.2%. Likewise, interest paid on loans declined by 61.5%, because we received loans from our principal shareholder - particularly in the second half of the year - and because these loans were denominated in foreign currency, in contrast with the TL-denominated loans provided from the former principal shareholder in the first half of 2012. For these reasons, gross interest expenses decreased by 22.3% YoY.

Because of the effect of the contraction in interest margins observed in all sectors, particularly in the second half of 2013, net interest revenues fell by 6.1% YoY.

BURGAN BANK A.Ş. NET INTEREST INCOME ANALYSIS THOUSAND TL

	31.12.2013	31.12.2012	Change
Interest Income	412,232	493,378	-16.4%
Interest On Loans	318,338	354,680	-10.2%
Interest On Reserve Requirements	-	-	-
Interest On Banks	619	32,833	-98.1%
Interest On Money Market Transactions	2,742	7,996	-65.7%
Interest On Securities	62,491	65,352	-4.4%
Other Interest Income	28,042	32,517	-13.8%
Interest Expense	(245,541)	(315,918)	-22.3%
Interest On Deposits	(167,318)	(217,950)	-23.2%
Interest On Money Market Borrowings	(19,716)	(51,204)	-61.5%
Interest On Funds Borrowed	(23,523)	(23,304)	0.9%
Other Interest Expense	(34,984)	(23,460)	49.1%
Net Interest Income	166,691	177,460	-6.1%

BURGAN BANK A.Ş. STRUCTURAL NET INTEREST INCOME ANALYSIS THOUSAND TL

	31.12.2013	31.12.2012
Interest Income	100%	100%
Interest On Loans	77.2%	71.9%
Interest On Reserve Requirements	0.0%	0.0%
Interest On Banks	0.2%	6.7%
Interest On Money Market Transactions	0.7%	1.6%
Interest On Securities	15.2%	13.2%
Other Interest Income	6.7%	6.6%
Interest Expense	100%	100%
Interest On Deposits	68.1%	69.0%
Interest On Money Market Borrowings	8.0%	16.2%
Interest On Funds Borrowed	9.6%	7.4%
Other Interest Expense	14.3%	7.4%

Owing to developments in the bank's non-cash loan portfolio, net fees and commissions income were down by 39.4% year-on and amounted to TL 14,152 thousand in 2013.

Reserves grew by 17.5%. When the effects of charges taken for impairments in the value of subsidiaries (previously booked at TL 45,995 thousand and currently booked at TL 8,122 thousand) are factored out, one observes that there was a substantial increase in reserves set aside for loans.

In short, although the bank achieved credit growth well above the sectoral average, owing to the adverse impact that market competition and volatile interest rates had on interest rate margins and thus on revenues as well as to the reserves that had to be set aside for loans, the bank booked a net current loss of TL 40,995 thousand in 2013.

BURGAN BANK A.Ş. NET INCOME ANALYSIS THOUSAND TL

	31.12.2013	31.12.2012	Change
Net Interest Income	166,691	177,460	-6.1%
Net Commission and Fee Income	14,152	23,362	-39.4%
Dividend Income	19,418	17,135	13.3%
Trading Income/Loss (Net)	25,052	22,813	9.8%
Other Operating Income	7,894	9,977	-20.9%
Reserve For Loan And Other Losses	(100,683)	(85,722)	17.5%
Operating Expenses	(182,386)	(157,068)	16.1%
Income Before Tax	(49,862)	7,957	-726.6%
Tax	8,867	(8,083)	-209.7%
Net Income	(40,995)	(126)	32435.7%

INFORMATION ON RISK MANAGEMENT POLICIES IMPLEMENTED BY TYPES OF RISKS

The risk strategy adopted by the Bank is the building block of its overall risk management framework. Risk strategy is set by the Board of Directors and it is aligned with the Bank's overall corporate strategy and strategic business objectives. The main 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. The 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, in order to ensure that a solid risk management function is in place, employs the following guiding principles which constitute the foundations of the risk management process:

- The Board of Directors is responsible for approving and periodically reviewing the risk policy of the bank.
- Senior management is responsible for the implementation of the risk policy approved by the Board of Directors and for the development

of systems and procedures for identifying, measuring, monitoring and mitigating risk.

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

Sound risk management is a key element of the 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 authorization of all risk taking activities plus a risk oversight function in order to ensure independent monitoring and measurement of risk.

Risk 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 introduction and implementation of proper risk management systems and procedures
- Risk awareness is promoted throughout all units of the Bank
- 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.

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 limits are revised and updated depending on market conditions and changes in bank's strategy. Board of Directors 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, the proposal is sent to the approval of Board of Directors.

Risk Strategy Objectives

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

Credit Risk Strategy

- The Bank shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Bank shall maintain a diversified credit portfolio. As such, all business sectors where opportunities for profitable growth exist may be eligible for lending purposes. However the effect of economic cycles and other endogenous or exogenous factors must always be taken under consideration in any credit decision.

- The Bank will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- Credit risk shall be priced accordingly so that the risk/ reward ratio is optimized.
- The Bank shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Bank shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy or geographic areas.
- The Bank aims to extend credit facilities towards customers with a satisfactory credit history and successful overall track record. As such, the Bank shall proceed with financing of start-ups & new ventures with utmost 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.

Operational Risk Strategy

- The Bank aims to minimize 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 reduce operational risk levels.

Risk Management Group Organization

Risk Management Group reports to the Board of Directors through the Audit Committee. Risk Management Group consists of Credit Risk, Market Risk and Operational Risk units.

Risk Measurement & Reporting

The Bank applies internal systems for the measurement of credit risk. These systems assign a specific rating to every borrower/ counterparty (1-11 scale) which reflects the creditworthiness of the particular borrower and consequently the ability to repay funds on a timely manner. Credit rating takes under consideration both quantitative and qualitative factors.

FX position limits, bond portfolio limits and VaR limits are monitored daily. Interest rate gap limits are monitored monthly. All market risk limit utilizations are reported to the ALCO and Risk Committee. Market Risk Unit runs stress tests on a regular basis and presents the results to Board of Directors, ALCO and Risk Committee. The stress test describes the effects of defined changes in yield curves, credit spreads and FX rates on certain on-balance and off-balance items.

FINANCIAL INFORMATION AND ASSESSMENT ON RISK MANAGEMENT

RATINGS GRANTED BY RATING AGENCIES AND THEIR CONTENTS

MOODY'S (Dated on 6 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	-

SUMMARY FINANCIAL DATA FOR THE PAST FIVE YEARS INCLUDING THE REPORTING PERIOD

TL thousand	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Total Assets	6,811,581	4,441,549	4,922,687	4,150,912	3,856,403
Loans	4,761,368	3,045,267	2,457,299	1,711,965	1,347,057
Deposits	3,428,695	3,264,555	2,273,175	1,888,752	1,851,581
Shareholders' Equity	586,515	641,742	628,786	447,585	441,650
Current Year Income/ (Loss)	(40,995)	(1,240)	37,369	15,176	21,965
Non-cash Loans	1,186,621	1,058,312	1,633,430	1,300,737	1,115,332
Capital Adequacy Ratio	14.99%	16.45%	16.94%	20.29%	25.99%

CONSOLIDATED FINANCIAL INFORMATION

	31.12.2013 (*)	31.12.2012 (*)	%
Total Assets	7,304,357	4,642,913	57.3%
Loans, factoring and financial lease receivables	5,241,860	3,293,454	59.2%
Securities	949,644	443,105	114.1%
Deposits	3,407,897	3,189,294	6.9%
Borrowings and money market placements	2,862,030	529,754	440.3%
Shareholders' Equity	591,217	659,174	-10.3%
Non-cash loans	1,186,621	1,058,312	12.1%
Current Year Income/ (Loss)	(53,697)	(33,752)	59.1%
Capital Adequacy Ratio	13.70%	15.76%	-13.1%

(*) Based on Consolidated Financial Statements (TL thousand)

INFORMATION ON CONSOLIDATED SUBSIDIARIES

Our consolidated subsidiaries are presented below as of 31 December 2013

Subsidiaries	Associates	Joint Ventures
1.Burgan Finansal Kiralama A.Ş.	-	-
2.Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.	-	-

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

	Total Assets	Shareholders' Equity	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)	-

(*) These figures include the consolidated results reported by Burgan Yatırım Menkul Değerler A.Ş., a brokerage, and its subsidiary Burgan Portföy Yönetimi A.Ş., an asset manager.

Please consult Appendix 3 for the Consolidated Independent Auditor's Report, the Consolidated Financial Report, and Consolidated Information on Financial Structure.

APPENDICES

**CONVENIENCE TRANSLATION OF
THE REPORT ON COMPLIANCE OF ANNUAL REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

To the General Assembly of Shareholders of Burgan Bank A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Burgan Bank A.Ş. (the “Bank”) and its consolidated subsidiaries as of 31 December 2013 with the audited financial statements. The annual report is the responsibility of Bank’s management. Our responsibility, as independent auditors, is to express an opinion on the annual report that we have audited.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Law No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is free from material errors. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report accurately reflects, in all material respects, the information regarding the financial position of Burgan Bank A.Ş. and its consolidated subsidiaries at 31 December 2013 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors’ report and the convenience translations of independent auditor’s reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements originally issued in Turkish.

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

Zeynep Uras
Partner

Istanbul, 14 March 2014

**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

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**

Address : Esentepe Mahallesi, Büyükdere Caddesi, Tekfen Tower
No:209 34394 Şişli / İstanbul
Telephone : 0 212 371 37 37
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E-mail : bilgi@burgan.com.tr

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
GOSTUSKİ
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
Fax Number : 0 212 371 42 48

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**CONVENIENCE TRANSLATION OF PUBLICLY
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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.)

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.

**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)

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.

**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)

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	-	115.632	115.632
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	-	-	1.043
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
IN TURKISH, SEE NOTE I. OF SECTION THREE**

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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**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 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
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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-e)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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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ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

As of 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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ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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

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

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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ACCOUNTING POLICIES (Continued)

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 Branch 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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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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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:

- 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).
- 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:

- 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	-

- 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

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

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

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

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

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

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.

**CONVENIENCE TRANSLATION OF PUBLICLY
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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

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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BURGAN BANK A.Ş.

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

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”.

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

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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.

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

BURGAN BANK A.Ş.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

**CONVENIENCE TRANSLATION OF PUBLICLY
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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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.

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

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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.

**CONVENIENCE TRANSLATION OF PUBLICLY
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW 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 consolidated balance sheet of Burgan Bank A.Ş. ("the Bank") and its consolidated subsidiaries at 31 December 2013 and the related consolidated 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 consolidated financial statements; and for selecting and applying appropriate accounting policies in compliance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published or declared by the Banking Regulation and Supervision Agency ("the BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these 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 consolidated financial statements present fairly, in all material respects, the financial position of Burgan Bank A.Ş. and its consolidated subsidiaries 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 articles 37 and 38 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 detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM
Partner

Istanbul, March 14, 2014

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

**THE CONSOLIDATED FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 December 2013**

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The consolidated nine months 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 GROUP
- **Section Two** CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER EXPLANATIONS
- **Section Seven** INDEPENDENT AUDITOR'S REPORT

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package are as follows:

Subsidiaries	Investment in Associates	Joint Ventures
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş.	-	-
3. Burgan Portföy Yönetimi A.Ş.	-	-

The accompanying consolidated 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 2013

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
GOSTUSKİ
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:

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

SECTION ONE

GENERAL INFORMATION

**I. PARENT 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 authorised 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.

