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

TÜRK EKONOMİ BANKASI A.Ş.

PUBLICLY ANNOUNCED CONSOLIDATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

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

To the Board of Directors of Türk Ekonomi Bankası A.Ş.:

We have audited the accompanying consolidated balance sheet of Türk Ekonomi Bankası 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 Türk Ekonomi Bankası 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, 13 February 2014

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

CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş. AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2013

Address	: Saray Mahallesi Sokullu Caddesi No:7/A – 7/B Ümraniye 34768 - İstanbul
Telephone	: (0 216) 635 35 35
Fax	: (0 216) 636 36 36
Website	: www.teb.com.tr
E-mail	: investor.relations@teb.com.tr

The consolidated financial report for the year-end prepared in accordance with “Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below:

- General Information About The Parent Bank
- Consolidated Financial Statements Of The Parent Bank
- Explanations On The Accounting Policies Applied In The Related Period
- Information On Financial Structure Of The Group Which Is Under Consolidation
- Explanatory Disclosures And Footnotes On Consolidated Financial Statements
- Other Explanation
- Independent Auditor’s Report

The subsidiaries, associates and jointly controlled entities, financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	Associates	Jointly Controlled Entities
1	The Economy Bank N.V.	-	-
2	Stichting Effecten Dienstverlening	-	-
3	Kronenburg Vastgoed B.V.	-	-
4	TEB Yatırım Menkul Değerler A.Ş.	-	-
5	TEB Faktoring A.Ş.	-	-
6	TEB Portföy Yönetimi A.Ş.	-	-

The consolidated financial statements and the explanatory disclosures and footnotes, unless otherwise stated, are presented **in thousands of Turkish Lira**, in accordance with the Regulation on Accounting Applications For Banks and Safeguarding Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related statements and guidances, and in compliance with the financial records of the Bank, have been independently audited and presented as attached.

Yavuz Canevi Chairman of the Board of Directors	Jean -Milan Charles Dominique Givadinovitch Chairman of the Audit Committee	Dr. Akın Akbaygil Vice Chairman of the Audit Committee	Ümit Leblebici General Manager	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	Gökhan Kazcılar Director Responsible of Financial Reporting

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title : Çiğdem Çelikbilek / Investor Relations Manager
Tel No : (0216) 635 24 63
Fax No : (0216) 636 36 36

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

SECTION ONE

GENERAL INFORMATION

I. History of the Parent Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any

Türk Ekonomi Bankası Anonim Şirketi ("TEB" or "The Bank"), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. The process regarding the procedure has been summarized below. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas has the share of 50 %.

II. Explanation on 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 Parent Bank Belongs to

After the share purchases of BNPP Yatırımlar Holding A.Ş. in 2013, their capital ration has risen from 23.3450% to 23.5141%.

After the share purchases of Fortis Yatırımlar Holding A.Ş. in 2013, their capital ration has risen from 17.0834% to 17.2524%.

As of 31 December 2013 and 31 December 2012 the shareholders' structure and their respective ownerships are summarized as follows:

	As of 31 December 2013		As of 31 December 2012	
Name of shareholders	**Paid in capital**	**%**	**Paid in capital**	**%**
TEB Holding A.Ş.	1,212,414	55.00	1,212,414	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	514,616	23.34
BNP Paribas Fortis Yatırımlar Holding A.Ş.	380,311	17.25	376,584	17.08
Publicly Traded	92,222	4.18	99,556	4.52
Other Shareholders	1,101	0.06	1,220	0.06
	2,204,390	**100.00**	**2.204.390**	**100.00**

As of 31 December 2013, Parent Bank's paid-in-capital consists of TL2,204,390,000 shares of TL1.00 (full TL) nominal each.