Following the Parent Bank's title change, its consolidated subsidiaries' titles have also been changed. The trading titles have been changed from EFG Finansal Kiralama A.Ş. to Burgan Finansal Kiralama A.Ş., from EFG İstanbul Equities Menkul Değerler A.Ş. to Burgan Yatırım Menkul Değerler A.Ş., from EFG İstanbul Portföy Yönetimi A.Ş. to Burgan Portföy Yönetimi A.Ş., and have been registered as of 25 January 2013.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

GENERAL INFORMATION (Continued)

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

There is no change in the Parent 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 CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED 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 PARENT 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	Undergraduate
	Esra Aydın	Operations	Graduate
	Mutlu Akpara	Treasury	Undergraduate
	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. (Fedor 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.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED 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 IN THE PARENT BANK:

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 PARENT BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2013, the Parent Bank has 60 branches operating in Turkey (31 December 2012: 60). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2013, the Group has 1.124 (31 December 2012: 1.070) 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
CONSOLIDATED FINANCIAL STATEMENTS

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2013 AND 2012**

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

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	165.906	354.748	520.654	203.265	159.941	363.206
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	181.274	78.633	259.907	90.928	13.862	104.790
2.1 Trading Financial Assets		181.274	78.633	259.907	90.928	13.862	104.790
2.1.1 Government Debt Securities		89.451	226	89.677	82.343	227	82.570
2.1.2 Share Certificates		5.940	-	5.940	368	-	368
2.1.3 Trading Derivative Financial Assets		83.462	78.407	161.869	5.374	13.635	19.009
2.1.4 Other Marketable Securities		2.421	-	2.421	2.843	-	2.843
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	21.178	41.783	62.961	114.803	98.569	213.372
IV. MONEY MARKETS		21.691	-	21.691	140.695	-	140.695
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		21.691	-	21.691	140.695	-	140.695
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	858.254	-	858.254	362.861	-	362.861
5.1 Share Certificates		6.648	-	6.648	5.169	-	5.169
5.2 Government Debt Securities		851.606	-	851.606	357.692	-	357.692
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	I-e	2.610.780	2.012.185	4.622.965	2.063.092	845.970	2.909.062
6.1 Loans		2.554.658	2.012.185	4.566.843	1.998.159	845.970	2.844.129
6.1.1 Loans to Bank's Risk Group		38	13.229	13.267	21	-	21
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		2.554.620	1.998.956	4.553.576	1.998.138	845.970	2.844.108
6.2 Loans under Follow-up		120.474	-	120.474	175.971	-	175.971
6.3 Specific Provisions (-)		64.352	-	64.352	111.038	-	111.038
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	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
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	47.664	387.362	435.026	38.955	205.655	244.610
12.1 Financial Lease Receivables		55.360	438.409	493.769	46.111	231.668	277.779
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		7.696	51.047	58.743	7.156	26.013	33.169
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	26.986	-	26.986	27.276	-	27.276
XV. INTANGIBLE ASSETS (Net)	I-m	26.379	-	26.379	24.350	-	24.350
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		26.379	-	26.379	24.350	-	24.350
XVI. INVESTMENT PROPERTY (Net)	I-n	-	-	-	-	-	-
XVII. TAX ASSET	I-o	25.164	-	25.164	9.824	-	9.824
17.1 Current Tax Asset		179	-	179	-	-	-
17.2 Deferred Tax Asset		24.985	-	24.985	9.824	-	9.824
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-p	14.003	-	14.003	13.005	-	13.005
18.1 Held for Resale		14.003	-	14.003	13.005	-	13.005
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-r	65.077	181.421	246.498	68.866	21.214	90.080
TOTAL ASSETS		4.243.681	3.060.676	7.304.357	3.288.511	1.354.402	4.642.913

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2013 AND 2012**

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2013)			(31/12/2012)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	1.366.471	2.041.426	3.407.897	1.878.542	1.310.752	3.189.294
1.1 Deposits of Bank's Risk Group		3.195	6.193	9.388	3.281	540	3.821
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	76.743	1.674.699	1.751.442	44.717	397.293	442.010
IV. MONEY MARKETS		790.110	-	790.110	87.744	-	87.744
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		53.310	-	53.310	-	-	-
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		54.494	60.103	114.597	46.256	15.483	61.739
VIII. OTHER LIABILITIES	II-d	65.119	3.655	68.774	89.249	2.428	91.677
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-e	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
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	60.414	58.129	118.543	55.102	22.145	77.247
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		18.211	-	18.211	20.323	-	20.323
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	14.074	-	14.074	13.175	-	13.175
13.1 Current Tax Liability		14.074	-	14.074	13.175	-	13.175
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	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	591.217	-	591.217	659.174	-	659.174
16.1 Paid-in Capital		570.000	-	570.000	570.000	-	570.000
16.2 Capital Reserves		(2.130)	-	(2.130)	12.130	-	12.130
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		(1.708)	-	(1.708)	(1.772)	-	(1.772)
16.3 Profit Reserves(*)		107.272	-	107.272	107.260	-	107.260
16.3.1 Legal Reserves		18.099	-	18.099	17.862	-	17.862
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		89.173	-	89.173	89.398	-	89.398
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		(83.925)	-	(83.925)	(30.216)	-	(30.216)
16.4.1 Prior Years' Income or (Loss)		(30.228)	-	(30.228)	3.536	-	3.536
16.4.2 Current Year Income or (Loss)(*)		53.697	-	53.697	(33.752)	-	(33.752)
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		3.036.705	4.267.652	7.304.357	2.882.437	1.760.476	4.642.913

(*)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
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

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

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

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)		4.151.649	8.882.984	13.034.633	2.174.825	3.967.483	6.142.308
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	-	115.632	115.632
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	411.658	16.229	427.887	388.334	97.174	485.508
2.1	Irrevocable Commitments		411.658	16.229	427.887	388.334	97.174	485.508
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		84.629	-	84.629	68.406	-	68.406
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
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		3.165.851	8.254.274	11.420.125	1.328.905	3.269.583	4.598.488
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		3.165.851	8.254.274	11.420.125	1.328.905	3.269.583	4.598.488
3.2.1	Forward Foreign Currency Buy/Sell Transactions		324.928	1.024.215	1.349.143	153.853	507.879	661.732
3.2.1.1	Forward Foreign Currency Transactions-Buy		27.832	655.192	683.024	51.290	276.969	328.259
3.2.1.2	Forward Foreign Currency Transactions-Sell		297.096	369.023	666.119	102.563	230.910	333.473
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		49	-	49	370	-	370
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		14.531.074	9.426.168	23.957.242	11.020.489	7.662.474	18.682.963
IV.	ITEMS HELD IN CUSTODY		2.412.428	247.481	2.659.909	2.248.464	226.199	2.474.663
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		1.162.104	4.629	1.166.733	1.269.037	3.514	1.272.551
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		16.599	36.611	53.210	13.160	54.049	67.209
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		12.118.646	9.178.687	21.297.333	8.772.025	7.433.769	16.205.794
5.1	Marketable Securities		1.043	-	1.043	1.043	-	1.043
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		1.945.733	1.610.462	3.556.195	1.721.276	1.606.598	3.327.874
5.6	Other Pledged Items		274.179	262.255	536.434	188.440	159.799	348.239
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	2.506	2.506
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		18.682.723	18.309.152	36.991.875	13.195.314	11.629.957	24.825.271

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2013 AND 2012**

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

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	441.162	516.402
1.1	Interest on Loans		318.251	354.631
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks		625	32.833
1.4	Interest Received from Money Market Transactions		2.742	7.996
1.5	Interest Received from Marketable Securities Portfolio		63.440	66.701
1.5.1	Trading Financial Assets		10.492	14.030
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		24.290	20.828
1.7	Other Interest Income		31.814	33.413
II.	INTEREST EXPENSE (-)	IV-b	256.882	319.151
2.1	Interest on Deposits (-)		165.405	211.398
2.2	Interest on Funds Borrowed (-)		31.293	60.484
2.3	Interest Expense on Money Market Transactions (-)		24.213	23.304
2.4	Interest on Securities Issued (-)		-	-
2.5	Other Interest Expenses (-)		35.971	23.965
III.	NET INTEREST INCOME (I - II)		184.280	197.251
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	IV-j	30.031	33.551
4.1	Fees and Commissions Received		36.637	40.419
4.1.1	Non-cash Loans		10.774	17.718
4.1.2	Other		25.863	22.701
4.2	Fees and Commissions Paid (-)		6.606	6.868
4.2.1	Non-cash Loans (-)		175	73
4.2.2	Other (-)		6.431	6.795
V.	DIVIDEND INCOME		488	136
VI.	TRADING INCOME / (LOSS) (Net)	IV-c	27.542	22.610
6.1	Trading Gains/(Losses) on Securities		5.457	9.651
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		24.089	6.732
6.3	Foreign Exchange Gains/(Losses)		(2.004)	6.227
VII.	OTHER OPERATING INCOME	IV-d	11.490	12.821
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		253.831	266.369
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	94.812	41.526
X.	OTHER OPERATING EXPENSES (-)(*)	IV-f	221.988	249.938
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		(62.969)	(25.095)
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIII.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XIV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)		(62.969)	(25.095)
XV.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-g	(9.272)	8.657
16.1	Current Tax Provision (-)		2.331	7.410
16.2	Deferred Tax Provision (-)		(11.603)	1.247
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)		(53.697)	(33.752)
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-h	(53.697)	(33.752)
23.1	Income / (Loss) of the Group		(53.697)	(33.752)
23.2	Income / (Loss) of Minority Interest		-	-
	Earnings / (Loss) per share (1.000 nominal in TL full)		(0,942)	(0,592)

(*)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.
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

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

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)	18.878
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(*)	80	(1.518)
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	3.063	(3.540)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(12.253)	14.160
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)	(14.260)	12.982

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
PREVIOUS PERIOD 31/12/2012	Note (Section Five)	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 Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance		570.000	-	-	-	14.011	-	67.214	67	25.410	3.536	(3.739)	3.445	-	-	-	679.944	-	679.944
II. Adjustments according to TAS 8		-	-	-	-	-	-	625	(625)	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	625	(625)	-	-	-	-	-	-	-	-	-	-
III. Beginning Balance(I+II)		570.000	-	-	-	14.011	-	67.839	(558)	25.410	3.536	(3.739)	3.445	-	-	-	679.944	-	679.944
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	(V-d)	-	-	-	-	-	-	-	-	-	-	13.924	-	-	-	-	13.924	-	13.924
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	(V-e)	-	-	-	-	-	-	-	-	-	-	-	272	-	-	-	272	-	272
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(*)		-	-	-	-	-	-	-	(1.214)	-	-	-	-	-	-	-	(1.214)	-	(1.214)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	(33.752)	-	-	-	-	-	-	(33.752)	-	(33.752)
XVIII. Profit Distribution		-	-	-	-	3.851	-	21.559	-	(25.410)	-	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	3.851	-	21.559	-	(25.410)	-	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+... +XVIII)		570.000	-	-	-	17.862	-	89.398	(1.772)	(33.752)	3.536	10.185	3.717	-	-	-	659.174	-	659.174

(*) 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
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BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD 31/12/2013	Note (Section Five)	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 Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance		570.000	-	-	-	17.862	-	89.398	(1.772)	(33.752)	3.536	10.185	3.717	-	-	-	659.174	-	659.174
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	(V-d)	-	-	-	-	-	-	-	-	-	-	(14.599)	-	-	-	-	(14.599)	-	(14.599)
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	(V-e)	-	-	-	-	-	-	-	-	-	-	-	275	-	-	-	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		-	-	-	-	-	-	-	64	-	-	-	-	-	-	-	64	-	64
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	(53.697)	-	-	-	-	-	-	(53.697)	-	(53.697)
XVIII. Profit Distribution		-	-	-	-	237	-	(225)	-	33.752	(33.764)	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	237	-	(225)	-	33.752	(33.764)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+... +XVIII)		570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217

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

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD
ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012**

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

VI. STATEMENT OF CASH FLOWS	(31/12/2013)	(31/12/2012)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	(188.918)	54.486
1.1.1 Interest received	364.866	597.977
1.1.2 Interest paid	(254.084)	(347.820)
1.1.3 Dividend received	488	136
1.1.4 Fees and commissions received	30.032	33.551
1.1.5 Other income	-	-
1.1.6 Collections from previously written-off loans and other receivables	36.978	31.001
1.1.7 Payments to personnel and service suppliers	(85.891)	(100.012)
1.1.8 Taxes paid	-	-
1.1.9 Other	(281.307)	(160.347)
1.2 Changes in operating assets and liabilities	559.537	(826.413)
1.2.1 Net (increase)/decrease in trading securities	(12.105)	303.589
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	(1.815.713)	(639.577)
1.2.5 Net (increase)/decrease in other assets	(184.568)	(41.952)
1.2.6 Net (increase)/decrease in bank deposits	150.997	(14.541)
1.2.7 Net increase/(decrease) in other deposits	68.591	1.023.682
1.2.8 Net increase/(decrease) in funds borrowed	2.328.495	(1.487.734)
1.2.9 Net increase/(decrease) in payables	-	-
1.2.10 Net increase/(decrease) in other liabilities	23.840	30.120
I. Net cash provided from banking operations	370.619	(771.927)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(630.980)	661.117
2.1 Cash paid for acquisition of investments, associates and subsidiaries	-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3 Purchases of property and equipment	(13.182)	(8.496)
2.4 Disposals of property and equipment	3.278	7.258
2.5 Cash paid for purchase of investments available-for-sale	(621.076)	-
2.6 Cash obtained from sale of investments available-for-sale	-	494.566
2.7 Cash paid for purchase of investment securities	-	-
2.8 Cash obtained from sale of investment securities	-	167.789
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)	(260.844)	(112.458)
VI. Cash and cash equivalents at beginning of the period	592.239	704.697
VII. Cash and cash equivalents at end of the period	331.395	592.239

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.

**CONSOLIDATED PROFIT APPROPRIATION STATEMENTS FOR THE YEARS ENDED
31 DECEMBER 2013 AND 31 DECEMBER 2012**

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

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 Share	-	-
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. There can not be profit distribution according to Legislation of Turkish. Therefore, Parent Bank's profit distribution statement is given.

(**) As a result of prior period's adjustments according to TAS 19, the loss for 2012 was TL 33.752 thousand. The difference of TL 1.214 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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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED 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 Group 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 and changes in the related communiqué.

The consolidated 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 consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Group 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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated 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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(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 general strategy of the Group of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Bank is deposits. The Group 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 Group 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 Group 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 Parent Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations 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:

Consolidated financial statements are prepared in accordance with the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27").

Consolidation principles for subsidiaries:

Subsidiaries are entities controlled directly or indirectly by the Parent Bank.

Subsidiaries are consolidated using the full consolidation method on the grounds of materiality principle considering their operations, asset and equity sizes. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control means, directly or indirectly, holding the majority of the capital of an enterprise or although not having this majority, by holding privileged shares; or based on agreements made with other shareholders, holding the majority of the voting power or somehow having the power of dismissal or appointment of the majority of the members of the board of directors regarding the Parent Bank.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intergroup balances and intergroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group. Minority interests are presented in the consolidated balance sheet, in the shareholder's equity. Minority interests are presented separately in the Group's income.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Parent Bank.

The Parent 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 Group has no joint ventures or investment in associates as of 31 December 2013 and 2012.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

ACCOUNTING POLICIES (Continued)

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 Group 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 Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly 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 amortized to profit or loss over the period maturity.

Certain derivative transactions, even though they provide effective economic hedges under the Group's risk management position, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "Financial assets at fair value through profit or loss".

"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 recognized in the income statement on an accrual basis by using the effective interest method.

The Group 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 recognized 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 recognized 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 recognized as income at the time of collection.

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ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Group 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 recognized at the "settlement dates". The appropriate classification of financial assets of the Group 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.

Trading financial assets are initially recognized 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 "amortized cost" using the effective interest method. All gains and losses arising from these evaluations are recognized 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 recognized 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 "amortized 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 recognized at the amortized 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 recognized in the expense accounts.

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

ACCOUNTING POLICIES (Continued)

The Group 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 and changes in the related communiqué. 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 an 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 finalized.

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 amortized 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.

"Unrealized gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognized 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 CBT'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 Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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ACCOUNTING POLICIES (Continued)

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

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Available-for-sale" and "Held-to-maturity" according to the investment purposes of the Group 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 Group has no securities lending transactions.

XI. EXPLANATIONS ON ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS:

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 Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, intangible assets (i.e. trademarks) and contingent liabilities at fair value, irrespective of whether the asset had been recognized by the acquiree before the business combination; if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to depreciation, but is tested annually for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36"). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash generating units that are expected to benefit from the synergies of the business combination. Since the Group has recognised a goodwill impairment of TL63.973 regarding the goodwill from acquisition of Burgan Yatırım Menkul Değerler A.Ş. based on the assessment done as of 31 December 2012, the net carrying value of goodwill in the consolidated financial statements is null as of 31 December 2013.

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ACCOUNTING POLICIES (Continued)

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 amortized 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.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

Property and equipment is measured at its cost when initially recognized 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 Group 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 renewal 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 capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

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ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized 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. 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 recognized. 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 Group realizes financial leasing transactions in the capacity of "lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group. The asset subject to financial leasing is disclosed as net financial leasing receivable in the balance sheet. The interest income is determined in a way to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under unearned interest income account.

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

The Group provides specific provisions for lease receivables based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining Provisions for Financial Lease Receivables, Factoring Receivables and Receivables of Financing Companies" published in the Official Gazette No. 26588 dated 20 July 2007 and changes in the related communiqué.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities except for the specific and general provisions recognized 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 recognized when the Group 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 recognized 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 Group, 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 recognized in financial statements since this may result in the recognition of income that may never be realized. 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 recognized in the financial statements in which the change occurs.

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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 Group 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 Group 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 Group 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 the Extraordinary Reserves item in the Shareholders Equity section.

XVIII. EXPLANATIONS ON TAXATION :

a. Current tax:

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

b. Deferred tax:

The Group 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 for the Parent Bank and for each consolidated subsidiary separately.

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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 Group 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/ (loss) 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	(53.697)	(33.752)
Weighted Average Number of Issued Ordinary Shares (Thousand)	57.000.000	57.000.000
Earnings Per Ordinary Shares (Disclosed in full TL)	(0,942)	(0,592)

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 V 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 Group 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 VII in Section X.

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 1.214 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 26.613, the Bank's net profit was amounted TL 34.966.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP

I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO:

- a. As of 31 December 2013, the consolidated capital adequacy ratio of the Group is 13,70% (31 December 2012: 15,76%) 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 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.

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.

c. Information related to consolidated capital adequacy ratio:

31 December 2013	Risk Weights								Risk Weights							
	Bank								Consolidated							
	0%	20%	50%	75%	100%	150%	200%	250%	0%	20%	50%	75%	100%	150%	200%	250%
Surplus credit risk weighted	1.440.374	137.379	938.058	550.052	4.149.196	35.121	35.604	31	1.425.359	137.686	967.679	574.759	4.574.358	35.440	35.604	31
Risk classifications:																
Claims on sovereigns and Central Banks	1.304.762	-	-	-	61.278	-	-	-	1.310.586	-	-	-	61.278	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	8.104	37.223	218.916	-	87.197	16.162	-	-
Claims on corporates	77.938	95.305	25.826	-	3.478.008	2.418	-	-	61.220	94.350	25.826	-	3.940.421	2.418	-	-
Claims included in the regulatory retail portfolios	10.185	3.874	-	550.052	4.842	-	-	-	10.507	5.135	-	574.759	4.859	-	-	-
Claims secured by residential property	2.395	582	713.493	-	249.375	-	-	-	2.395	582	713.493	-	249.375	-	-	-
Past due loans	-	-	9.444	-	40.323	2.556	-	-	-	-	9.444	-	43.805	2.875	-	-
Higher risk categories decided by the Board	1.218	396	-	-	-	13.985	35.604	31	1.218	396	-	-	-	13.985	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	-	-	-	31.329	-	-	-	187.416	-	-	-

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d. Summary information about consolidated capital adequacy ratio:

	Parent Bank		Consolidated	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Amount subject to credit risk (ASCR)	414.577	287.158	451.300	301.276
Amount subject to market risk (ASMR)	19.282	5.045	21.620	5.913
Amount subject to operational risk (ASOR)	21.829	19.710	26.202	25.628
Shareholders' equity	853.691	641.563	854.743	655.818
Shareholders' equity/((ASCR+ASMR+ASOR)	14,99	16,45	13,70	15,76

e. Information about consolidated 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	105.564	105.421
Adjustment of reserves	-	-
Profit	-	3.536
Current period profit	-	-
Prior period profit	-	3.536
Provisions for possible risks (up to 25% of core capital)	-	-
Profit on disposal of associates, subsidiaries and immovables to be	-	67
Primary subordinated loans	-	-
Uncovered portion of loss with reserves (-)	83.925	33.752
Current period loss (-)	53.697	33.752
Prior period loss (-)	30.228	-
Operating Lease Development Cost (-)	5.718	8.116
Intangible assets (-)	26.379	24.350
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	559.542	612.806

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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	250.016	-
45% of marketable securities valuation reserve	(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	295.520	43.352
CAPITAL	855.062	656.158
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	854.743	655.818

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 CONSOLIDATED CREDIT RISK:

Credit risk represents the potential financial loss that the Group 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 Group’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 Group'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 Group 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 Group’s total credit portfolio.
- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Group 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 Group’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	1.366.092	1.169.737
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	379.444	268.812
Claims on corporates	4.715.111	3.648.320
Claims included in the regulatory retail portfolios	718.810	853.794
Claims secured by residential property	993.471	830.843
Past due loans	56.123	61.896
Higher risk categories decided by the Board	51.234	42.507
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	-	20
Other Receivables	361.187	594.786
Total	8.641.508	7.470.761

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The Parent 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. Such transactions are rare, and normally never occur.

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 Parent 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 Group 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 Group does not have significant credit risk concentration.

In the current period, the share of the Group's receivables due to cash loans extended to its top 100 and top 200 customers are 43% and 55% within the total cash loan portfolio (31 December 2012: 33%, 45%).

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

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

As of 31 December 2013, the Bank's general provision for loans amounting to TL 48.122 (31 December 2012: TL 37.096).

a. Information on types of loans and specific provisions:

31 December 2013	Corporate	Consumer	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Standard Loans	4.281.647	66.979	22.944	428.105	178.107	4.977.782
Loans under close monitoring	191.247	3.004	1.022	6.921	5.762	207.956
Non-performing loans	97.548	704	881	12.678	8.663	120.474
Specific provision (-)	49.168	646	666	8.878	4.994	64.352
Total	4.521.274	70.041	24.181	438.826	187.538	5.241.860

31 December 2012	Corporate	Consumer	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Standard Loans	2.613.306	43.766	15.390	236.713	128.643	3.037.818
Loans under close monitoring	168.446	2.488	733	7.897	11.139	190.703
Non-performing loans	160.381	972	738	9.842	4.038	175.971
Specific provision (-)	100.289	882	537	6.627	2.703	111.038
Total	2.841.844	46.344	16.324	247.825	141.117	3.293.454

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

31 December 2013	Corporate	Consumer	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Past due up to 30 days	231.852	12.276	2.059	48.153	7.401	301.741
Past due 30-60 days	2.026	149	7	7.556	196	9.934
Past due 60-90 days	2.719	445	6	4.680	-	7.850
Total	236.597	12.870	2.072	60.389	7.597	319.525

31 December 2012	Corporate	Consumer	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Past due up to 30 days	211.911	2.369	524	32.962	12.432	260.198
Past due 30-60 days	12.108	1.069	360	9.312	-	22.849
Past due 60-90 days	17.501	735	203	6.729	186	25.354
Total	241.520	4.173	1.087	49.003	12.618	308.401

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

31 December 2013 Moody's Rating	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Baa3 (*)	89.677	851.606	-	941.283
Total	89.677	851.606	-	941.283

31 December 2012 Moody's Rating	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Ba1 (*)	82.570	357.692	-	440.262
Total	82.570	357.692	-	440.262

(*) 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 (%)	12,02	9,87
Average (%)	63,78	58,69
Below average (%)	22,98	28,29
Not rated (%)	1,22	3,15

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

31 December 2013	Corporate Loans	Consumer Loans	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Loans under close monitoring	150.509	606	308	6.921	3.888	162.232
Non-performing loans	35.341	78	134	3.800	134	39.487
Total	185.850	684	442	10.721	4.022	201.719

31 December 2012	Corporate Loans	Consumer Loans	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Loans under close monitoring	131.221	338	198	931	8.225	140.913
Non-performing loans	50.022	170	104	345	456	51.097
Total	181.243	508	302	1.276	8.681	192.010

Type of Collaterals	31 December 2013	31 December 2012
Real-estate mortgage	107.153	121.369
Pledge	66.092	44.794
Cash and cash equivalents	28.474	25.847
Total	201.719	192.010

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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																	
1. Domestic	1.371.865	-	6	-	-	218.136	4.279.429	609.060	966.055	56.122	51.235	-	-	-	-	218.751	7.770.659
2. EU Countries	-	-	-	-	-	137.583	794	20	-	-	-	-	-	-	-	-	138.397
3. OECD Countries (**)	-	-	-	-	-	4.580	-	-	-	-	-	-	-	-	-	-	4.580
4. Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. USA, Canada	-	-	-	-	-	17.013	2.684	-	-	-	-	-	-	-	-	-	19.697
6. Other Countries	-	-	-	-	-	17.735	-	402	-	-	-	-	-	-	-	-	18.137
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Total	1.371.865	-	6	-	-	395.047	4.282.907	609.482	966.055	56.122	51.235	-	-	-	-	218.751	7.951.470

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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g. Risk profile by Sectors or Counterparties:

	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Current Period																	
1. Domestic	696.296	-	12	-	-	422.886	2.344.330	730.233	787.082	64.933	31.798	-	-	-	-	332.809	5.410.379
2. EU Countries	-	-	-	-	-	8.673	2.240	20	-	-	-	-	-	-	-	-	10.933
3. OECD Countries (**)	-	-	-	-	-	6	45	-	-	-	-	-	-	-	-	-	51
4. Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. USA, Canada	-	-	-	-	-	599	-	7	-	-	-	-	-	-	-	-	606
6. Other Countries	-	-	-	-	-	5.466	1.597	-	-	-	-	-	-	-	-	-	7.063
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Total	696.296	-	12	-	-	437.630	2.348.212	730.260	787.082	64.933	31.798	-	-	-	-	332.809	5.429.032

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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h. 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	-	-	-	-	-	-	79.802	21.204	15.951	5.001	9	-	-	-	-	-	52.447	69.520	121.967	
Farming and Stockbreeding	-	-	-	-	-	-	76.968	19.392	14.252	3.450	9	-	-	-	-	-	46.085	67.986	114.071	
Forestry	-	-	-	-	-	-	320	430	160	54	-	-	-	-	-	-	964	-	964	
Fishery	-	-	-	-	-	-	2.514	1.382	1.539	1.497	-	-	-	-	-	-	5.398	1.534	6.932	
Manufacturing	834	-	4	-	-	-	2.353.936	240.107	318.963	26.015	548	-	-	-	-	-	998.529	1.941.878	2.940.407	
Mining and Quarrying	188	-	4	-	-	-	92.555	8.623	68.298	59	12	-	-	-	-	-	115.475	54.264	169.739	
Production	646	-	-	-	-	-	2.187.104	229.207	247.606	25.840	536	-	-	-	-	-	868.582	1.822.357	2.690.939	
Electricity, Gas and Water	-	-	-	-	-	-	74.277	2.277	3.059	116	-	-	-	-	-	-	14.472	65.257	79.729	
Construction	-	-	-	-	-	-	502.919	39.810	166.831	6.943	221	-	-	-	-	-	370.561	346.163	716.724	
Services	1.345.867	-	1	-	-	-	395.047	1.222.304	264.326	453.401	17.484	1.135	-	-	-	-	2.026.972	1.672.593	3.699.565	
Wholesale and Retail Trade	795	-	-	-	-	-	766.920	217.319	244.917	11.670	816	-	-	-	-	-	663.516	578.921	1.242.437	
Hotel, Food and Beverage services	-	-	-	-	-	-	105.793	7.680	158.660	5.049	46	-	-	-	-	-	33.580	243.648	277.228	
Transportation and Telecom	101	-	-	-	-	-	120.115	16.201	5.547	61	44	-	-	-	-	-	51.160	90.909	142.069	
Financial Institutions	1.344.698	-	-	-	-	-	395.047	132.926	1.406	940	-	37	-	-	-	-	1.204.330	670.724	1.875.054	
Real Estate and Rental Services	38	-	-	-	-	-	70.599	10.714	5.677	505	168	-	-	-	-	-	38.261	49.440	87.701	
Self-employment Services	-	-	-	-	-	-	8.411	3.123	1.650	90	1	-	-	-	-	-	10.615	2.660	13.275	
Educational Services	-	-	1	-	-	-	249	1.490	19.655	-	11	-	-	-	-	-	2.482	18.924	21.406	
Health and Social Services	235	-	-	-	-	-	17.291	6.393	16.355	109	12	-	-	-	-	-	23.028	17.367	40.395	
Other	25.164	-	1	-	-	-	123.946	44.035	10.909	679	49.322	-	-	-	-	-	218.751	312.654	472.807	
Total	1.371.865	-	6	-	-	-	395.047	4.282.907	609.482	966.055	56.122	51.235	-	-	-	-	218.751	3.761.163	4.190.307	7.951.470

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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i. 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	199.710	3.009	16.711	12.804	12.926
Claims on corporates	850.546	461.348	724.118	873.683	1.373.794
Claims included in the regulatory retail portfolios	175.049	100.631	129.934	134.212	69.765
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	1.373.902	800.180	950.342	1.295.574	2.592.916

j. 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.

k. Exposures by risk weights

Risk Weights	0%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
1. Exposures before Credit Risk Mitigation	1.344.957	72.491	965.595	592.967	4.702.216	36.240	36.418	31	32.416
2. Exposures after Credit Risk Mitigation(*)	1.425.360	137.686	967.678	574.759	4.574.357	35.441	35.604	31	32.416

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l. 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	22.228	299	3.920
Farming and Stockbreeding	6.797	21.924	293	3.347
Forestry	98	236	5	44
Fishery	2.026	68	1	529
Manufacturing	53.840	105.058	1.958	27.825
Mining and Quarrying	473	1.910	35	414
Production	53.111	102.578	1.894	27.271
Electricity, Gas and Water	256	570	29	140
Construction	15.817	51.917	1.216	8.874
Services	39.844	123.638	4.617	22.360
Wholesale and Retail Trade	29.475	44.867	1.111	17.805
Accommodation and Dining	5.868	64.496	3.122	819
Transportation and Telecom	857	4.779	159	796
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	349	5.627	164	240
Other	2.052	16.684	215	1.373
Total	120.474	319.525	8.305	64.352

m. Information about Value Adjustment and Change in Provisions:

	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments(*)	Closing Balance
1. Specific Provisions (**)	116.691	65.193	(5.518)	(104.347)	72.019
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 CONSOLIDATED 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	4.838
(II) Capital to be Employed for Specific Risk -Standard Method	844
Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	1.596
(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	14.244
(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)	21.620
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	270.252

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

	31 December 2013		
	Average	Maximum	Minimum
Interest Rate Risk	2.926	3.085	1.343
Common Stock Risk	711	817	592
Currency Risk	2.717	5.842	260
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Option Risk	109	141	71
Counterparty Credit Risk	9.913	13.451	2.720
Total Amount Subject to Risk	204.697	295.698	115.883

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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 authorization according to the customer type 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 protection.

Quantitative Information on Counterparty Risk:

	Balance
Agreements based on Interest Rate	9.081
Agreement based on Foreign Exchange Currency	190.000
Agreement Based on Commodity	-
Agreement Based on Shares	-
Other	1.471
Gross Positive Fair Values	200.552
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
Net Position of Derivatives	200.552

IV. EXPLANATIONS ON CONSOLIDATED 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	19.652	26.429	32.527	3	15	26.202
Amount subject to Operational Risk (Total*12,5)						327.530

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

The difference between the Group'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 Group due to the free floating currency regime.

The Parent 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
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 Parent 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 Group:

The Group'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	4.286	34.423	3.074	41.783
Financial Assets at Fair Value Through Profit or Loss	-	265	-	265
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans (*)	1.159.425	1.512.746	22.748	2.694.919
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	166.019	402.559	205	568.783
Total Assets (*)	1.337.223	2.297.090	26.185	3.660.498
Liabilities				
Bank Deposits	70.137	4.910	40.618	115.665
Foreign Currency Deposits	493.597	1.422.021	10.143	1.925.761
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions (*)	532.539	1.470.976	188	2.003.703
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	15.082	45.010	11	60.103
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	1.147	17.813	28	18.988
Total Liabilities (*)	1.112.502	2.960.730	50.988	4.124.220
Net On-balance Sheet Position	224.721	(663.640)	(24.803)	(463.722)
Net Off-balance Sheet Position	(222.059)	677.777	25.173	480.891
Financial Derivative Assets	1.306.163	2.123.913	159.994	3.590.070
Financial Derivative Liabilities	1.528.222	1.446.136	134.821	3.109.179
Non-Cash Loans (**)	126.803	475.493	10.185	612.481
31 December 2012				
Total Assets (*)	653.412	1.081.481	4.760	1.739.653
Total Liabilities (*)	615.235	1.116.567	6.600	1.738.402
Net On-balance Sheet Position	38.177	(35.086)	(1.840)	1.251
Net Off-balance Sheet Position	(29.279)	31.024	1.488	3.233
Financial Derivative Assets	554.189	731.011	104.722	1.389.922
Financial Derivative Liabilities	583.468	699.987	103.234	1.386.689
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 issued amounting to TL678.190 (31 December 2012: TL 398.798) and foreign currency indexed loans received amounting to TL 8.526 (31 Aralık 2012: Bulunmamaktadır) classified as Turkish Lira assets in the 31 December 2013 financial statements are added to the table above. Besides these, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL 78.368 (31 December 2012: TL 13.547), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL109.116 (31 December 2012: TL 12.281), "General Provisions" amounting to TL15.942 (31 December 2012: TL 9.793) and 26.900 TL (31 December 2012: None) "Provisions held for Potential Risks" are not included in the table above 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 CONSOLIDATED 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 Group'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 Parent 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	-	-	-	-	-	520.654	520.654
Due From Banks	47.299	-	-	-	-	15.662	62.961
Financial Assets at Fair Value Through Profit/Loss	24.107	67.898	112.372	46.103	1.066	8.361	259.907
Interbank Money Market Placements	21.691	-	-	-	-	-	21.691
Available-for-Sale Financial Assets	61.643	404.569	275.610	109.784	-	6.648	858.254
Loans	2.125.716	1.537.647	823.017	261.009	3.323	56.122	4.806.834
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	13.742	22.958	103.975	261.044	28.573	343.764	774.056
Total Assets	2.294.198	2.033.072	1.314.974	677.940	32.962	951.211	7.304.357
Liabilities							
Bank Deposits	150.455	-	-	-	-	14.899	165.354
Other Deposits	1.686.954	977.771	255.104	9.912	-	312.802	3.242.543
Funds From Interbank Money Market	790.110	-	-	-	-	-	790.110
Miscellaneous Payables	-	-	-	-	-	114.597	114.597
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	120.919	1.128.563	517.718	304.720	-	-	2.071.920
Other Liabilities (*)	24.296	22.640	80.289	-	-	792.608	919.833
Total Liabilities	2.772.734	2.128.974	853.111	314.632	-	1.234.906	7.304.357
Balance Sheet Long Position	-	-	461.863	363.308	32.962	-	858.133
Balance Sheet Short Position	(478.536)	(95.902)	-	-	-	(283.695)	(858.133)
Off-balance Sheet Long Position	-	5.399	7.776	11.767	-	-	24.942
Off-balance Sheet Short Position	(2.893)	-	-	-	-	-	(2.893)
Total Position	(481.429)	(90.503)	469.639	375.075	32.962	(283.695)	22.049

(*) 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	-	-	-	-	-	363.206	363.206
Due From Banks	203.552	889	-	-	-	8.931	213.372
Financial Assets at Fair Value Through Profit/Loss	18.156	23.825	53.640	5.393	565	3.211	104.790
Interbank Money Market Placements	130.684	10.011	-	-	-	-	140.695
Available-for-Sale Financial Assets	63.188	229.512	64.992	-	-	5.169	362.861
Loans	608.923	1.393.247	531.876	343.531	106.334	64.933	3.048.844
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	11.598	15.524	67.413	148.840	1.235	164.535	409.145
Total Assets	1.036.101	1.673.008	717.921	497.764	108.134	609.985	4.642.913
Liabilities							
Bank Deposits	-	-	-	-	-	14.347	14.347
Other Deposits	1.482.445	1.053.853	421.172	12.246	-	205.231	3.174.947
Funds From Interbank Money Market	87.744	-	-	-	-	-	87.744
Miscellaneous Payables	-	-	-	-	-	61.739	61.739
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	9.718	16.972	207.839	204.068	3.413	-	442.010
Other Liabilities (*)	5.312	4.424	11.111	6	-	841.273	862.126
Total Liabilities	1.585.219	1.075.249	640.122	216.320	3.413	1.122.590	4.642.913
Balance Sheet Long Position	-	597.759	77.799	281.444	104.721	-	1.061.723
Balance Sheet Short Position	(549.118)	-	-	-	-	(512.605)	(1.061.723)
Off-balance Sheet Long Position	-	-	862	3.848	-	-	4.710
Off-balance Sheet Short Position	(2.390)	(3.497)	-	-	-	-	(5.887)
Total Position	(551.508)	594.262	78.661	285.292	104.721	(512.605)	(1.177)

Interest Rate Risk Sensitivity Analysis:

Change in interest rates 31 December 2013	Effect on income statement	Effect on equity
(+) 1%	(1.369)	(9.294)
(-) 1%	1.409	9.622

Change in interest rates 31 December 2012	Effect on income statement	Effect on equity
(+) 1%	(525)	(555)
(-) 1%	551	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	-	8,80
Interbank Money Market Placements	-	-	-	8,02
Available-for-Sale Financial Assets	-	-	-	8,49
Loans	5,31	5,22	4,65	12,28
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,50	-	-	6,24
Other Deposits (*)	2,84	2,83	-	8,21
Funds From Interbank Money Market	-	-	-	5,67
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,47	2,97	2,43	6,28

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	-	6,46
Interbank Money Market Placements	-	-	-	6,18
Available-for-Sale Financial Assets	-	-	-	9,53
Loans	6,41	6,21	4,65	12,66
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits (*)	3,12	3,49	-	8,39
Funds From Interbank Money Market	-	-	-	4,68
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,14	3,78	2,43	8,01

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

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.

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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. Share position risk resulting from banking accounts:

None.

VII. EXPLANATIONS ON CONSOLIDATED 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 Parent 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 utilized at a minimum level. The Group does not need these funds due to the existing liquidity position but utilizes 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. The parent Bank's liquidity ratios realized in 2013 are as follows for the Parent Bank:

	First Maturity Period		Second Maturity Period		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	31.370	489.284	-	-	-	-	-	520.654
Due From Banks	15.662	47.299	-	-	-	-	-	62.961
Financial Assets at Fair Value Through Profit or Loss	-	22.875	32.513	112.812	82.103	1.243	8.361	259.907
Interbank Money Market Placements	-	21.691	-	-	-	-	-	21.691
Available-for-Sale Financial Assets	-	-	183.735	210.241	388.594	69.036	6.648	858.254
Loans	-	678.393	1.449.772	1.227.781	1.069.840	324.926	56.122	4.806.834
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (*)	251	51.737	56.831	16.889	333.172	110.716	204.460	774.056
Total Assets	47.283	1.311.279	1.722.851	1.567.723	1.873.709	505.921	275.591	7.304.357
Liabilities								
Bank Deposits	14.899	150.455	-	-	-	-	-	165.354
Other Deposits	312.802	1.686.954	977.771	255.104	9.912	-	-	3.242.543
Funds Borrowed From Other Financial Institutions	-	13.785	272.763	441.670	1.023.224	320.478	-	2.071.920
Funds From Interbank Money Market	-	790.110	-	-	-	-	-	790.110
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	26.086	2.007	-	-	-	86.504	114.597
Other Liabilities (**)	-	105.789	22.274	84.960	4.595	-	702.215	919.833
Total Liabilities	327.701	2.773.179	1.274.815	781.734	1.037.731	320.478	788.719	7.304.357
Net Liquidity Gap	(280.418)	(1.461.900)	448.036	785.989	835.978	185.443	(513.128)	-
31 December 2012								
Total Assets	33.650	1.211.735	1.438.889	853.849	841.786	108.335	154.669	4.642.913
Total Liabilities	219.578	1.706.487	1.075.855	581.051	290.188	3.419	766.335	4.642.913
Net Liquidity Gap	(185.928)	(494.752)	363.034	272.798	551.598	104.916	(611.666)	-

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, 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	2.003.802	986.305	261.623	11.401	-	3.263.131
Borrowings	22.778	372.382	411.387	1.141.810	591.889	2.540.246
Funds from money market	790.274	-	-	-	-	790.274
Total	2.982.208	1.358.687	673.010	1.153.211	591.889	6.759.005
31 December 2012						
Liabilities						
Bank deposits	14.347	-	-	-	-	14.347
Other deposits	1.700.645	1.060.824	440.052	14.294	-	3.215.815
Borrowings	9.746	17.113	143.600	273.213	3.413	447.085
Funds from money market	87.822	-	-	-	-	87.822
Total	1.812.559	1.077.938	583.652	287.506	3.413	3.765.069

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

Contractual maturity analysis of the Group’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	1.193.478	651.277	1.517.139	74.248	-	3.436.142
- Outflow	1.197.780	645.920	1.511.829	65.031	-	3.420.560
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	1.193.939	652.244	1.564.908	85.192	-	3.496.283
Total cash outflow	1.198.074	646.531	1.521.657	142.855	-	3.509.117

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	230.162	430.846	54.239	-	1.130.801
- Outflow	416.603	230.198	437.250	55.491	-	1.139.542
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	230.780	432.875	64.697	-	1.144.197
Total cash outflow	416.865	230.685	438.854	65.293	-	1.151.697

VIII. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

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IX. EXPLANATIONS ON LOAN RISK MITIGATION TECHNIQUES:

Bank does not perform net-off of 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. Legal validity of mortgages is sustained by mortgage’s timely and fair approval.

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	1.366.092	-	-	-
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	379.444	-	-	951
Claims on corporates	4.715.111	179.546	-	2.912
Claims included in the regulatory retail portfolios	718.810	20.544	-	2.135
Claims secured by residential property	993.471	3.308	-	1.150
Past due loans	56.123	-	-	-
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	361.187	-	-	-
Total	8.641.508	205.013	-	7.148

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

X. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

The Group'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 Group 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 Group will actively seek and which risks are undesirable and should be avoided or eliminated. Group's risk strategy aims to set out the main elements of its risk taking activities so that the Group attains its business goals within the limits prescribed by the risk appetite. The Group 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 Group follows the following principles for a healthy risk management process:

- The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Group
- 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 Group 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 Group has defined certain principles and policies to ensure the efficient monitoring of market risks.
- The Group is carrying out its business by setting procedures, which clearly define the responsibility and accountability of all business units engaged in a particular type of business or transaction. Decision taking is based on delegated authority.
- Appropriate systems and processes are in place to monitor all exposures, both on or off-balance sheet.
- The Group promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Group as well as to the Board of Directors. The Group 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 Group.

Sound risk management is a key element of the Burgan Bank in its effort to achieve its business goals. The Group has established a comprehensive risk management framework in order to ensure that risk taking which is inherent in the Group 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,

Group's management aims to ensure that:

- Risk taken by the Group 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 Group to absorb losses,
- Risk is adequately mitigated by the introduction and implementation of proper risk management systems and procedures,
- Risk awareness is promoted throughout all units of the Group, 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. Board of Directors 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 Group shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Group 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 Group will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- Credit risk shall be priced accordingly so that the risk/ reward ratio is optimised.
- The Group shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Group shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy or geographic areas.
- The Group 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 Group aims to ensure the efficient monitoring of market risks that emanate from its overall activities.
- The Group shall maintain a prudent approach in managing its exposure to market risk and liquidity risk.
- The Group 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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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

Operational Risk Strategy

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

Risk Management Unit Organization

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

Risk Measurement and Assessment

Group, applies internal systems for the measurement of credit risk. These systems assign a specific rating to every borrower/ counterparty (1-11 scale) which reflects the creditworthiness of the particular borrower and consequently the ability to repay funds on a timely manner. Credit rating takes under consideration both quantitative and qualitative factors.

FX position limits, bond portfolio limits and VaR limits are monitored daily. 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 test describes the effects of defined changes in yield curves, credit spreads and FX 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 Parent 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 Parent 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 Group.

	Book Value		Fair Value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Financial Assets	6.243.509	3.765.772	6.162.287	4.052.288
Due from Money Market	21.691	140.695	21.691	140.722
Due from Banks	62.961	213.372	62.962	213.374
Available-for-Sale Financial Assets	858.254	362.861	858.254	362.861
Held-to-maturity Investments	-	-	-	-
Loans	5.300.603	3.048.844	5.219.380	3.335.331
Financial Liabilities	5.594.414	3.693.043	5.549.044	3.729.079
Bank Deposits	165.354	14.347	165.353	14.347
Other Deposits	3.242.543	3.174.947	3.244.078	3.192.921
Borrowings	2.071.920	442.010	2.025.016	460.072
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	114.597	61.739	114.597	61.739

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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.

- a) Quoted market prices (non-adjusted) (1st level)
- b) 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)
- c) Data not based on observable data regarding assets or liabilities (3rd level)

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

31 December 2013	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	98.038	161.869	-	259.907
Government Debt Securities	89.677	-	-	89.677
Share Certificates	5.940	-	-	5.940
Trading Derivative Financial Assets	-	161.869	-	161.869
Other Marketable Securities	2.421	-	-	2.421
Government Debt Securities(*)	851.606	-	-	851.606
Government Debt Securities	851.606	-	-	851.606
Other Marketable Securities	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	949.644	161.869	-	1.111.513
Trading Derivative Financial Liabilities	-	127.225	-	127.225
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	127.225	-	127.225

31 December 2012	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	85.781	19.009	-	104.790
Government Debt Securities	82.570	-	-	82.570
Share Certificates	368	-	-	368
Trading Derivative Financial Assets	-	19.009	-	19.009
Other Marketable Securities	2.843	-	-	2.843
Government Debt Securities	357.692	-	-	357.692
Government Debt Securities	357.692	-	-	357.692
Other Marketable Securities	-	-	-	-
Total Assets	443.473	19.009	-	462.482
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 are no transfers between the 1st and the 2nd levels in the current year.

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**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.

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

The Parent 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 2013 for balance sheet and income statements items.

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	Retail Banking	Corporate Banking	Treasury	Other(*)	Total Operations of the Group
31 December 2013					
Segment revenue	56.458	99.915	57.204	39.766	253.343
Unallocated costs	-	-	-	(41.853)	(316.800)
Net Operating Profit	56.458	99.915	57.204	(2.087)	(63.457)
Dividend income	-	-	-	-	488
Profit Before Tax	-	-	-	-	(62.969)
Tax expense	-	-	-	-	9.272
Net Profit	-	-	-	-	(53.697)
Segment assets	781.125	4.211.251	1.435.927	608.378	7.036.681
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	267.676
Total Assets	781.125	4.211.251	1.435.927	608.378	7.304.357
Segment liabilities	1.108.990	2.319.365	2.532.494	591.969	6.552.818
Unallocated liabilities	-	-	-	-	751.539
Total Liabilities	1.108.990	2.319.365	2.532.494	591.969	7.304.357

	Retail Banking	Corporate Banking	Treasury	Other(*)	Total Operations of the Group
31 December 2012					
Segment revenue	61.563	103.123	68.925	32.622	266.233
Unallocated costs	-	-	-	(30.821)	(291.465)
Net Operating Profit	61.563	103.123	68.925	1.801	(25.231)
Dividend income	-	-	-	-	136
Profit Before Tax	-	-	-	-	(25.095)
Tax expense	-	-	-	-	(8.657)
Net Profit	-	-	-	-	(33.752)
Segment assets	643.476	2.690.276	874.173	289.704	4.497.629
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	145.284
Total Assets	643.476	2.690.276	874.173	289.704	4.642.913
Segment liabilities	1.190.297	2.031.425	311.296	289.704	3.822.722
Unallocated liabilities	-	-	-	-	820.191
Total Liabilities	1.190.297	2.031.425	311.296	289.704	4.642.913

(*) Other includes operations of subsidiaries of the Bank which are Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

1. Information on cash and the account of the CBRT:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Cash/Foreign currency	10.487	20.846	11.573	13.125
CBRT	155.419	333.902	191.692	146.816
Other	-	-	-	-
Total	165.906	354.748	203.265	159.941

2. Information on the account of the 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, there are TL30.749 financial assets at fair value through profit or loss subject to repo transactions (31 December 2012:None).
- Positive differences related to trading derivative financial assets:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Forward Transactions	29.034	606	2.431	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	78.407	5.374	13.635

c. Information on banks:

- Information on banks:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Banks				
Domestic	21.178	26.233	114.803	89.862
Foreign	-	15.550	-	8.707
Headquarters and Branches Abroad	-	-	-	-
Total	21.178	41.783	114.803	98.569

- Information on foreign banks

	Restricted Amount		Unrestricted Amount	
	31 Aralık 2013	31 Aralık 2012	31 Aralık 2013	31 Aralık 2012
AB Ülkeleri	4.509	6.524	-	-
ABD, Kanada	8.008	2.176	-	-
OECD Ülkeleri (*)	2.446	7	-	-
Kıyı Bankacılığı Bölgeleri	-	-	-	-
Diğer	587	-	-	-
Toplam	15.550	8.707	-	-

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

- 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 TL732.520 (31 December 2012: TL 87.918).
- 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	6.648	5.169
Quoted on Stock Exchange	-	-
Not Quoted	6.648	5.169
Impairment Provision (-)	1.302	-
Total	858.254	362.861

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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 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	4.461.189	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 (*)	3.315.288	70.543	9.991	48.472	136.555	8.964
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	4.461.189	78.497	9.991	55.073	136.998	8.964

(*) The Group also has TL 183.869 factoring loans in the Other account.

(ii)

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 times	65.103	136.998
3,4 or 5 times	8.394	-
Over 5 times	5.000	-
Total	78.497	136.998

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(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	2.604.170	20.330	30.935	41.520
Non-specialised Loans	2.604.170	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	-	-	-	-
	4.461.189	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	4.750.712	2.983.911
Total	4.750.712	2.983.911

7. Distribution of domestic and foreign loans:

	31 December 2013	31 December 2012
Domestic Loans	4.750.712	2.983.911
Foreign Loans	-	-
Total	4.750.712	2.983.911

8. Loans given to investments in associates and subsidiaries:

None.

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9. Specific provisions provided against loans:

	31 December 2013	31 December 2012
Loans and Other Receivables with Limited Collectability	3.788	4.167
Loans and Other Receivables with Doubtful Collectability	13.788	10.884
Uncollectible Loans and Other Receivables	46.776	95.987
Total	64.352	111.038

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	24.986	32.121	118.864
Additions (+)	88.554	3.308	14.166
Transfers from Other Categories of Non-performing Loans (+)	-	76.856	73.426
Transfers to Other Categories of Non-performing Loans (-)	76.856	73.426	-
Collections -)(**)	12.244	4.336	20.398
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	24.440	34.523	61.511
Specific Provision (-)	3.788	13.788	46.776
Net Balance on Balance Sheet	20.652	20.735	14.735

(*) 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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(iii). Information on non-performing loans granted as foreign currency 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
31 December 2013			
Period-End Balance	4.135	7.427	17.720
Specific Provision (-)	783	2.757	12.554
Net Balance on balance sheet	3.352	4.670	5.166
31 December 2012			
Period-End Balance	6.263	2.469	33.934
Specific Provision (-)	1.019	1.201	23.471
Net Balance on balance sheet	5.244	1.268	10.463

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

	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
Current Period (Net)	20.652	20.735	14.735
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 (Gross)	-	-	-
Other Loans and Receivables (Gross)	3.877	735	8.066
Specific Provision Amount (-)	731	368	7.779
Other Loans and Receivables (Net)	3.146	367	287
Prior Period (Net)	20.819	21.237	22.877
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 (Net)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	3.487	197	6.347
Specific Provision Amount (-)	710	99	6.007
Other Loans and Receivables (Net)	2.777	98	340

11. Policy followed-up for the collection of uncollectible loans and other receivables:

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

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12. Explanations on the write-off policy:

The write off transactions from the Group'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.

3. Information on consolidated subsidiaries:

	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 (*) T	125.040	57.983	3.143	5.867	949	(7.814)	(3.475)	-

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

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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

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.

i. Information on joint ventures:

None.

j. Information on lease receivables (net):

Presentation of financial lease receivables based on their days to maturity:

	31 December 2013		31 December 2012	
	Gross	Net	Gross	Net
Less than 1 year	171.356	145.359	111.248	94.558
Between 1-4 years	259.853	233.432	160.309	144.280
More than 4 years	62.560	56.235	6.222	5.772
Total	493.769	435.026	277.779	244.610

k. Information on hedging derivative financial assets:

As of 31 December 2013, there are no positive differences related with hedging derivative financial assets (31 December 2012: None).

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I. Information on property and equipment (Net):

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2011				
Cost	8.282	373	47.176	55.831
Accumulated depreciation (-)	1.432	332	21.350	23.114
Net book value	6.850	41	25.826	32.717
31 December 2012				
Net book value at beginning of the period	6.850	41	25.826	32.717
Additions	-	43	2.134	2.177
Disposals (-), (net)	50	16	-	66
Impairment	-	-	-	-
Depreciation (-)	140	28	7.724	7.892
Revaluation Increase	340	-	-	340
Cost at Period End	8.557	203	49.149	57.909
Accumulated Depreciation at Period End (-)	1.557	163	28.913	30.633
Closing Net Book Value at Period End	7.000	40	20.236	27.276

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2012				
Cost	8.557	203	49.149	57.909
Accumulated depreciation (-)	1.557	163	28.913	30.633
Net book value	7.000	40	20.236	27.276
31 December 2013				
Net book value at beginning of the period	7.000	40	20.236	27.276
Additions	-	-	6.749	6.749
Disposals (-), (net)	-	-	13	13
Impairment	-	-	-	-
Depreciation (-)	144	9	7.217	7.370
Revaluation Increase	344	-	-	344
Cost at Period End	8.901	154	55.783	64.838
Accumulated Depreciation at Period End (-)	1.701	123	36.028	37.852
Closing Net Book Value at Period End	7.200	31	19.755	26.986

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	41.408	34.974
Accumulated Depreciation (-)	15.029	10.624
Net Book Value	26.379	24.350

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

	31 December 2013	31 December 2012
Beginning of the Period	24.350	85.344
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	6.433	6.319
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	63.973
Impairment Reversal	-	-
Amortisation (-)	4.404	3.340
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	26.379	24.350

l. Information on investment property:

None.

m. Information on deferred tax asset:

As of 31 December 2013, the Group has netted-off the calculated deferred tax asset of TL 30.937 (31 December 2012: TL 12.633) and deferred tax liability of TL5.952 (31 December 2012: TL 2.809) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL24.985 (31 December 2012: TL 9.824) in the financial statements. As of 31 December 2013 the Group has no deferred tax liability (31 December 2012: None).

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	76.281	7.788	15.256	1.558
Provision for Legal Cases	17.402	14.012	3.480	2.802
	26.900	-	5.380	-
Reserve for Employee Rights	18.211	20.323	3.642	4.064
Other Provisions	10.172	5.802	2.034	1.160
Valuation Differences of Derivative Instruments	-	11.029	-	2.206
Unearned Revenue	5.278	3.534	1.056	707
Other	443	680	89	136
Deferred Tax Assets	154.687	63.168	30.937	12.633
Marketable Securities Valuation Reserve	-	31	-	6
Valuation Differences of Derivative Instruments	15.592	-	3.118	-
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	14.057	14.017	2.811	2.803
Other	117	-	23	-
Deferred Tax Liabilities	29.766	14.048	5.952	2.809
Deferred Tax Assets / (Liabilities) (Net)	124.921	49.120	24.985	9.824

Movement of deferred tax asset/ liabilities is presented below:

	31 December 2013	31 December 2012
Balance as of 1 January	9.824	14.316
Current year deferred tax income/(expense) (net)	11.603	(943)
Deferred tax charged to equity (net)	3.558	(3.549)
Balance at the End of the Period	24.985	9.824

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

The Group has assets held for resale amounting to TL14.003 (31 December 2012: TL 13.005) and has no discontinued operations.

Prior Period End:	31 December 2013	31 December 2012
Cost	13.486	15.473
Accumulated Depreciation (-)	481	353
Net Book Value	13.005	15.120
Current Year End:		
Net book value at beginning of the period	13.005	15.120
Additions	4.797	7.436
Disposals (-)	3.507	9.265
Impairment	-	14
Depreciation (-)	292	272
Cost	14.659	13.486
Accumulated Depreciation (-)	656	481
Closing Net Book Value	14.003	13.005

o. Information on other assets:

As of 31 December 2013, other assets amount to TL246.498 (31 December 2012: TL 90.080) and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	177.958	-	121.954	1.229.506	276.114	86.363	33.866	-	1.925.761
Residents in Turkey	154.032	-	121.954	1.219.902	274.536	83.223	33.303	-	1.886.950
Residents Abroad	23.926	-	-	9.604	1.578	3.140	563	-	38.811
Public Sector Deposits	36.753	-	-	258	-	-	-	-	37.011
Commercial Deposits	74.480	-	57.209	154.732	41.549	27.397	62.687	-	418.054
Other Institutions Deposits	1.499	-	2.233	35.732	13.371	-	-	-	52.835
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	14.899	-	150.455	-	-	-	-	-	165.354
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	102	-	126.980	-	-	-	-	-	127.082
Foreign Banks	14.797	-	23.475	-	-	-	-	-	38.272
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	327.701	-	350.752	2.004.695	430.136	150.818	143.795	-	3.407.897

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	98.981	-	82.371	906.092	154.276	32.332	31.405	-	1.305.457
Residents in Turkey	92.276	-	82.371	880.130	153.195	30.605	30.823	-	1.269.400
Residents Abroad	6.705	-	-	25.962	1.081	1.727	582	-	36.057
Public Sector Deposits	18.264	-	-	71.878	-	-	-	-	90.142
Commercial Deposits	67.708	-	36.945	203.996	86.299	95.365	21.332	-	511.645
Other Institutions Deposits	867	-	1.248	96.314	24.056	10.257	4	-	132.746
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	14.347	-	-	-	-	-	-	-	14.347
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	45	-	-	-	-	-	-	-	45
Foreign Banks	14.302	-	-	-	-	-	-	-	14.302
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	219.578	-	130.994	1.982.898	377.005	299.217	179.602	-	3.189.294

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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 Parent 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 trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Forward Transactions	4.390	298	5.847	441
Swap Agreements	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
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	76.743	86.562	43.402	66.665
From Foreign Banks, Institutions and Funds	-	1.588.137	1.315	330.628
Total	76.743	1.674.699	44.717	397.293

2. Information on maturity structure of borrowings:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Short-term	76.743	219.474	43.402	108.118
Medium and Long-term	-	1.455.225	1.315	289.175
Total	76.743	1.674.699	44.717	397.293

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

The Group’s main funding sources are deposits and borrowings. As of 31 December 2013, deposits and borrowings from Group’s risk group comprise 0,3% (31 December 2012: 0,1%) of total deposits. Besides this, Borrowings from Bank’s risk group comprise 68% (31 December 2012: None) of subordinated and other borrowings.

d. Information on other foreign liabilities:

Other foreign liabilities amounting to TL68.774 (31 December 2012: TL 91.677) do not exceed 10% of the total 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 Group.

f. Information on hedging derivative financial liabilities:

None.

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

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2. Information on reserve for employment termination benefits:

Under the Turkish Labour Law, the Group 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 to the working period before retirement were enacted.

The payment amount which is one month’s salary for each working year is restricted to TL3.254,44 (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 Group. 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 “Other 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 TL1.708 as of 31 December 2013 and TL1.772 as of 31 December 2012 have been presented in the “Other reserves”.

	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

Movement of reserve for employment termination benefits during the period:

	31 December 2013	31 December 2012
As of January 1	7.866	5.664
Service cost	1.246	857
Interest cost	548	466
Settlement cost	205	361
Actuarial loss/gain	(80)	1.518
Benefits paid	(1.761)	(1.000)
Total	8.024	7.866

In addition, as of 31 December 2013 the Group has accounted for vacation rights provision amounting to TL2.155 (31 December 2012: TL 1.858) and personnel bonus provision amounting to TL8.032 (31 December 2012: TL 10.599).

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3. Other provisions:

(i) Information on provisions for possible risks:

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

(*) The Group sets aside a provision of TL 26.900 for possible risks related to loan portfolio.

(ii) Information on other provisions:

The Group set aside reserves amounting to TL 17.402 (31 December 2012: TL 14.012) for lawsuits, TL2.937 (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 corporate tax provision is TL 686(31 December 2012: TL 2.462).

2. Information on taxes payable:

	31 December 2013	31 December 2012
Corporate Tax Payable	686	2.462
Taxation of Marketable Securities	4.400	3.644
Property Tax	161	148
Banking Insurance Transaction Tax	3.997	2.724
Value Added Tax Payable	224	409
Other	2.591	2.109
Total	12.059	11.496

3. Information on premium payables:

	31 December 2013	31 December 2012
Social Security Premiums-Employee	894	726
Social Security Premiums-Employer	982	832
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	46	40
Unemployment Insurance-Employer	93	81
Other	-	-
Total	2.015	1.679

4. Information on deferred tax liability:

As of 31 December 2013, the Group has netted-off the calculated deferred tax asset of TL 30.937 (31 December 2012: TL 12.633) and deferred tax liability of TL 5.952 (31 December 2012: TL 2.809) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 24.985 (31 December 2012: TL 9.824) in the financial statements. As of 31 December 2013 the Group has no deferred tax liability (31 December 2012: None).

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

None.

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j. Information on subordinated loans:

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

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

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

1. Information on subordinated loans:

	31 Aralık 2013		31 Aralık 2012	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	320.478	-	-
Other Foreign	-	-	-	-
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.

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.

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6. Information on capital by considering the Group’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 Group within several risk limits and legal limits.

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

Based on the Principal Agreement, the Group 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 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:

Among the overall loss amounting to TL 34.966 for 2012, TL 34.978 was allocated under previous year’s loss, TL 237 was allocated as legal reserves, TL 4.490 was classified as extraordinary reserves and TL 4.715 of this amount was netted by extraordinary reserves.

As a result of prior period’s adjustments according to TAS 19, the loss for 2012 was TL 33.752 thousand. The difference of TL 1.214 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 CONSOLIDATED 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
Commitments for cheques	278.991	267.935
Loan limit commitments	84.629	68.406
Loan limit commitments	41.413	30.056
Time securities purchase and sale commitments	22.658	118.915
Blocked cheques given to customers	178	178
Tax and fund obligations arising from export commitments	18	18
Total	427.887	485.508

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	89.512	95.241
Bank acceptance loans	67.886	228.511
Factoring guarantees	752	1.194
Total	1.186.621	1.058.312

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

	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 concentration on non cash loans:

	31 December 2013				31 December 2012			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	3.421	0,60	8.146	1,33	11.124	2,42	6.863	1,14
Farming and Livestock	3.038	0,53	8.125	1,33	9.367	2,04	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	47,57	376.577	62,69
Mining	28.456	4,96	42.423	6,93	22.532	4,91	46.249	7,70
Production	217.619	37,90	368.910	60,23	191.692	41,75	326.387	54,33
Electric, Gas, Water	6.709	1,17	7	-	4.190	0,91	3.941	0,66
Construction	131.336	22,88	29.649	4,84	87.582	19,42	50.574	8,42
Services	170.632	29,72	150.069	24,50	130.256	28,38	165.689	27,58
Wholesale and Retail Trade	106.353	18,52	52.586	8,59	79.559	17,33	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	2,31	36.424	6,06
Financial Institutions	29.132	5,07	27.504	4,49	22.949	5,00	26.996	4,49
Real Estate and Leasing Ser.	13.312	2,32	20.844	3,40	8.506	1,85	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	2,21	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:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans (*)				
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 Group has non-cash loans classified as non-performing loans, amounting to TL 6.911. As of 31 December 2013, the Group has recorded a TL 2.937 provision 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)	9.831.598	4.007.972
Currency forward transactions	1.349.143	661.732
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	-	-
Other Trading Derivative Instruments (III)	49	370
A. Total trading derivative transactions (I+II+III)	11.420.125	4.598.488
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	-	-
Total derivative transactions (A+B)	11.420.125	4.598.488

c. Investment Funds:

As of 31 December 2013, the Group is the founder of 5 investment funds (31 December 2012: 5) with a total fund value of TL 25.773 (31 December 2012: TL 25.319). 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 Group is TL 48.783 (31 December 2012: TL 19.264) and the Group 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.

d. 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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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	481	117	76	145
From Foreign Banks	16	11	32.390	222
Headquarters and Branches Abroad	-	-	-	-
Total	497	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	10.480	12	14.018	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	63.428	12	66.689	12

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

None (31 December 2012: None).

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a. Information on interest expense:

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

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Banks	3.008	28.285	46.855	13.629
The CBRT	-	-	-	-
Domestic Banks	3.008	2.043	3.170	1.785
Foreign Banks	-	26.242	43.685	11.844
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	3.008	28.285	46.855	13.629

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

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

None (31 December 2012: None).

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

Account Name	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Currency								
Bank Deposits	16	250	-	-	-	-	-	266
Savings Deposits	-	896	42.507	9.299	16.360	12.007	-	81.069
Public Deposits	-	-	6.143	-	-	-	-	6.143
Commercial Deposits	-	2.804	12.964	4.044	8.896	4.165	-	32.873
Other Deposits	-	162	3.267	1.938	269	-	-	5.636
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	16	4.112	64.881	15.281	25.525	16.172	-	125.987
Foreign Currency								
Foreign Currency Account	-	1.728	29.140	4.104	2.482	1.762	-	39.216
Bank Deposits	-	202	-	-	-	-	-	202
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1.930	29.140	4.104	2.482	1.762	-	39.418
Sum Total	16	6.042	94.021	19.385	28.007	17.934	-	165.405

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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	488	136
Other	-	-
Total	488	136

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

	31 December 2013	31 December 2012
Income	3.362.866	2.369.713
Income from Capital Market Transactions	30.651	16.792
From Derivative Financial Transactions	142.562	32.245
Foreign Exchange Gains	3.189.653	2.320.676
Loss (-)	3.335.324	2.347.103
Loss from Capital Market Transactions	25.194	7.141
From Derivative Financial Transactions	118.473	25.513
Foreign Exchange Loss	3.191.657	2.314.449
Net Income/(Loss)	27.542	22.610

(*) The net foreign exchange profit from foreign exchange gain regarding to derivative financial transactions included in foreign exchange gains/loss is TL 36.568 (31 December 2012: TL 1.698 loss).

c. Information on other operating income:

As of 31 December 2013, the Group's other operating income is TL 11.490 (31 December 2012: TL 12.821). TL 3.275 (31 December 2012: TL 7.218) of the amount is composed of profit from sales of the fixed assets that were classified as Asset Held for Resale of the Parent Bank.

d. Provision expenses related to loans and other receivables:

	31 December 2013	31 December 2012
Specific Provisions for Loans and Other Receivables	59.675	32.004
III. Group Loans and Receivables	8.344	9.973
IV. Group Loans and Receivables	17.612	9.984
V. Group Loans and Receivables	33.719	12.047
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 Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	-	-
Total	94.812	41.526

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

e. Information related to other operating expenses:

	31 December 2013	31 December 2012
Personnel Expenses	117.110	100.012
Reserve For Employee Termination Benefits	2.296	1.807
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	7.369	7.893
Impairment Expenses of Intangible Assets	-	63.973
Impairment Expense of Goodwill	-	63.973
Amortisation Expenses of Intangible Assets	4.404	3.340
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	70.578	56.200
Operational Lease Expenses	18.608	16.290
Maintenance Expenses	2.348	1.403
Advertising Expenses	3.833	917
Other Expense	45.789	37.590
Loss on Sales of Assets	8	19
Other	19.931	16.408
Total	221.988	249.938

(*) As of 31 December 2013, the employee unused vacation provision expense is TL 297 (31 Decemberr 2012: TL 123).

f. Information on net income / (loss) before taxes from discontinued and continuing operations:

The Group has no discontinued operations. The Group’s net income/(loss) before taxes from continuing operations is TL 62.969.

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

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

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

As of 31 December 2013, the Group 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 Group has TL 6.181 deferred tax income from temporary differences, TL 15.256 deferred tax income from carried financial loss, TL 9.834 deferred tax expense and income due to temporary differences closed to net TL 11.603 deferred tax income.

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(Continued)**

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

	31 December 2013	31 December 2012
Profit / Loss Before Tax	(62.969)	(26.613)
General Loan Loss Provision	11.026	9.082
Non-Deductible Expenses	992	1.442
Dividend Income	(488)	(136)
Other	5.079	(5.984)
Goodwill Impairment	-	63.973
Total	46.360	41.764
Corporate Tax Rate	%20	%20
Current Year Tax Income / Loss	9.272	8.353

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

As of 31 December 2013, the Group has TL 3.653 deferred tax expense arising from temporary differences and TL 15.256 deferred tax income as a result of carried financial loss.

h. Information on net income/ (loss) before taxes from discontinued and continuing operations:

The Group 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 Group’s fee and commission income amounts to TL 36.637 (31 December 2012: TL 40.419) and TL 25.863 (31 December 2012: TL 22.701) of the related amount is classified under “Other fee and commission income” account.

	31 December 2013	31 December 2012
Other Fee and Commissions Received		
Commissions From Brokerage Activity in Istanbul Stock Exchange	11.716	6.320
Investment Consultancy Fees	3.681	1.722
Credit Card and POS Transaction Commission	2.345	2.380
Insurance Commissions	1.838	1.415
Commissions From Brokerage Activity in Turkish Derivative Exchange	1.157	3.617
Account Operating Fees	1.135	1.250
Transfer Commissions	1.010	1.088
Commissions on Investment Fund Services	569	800
Commissions from Correspondent Banks	399	355
Ortak Nokta Commissions	122	109
Letter of Credit Commissions	20	23
Other	1.871	3.622
Total	25.863	22.701

As of 31 December 2013, Group’s fee and commission expense amounts to TL 6.606 (31 December 2012: TL 6.868) and TL 6.431 (31 December 2012: TL 6.795) 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
Stock Exchange Contribution Expenses	1.305	1.151
EFT Commissions	470	425
Commissions Granted to Correspondent Banks	438	224
Ortak Nokta Clearing Commissions	401	646
Transfer Commissions	104	103
Other	832	1.149
Total	6.431	6.795

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

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

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

b. Information on distribution of profit:

Among the overall loss amounting to TL 34.966 for 2012, TL 34.978 was allocated under previous year’s loss, TL 237 was allocated as legal reserves, TL 4.490 was classified as extraordinary reserves and TL 4.715 of this amount was netted by extraordinary reserves. As a result of prior period’s adjustments according to TAS 19, the loss for 2012 was TL 33.752 thousand. The difference of TL 1.214 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: TL 109) is accounted under “Revaluation differences of tangible assets and intangible assets”.

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(Continued)**

**VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	248.073	278.681
Cash, Foreign Currency and Other	24.698	23.170
Demand Deposits in Banks	223.375	255.511
Cash Equivalents	344.166	426.016
Interbank Money Market	140.629	-
Time Deposits in Bank	203.537	426.016
Total Cash and Cash Equivalents	592.239	704.697

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	263.688	248.073
Cash, Foreign Currency and Other	31.333	24.698
Demand Deposits in Banks	232.355	223.375
Cash Equivalents	67.707	344.166
Interbank Money Market	21.691	140.629
Time Deposits in Bank	46.016	203.537
Total Cash and Cash Equivalents	331.395	592.239

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 TL 281.307 (31 December 2012: negative TL160.347) 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 TL23.840 (31 December 2012: TL30.120) 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 TL483 (31 December 2011: negative TL1.648).

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VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

a. The volume of transactions relating to the Group'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 for 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:

Groups' Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	12.239	-	-	21	-
Balance at the End of the Period	-	18.786	-	126	13.267	892
Interest and Commission Income Received	-	-	-	-	32	2

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

2. 31 December 2012:

Groups' Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
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	-	-	-	-	-	-

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

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

Groups' Risk Group(*) Deposit	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		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
Beginning of the Period	-	-	445	485.949	3.376	89.989
End of the Period	-	-	576	445	8.812	3.376
Interest Expense on Deposits	-	-	25	-	420	290

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

Groups' Risk Group(*) Repurchase Transactions	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		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
Beginning of the Period	-	-	-	-	108	99
End of the Period	-	-	-	-	-	108
Interest Expense on Repurchase Transactions	-	-	-	-	2	6

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

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- V. Information on forward and option agreements and other similar agreement with the Group's risk group:

Groups' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		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	-	-	-	1.519.894	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-
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 Group's risk group:

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

The Group 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	68,34
Non-cash loans	19.804	1,67
Deposit	13.267	0,28
Loans	9.388	0,28
Banks and Other Financial Institutions	8	0,01

As of 31 December 2013, the Group has realized interest expense amounting to TL 19.108 (31 December 2012: 1.474) on loans borrowed from the direct shareholders.

3. Equity accounting transactions:

None.

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4. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Group's risk group and the amount composes 0,55% (31 December 2012: 0,30%) of the Group'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 Parent 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 18.766 (31 December 2012: TL 16.332) which include total gross salary, travel, meal, health, life insurance and other expenses.

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT 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 consolidated financial statements for the period ended 31 December 2013 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the auditor’s report dated March 14, 2014 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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Altunizade

Kısıklı, Tramvay Cad. Tekin Ak İş Merkezi,
N.1 34662 Altunizade / İSTANBUL
T: 0216 474 39 99
F: 0216 474 36 41 / 0212 371 42 04

Ankara

Çankaya Caddesi No:8 / 7-8
Çankaya / ANKARA
T: 0312 418 79 79
F: 0312 418 22 62 / 0212 371 42 05

Antakya

Yavuz Selim Caddesi, Zühtüye Ökten
İşhanı, No:10/8-9 ANTAKYA / Hatay
T: 0326 225 09 88
F: 0326 225 13 36 / 0212 371 42 08

Antalya

Gençlik Mah.Tevfik Işıklar Cad Doruk
Sitesi 07100 Işıklar / ANTALYA
T: 0242 322 87 22
F: 0242 312 25 80 / 0212 371 42 07

Bağcılar

Merkez Mah. Bakırköy Cad. No:29B
Bağcılar / İSTANBUL
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F: 0212 435 21 17 / 0212 371 42 09

Bahçekapı

Aşirefendi Cad. No. 33 Sirkeci /
İSTANBUL
T: 0212 511 12 13
F: 0212 512 80 50 / 0212 371 42 10

Bakırköy

İncirli Cad. No. 73 34147
Bakırköy / İSTANBUL
T: 0212 543 66 66
F: 0212 583 66 66 / 0212 371 42 11

Balgat

Oğuzlar Mah. Ceyhun Atıf Kansu Cad.
No.84 06520
Balgat / Çankaya - ANKARA
T: 0312 286 19 00
F: 0312 285 60 70 / 0212 371 42 12

Bayrampaşa

Numunebaşı Cad. No.50 34030
Bayrampaşa / İSTANBUL
T: 0212 612 66 66
F: 0212 501 29 29 / 0212 371 42 13

Beylikdüzü

Beykoop Mah. Beylik Petrol Yanı 34520
Beylikdüzü / İSTANBUL
T: 0212 853 17 00
F: 0212 853 26 00 / 0212 371 42 14

Bodrum

Yokuşbaşı Mah. Kıbrıs Şehitleri Cad.
No: 3 48400 Bodrum / MUĞLA
T: 0252 316 90 00
F: 0252 316 03 50 / 0212 371 42 15

Bursa

Ahmet Hamdi Tanpınar Cad. Fomara
Meydanı Öndül İş Hanı No:17 16030
Osmangazi / BURSA
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F: 0224 225 57 10 / 0212 371 42 16

Çallı

Cumhuriyet Mah. 662. Sok. No:24
07010 Çallı Muratpaşa / ANTALYA
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F: 0242 345 08 00 / 0212 371 42 17

Çorlu

Omurtak Cad. Kılıçoğlu Plaza A Blok2
59850 Çorlu / TEKİRDAĞ
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F: 0282 673 63 11 / 0212 371 42 18

Davutpaşa

Davutpaşa Cad. Kazım Dinçol San. Sit.
No: 81/149-150 34010
Topkapı- Zeytinburnu / İSTANBUL
T: 0212 493 38 00
F: 0212 493 40 80 / 0212 371 42 19

Denizli

Saraylar Mah. T.H.K. İş Hanı No: 30
DENİZLİ
T: 0258 241 23 00
F: 0258 241 28 12 / 0212 371 42 20

Diyarbakır

İstasyon Cad. Or-Yıl Apt. No:1,
21100 DİYARBAKIR
T: 0412 228 24 20
F: 0412 224 10 44 / 0212 371 42 21

Esenyurt

İnönü Mahallesi Doğan Araslı Cad.
No:92 Esenyurt / İSTANBUL
T: 0212 620 36 66
F: 0212 620 90 80 / 0212 371 42 22

Eskişehir

Hacı Ali Bey Mah. Sakarya Cad. No:28
26120 ESKİŞEHİR
T: 0222 221 04 41
F: 0222 221 53 09 / 0212 371 42 23

Etiler

Nispetiye Cad. No. 84 34340
Etiler / İSTANBUL
T: 0212 257 35 35
F: 0212 287 23 64 / 0212 371 42 24

Gatem

Gatem Toptancılar Sitesi Sarı Ada 1.Blok
No:44 Şehitkamil / GAZİANTEP
T: 0342 238 37 47
F: 0342 238 37 45 / 0212 371 42 25

Gaziantep

İncilipınar Mah. Muammer Aksoy Bulv.
Sever İş Mekz. No:8/46-47 27090
Şehitkamil / GAZİANTEP
T: 0342 230 75 50
F: 0342 231 54 81 / 0212 371 42 26

Gebze

İstanbul Cad. Balaban Apt. No:66 41400
Gebze / KOCAELİ
T: 0262 642 37 37
F: 0262 642 37 17 / 0212 371 42 27

Güneşli

Koçman Cad. No. 24 34212
Güneşli / İSTANBUL
T: 0212 656 29 29
F: 0212 657 33 10 / 0212 371 42 28

Hasanpaşa

Fahrettin Kerim Gökay Cad. No: 53
34722 Hasanpaşa - Kadıköy / İSTANBUL
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F: 0216 449 55 35 / 0212 371 42 29 İ

İkitelli

İkitelli O.S.B. Atatürk Bulvarı Deposite
AVM A1 Blok No: Z-02A 34306
İkitelli / İSTANBUL
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F: 0212 671 65 89 / 0212 371 42 30

İMES

Yukarı Dudullu Mh. İMES Sanayi Sitesi
1. Sosyal Tesis N.41 34775 Ümraniye /
İSTANBUL
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F: 0216 364 40 40 / 0212 371 42 31

İskenderun

Atatürk Bulvarı No: 69 31200
İskenderun / HATAY
T: 0326 613 92 00
F: 0326 613 99 90 / 0212 371 42 32

İvedik

İvedik Organize Sanayi Melih Gökçek
Bulvarı,Eminel İş Merkezi
No: 18/11Yenimahalle / ANKARA
T: 0312 395 55 00
F: 0312 395 38 51 / 0212 371 42 33

İzmir

Cumhuriyet Bulv. No. 140/1 35210
Alsancak / İZMİR
T: 0232 463 78 79
F: 0232 464 1 1 62 / 0212 371 42 35

İzmit Merkez

Tepecik Mah. İstiklal Cad.no:11 41200
İZMİR / KOCAELİ
T: 0262 331 55 11
F: 0262 331 14 92 / 0212 371 42 34

Karabağlar

Yeşillik Caddesi No:413 Karabağlar /
İZMİR
T: 0232 253 33 53
F: 0232 253 40 30 / 0212 371 42 36

Karadeniz Ereğli

Devrim Bulv. Ali Kanca Plaza No: 17/D
67300 Kdz. Ereğli / ZONGULDAK
T: 0372 323 08 88
F: 0372 323 30 00 / 0212 371 42 37

Kartal

Hürriyet Cad. Kordonboyu Mah. No: 6
34860 Kartal / İSTANBUL
T: 0216 488 04 00
F:0216 488 03 30 / 0212 371 42 38

Kaynarca

Çamçeşme Mahallesi, Kemalpaşa
Caddesi,Cansızoğlu İş Merkezi, No:1/B
Kaynarca, Pendik / İSTANBUL
T: 0216 596 24 24
F: 0216 597 30 95 / 0212 371 42 39

Kayseri

Cumhuriyet Mah. Kışıkapı Cad. No:22
Melikgazi / KAYSERİ
T: 0352 222 92 00
F: 0352 222 92 11 / 0212 371 42 70

Kemer

Yeni Mahalle Dörtüyl Bulvarı No:27/A
Kemer / ANTALYA
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F: 0242 814 77 34 / 0212 371 42 71

Konya

Musalla Baęları Mah. Belh Cad.
No:42060 Selçuklu / KONYA
T: 0332 238 03 33
F: 0332 238 03 34 / 0212 371 42 72

Kozyataęı

Deęirmen Sok. Nida Kule İş Merkezi
N:18 / 1 34742 Kadıköy / İSTANBUL
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F: 0216 362 69 63 / 0212 371 42 73

Lara

Demircikara Mahallesi, İsmet Gökşen
Caddesi No: 98/1 Şirinyalı Muratpaşa /
ANTALYA
T: 0242 316 76 76
F: 0242 316 35 34 / 0212 371 42 74

Manavgat

Aşaęı Hisar Mah. Demokrasi Bulv. No:1
07600 Manavgat / ANTALYA
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F: 0242 742 64 65 / 0212 371 42 75

Maslak

Maslak Ayazaęa Köy Yolu Güney
Plaza No:17/2 34398 Maslak - Şişli /
İSTANBUL
T: 0212 328 21 21
F: 0212 328 26 70 / 0212 371 42 76

Mecidiyeköy

Büyükdere Cad. Ocak Apt. No:91 34360
Mecidiyeköy - Şişli / İSTANBUL
T: 0212 217 63 00
F: 0212 217 68 08 / 0212 371 42 77

Merkez Kurumsal Şube

Eski Büyükdere Cad. Tekfen Tower
No:209 34330 4.Levent / İSTANBUL
T: (0-212) 371 37 37
F: (0-212) 357 07 77

Mersin

İstiklal Caddesi Aloęlu İş Merkezi No:36
36060 / MERSİN
T: 0324 239 44 00
F: 0324 239 03 60 / 0212 371 42 78

Merter

Keresteciler Sitesi, Fatih Caddesi, Akçay
Sokak No:4A 34165 Merter / İSTANBUL
T: 0212 637 67 77
F: 0212 637 46 33 / 0212 371 42 79

Nilüfer

İzmir Yolu Demirci Mahallesi Nilüfer
Ticaret Merkezi No:18 Nilüfer / BURSA
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F: 0224 441 94 74 / 0212 371 42 80

Ostim

100. Yıl Bulvarı 42. Sok. No:2 06191
Ostim / ANKARA
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Pendik E5

E-5 Yanyol Çınardere Mah. No:81 34896
Pendik / İSTANBUL
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Şemsettin Günaltay Cad. Osmanlı Sitesi
B Blok No: 213/B 34738 Erenköy -
Kadıköy / İSTANBUL
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F: 0216 356 60 85 / 0212 371 42 83

Samsun

Cumhuriyet Cad. Açmak İşhanı No:22
55030 / SAMSUN
T: 0362 435 23 33
F: 0362 435 13 46 / 0212 371 42 84

Siteler

Demirhendere Caddesi No:70
Siteler / ANKARA
T: 0312 350 67 67
F: 0312 350 54 51 / 0212 371 42 85

Taksim

Tarlabaşı Bulvarı No:10 34437
Taksim / İSTANBUL
T: 0212 256 98 55
F: 0212 237 10 94 / 0212 371 42 86

Topçular

Topçular Mahallesi, Rami Kışla Caddesi.
Topçular İş Merkezi No:70 Topçular
Eyüp / İSTANBUL
T: 0212 493 11 88
F: 0212 493 11 82 / 0212 371 42 87

Ümraniye

İnkılap Mah. Alemdaę Cad. No 175/E
34768 Ümraniye / İSTANBUL
T: 0216 630 63 63
F: 0216 631 28 26 / 0212 371 42 88

Yıldırım

Duaçınarı mahallesi. Ankara caddesi.
No: 141 Yıldırım / BURSA
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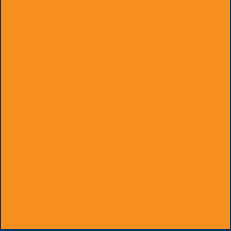
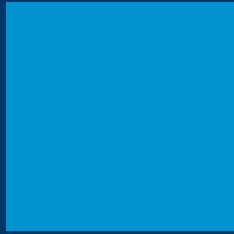
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