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Parent Bank They Possess

Name	Title
Board of Directors;	
Yavuz Canevi	Chairman of the Board of Directors
Dr.Akın Akbaygil	Vice Chairman of the Board of Directors and Vice Chairman of the Audit Committee and Independent Member of the Board
Jean-Milan Charles Dominique Givadinovitch	Member of the Board of Directors, Chairman of the Audit Committee and Independent Member of the Board of Directors
Jean Paul Sabet	Vice Chairman of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors
Ümit Leblebici	General Manager and Member of the Board of Directors
Sabri Davaz	Member of the Board of Directors and Audit Committee
Alain Georges Auguste Fonteneau	Member of the Board of Directors
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee
Musa Erden	Member of the Board of Directors
Béatrice Thérése Elisabeth Marie-Paule Dumurgier Cossa	Member of the Board of Directors
Henri Simon Andre Foch	Member of the Board of Directors
Alain Kokocinski	Independent Member of the Board of Directors
İsmail Yanık	Independent Member of the Board of Directors
Assistant General Managers;	
Turgut Boz	Assistant General Manager Responsible from SME Banking, Deputy General Manager
Gökhan Mendi	Assistant General Manager Responsible from Consumer Banking and Private Banking
Dr. Nilsen Altıntaş	Assistant General Manager Responsible from Human Resources
Melis Coşan Baban	Chief Legal Counsel and Secretary of the Board of Directors
Mehmet Ali Cer	Assistant Manager Responsible from Information Technologies
Levent Çelebioğlu	Assistant General Manager Responsible from Corporate Banking
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Control
Philippe Bernard Dumel	Chief Operational Officer
Osman Durmuş	Assistant General Manager Responsible from Consumer Loans and Business Loans
Kubilay Güler	Banking Operations & Facility Services Ass. General Manager
Başar Ordukaya	Assistant General Manager Responsible from Large Corporate Customers
Akil Özçay	Assistant Manager Responsible from Financial Markets
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans
Saniye Telci	Central and Corporate Operations Assistant General Manager
Nuri Tuncalı	Assistant General Manager Responsible from SME Loans
Eric Patrice Paul Josserand	Assistant General Manager Responsible from Corporate Invesment Banking
Group Heads (*);	
Didier Albert Nicole Van Hecke	Chief Risk Officer
Birol Deper	Head of Compliance Group and Internal Control Group, Officer Responsible from Consumer Relations Coordination
Inspection Committee (*);	
Hakan Tıraşın	Chairman of the Inspection Committee

(*) Group Heads and Chairman of the Inspection Committee are in Assistant General Manager status.

Shares of the Bank owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants are negligible.

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

GENERAL INFORMATION (Continued)

IV. Information About the Persons and Institutions That Have Qualified Shares in the Parent Bank

Name / Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,414	55.00%	1,212,414	-
BNP Yatırımlar Holding A.Ş.	518,342	23.51%	518,342	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	380,311	17.25%	380,311	-

TEB Holding A.Ş. is the controlling party of the Parent Bank's capital having both direct and indirect qualified shares. TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNP Yatırımlar Holding is controlled by BNP Paribas S.A. The Belgium State has 9.98% shares in BNP Paribas S.A.

V. Summary on the Parent Bank's Functions and Areas of Activity

The Parent Bank's operating areas include, corporate, retail and private banking as well as project finance, fund management and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş., TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2013, the Parent Bank has 539 local branches and 5 foreign branches (31 December 2012: 504 local branches, 5 foreign branches).

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

I. Consolidated Balance Sheet
II. Consolidated Statement of Off-Balance Sheet Contingencies and Commitments
III. Consolidated Statement of Income
IV. Consolidated Statement of Profit and Loss Accounted for Under Equity
V. Consolidated Statement of Changes in Shareholders’ Equity
VI. Consolidated Statement of Cash Flows
VII. Consolidated Profit Distribution Table

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

I. CONSOLIDATED BALANCE SHEET - ASSETS (STATEMENT OF FINANCIAL POSITION)

			Audited Current Period 31.12.2013			Audited Prior Period 31.12.2012		
		Section 5 Note Ref.	TL	FC	Total	TL	FC	Total
I.	**CASH AND BALANCES WITH THE CENTRAL BANK**	**(I-1)**	**632,299**	**6,179,313**	**6,811,612**	**768,858**	**3,680,542**	**4,449,400**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)**	**(I-2)**	**1,299,445**	**84,672**	**1,384,117**	**544,118**	**94,887**	**639,005**
2.1	Financial assets held for trading		1,299,445	84,672	1,384,117	544,118	94,887	639,005
2.1.1	Public sector debt securities		642,579	12,268	654,847	445,796	26,499	472,295
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		656,866	72,404	729,270	98,322	68,388	166,710
2.1.4	Other marketable securities		-	-	-	-	-	-
2.2	Financial assets classified at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	**BANKS**	**(I-3)**	**80,615**	**379,970**	**460,585**	**444,461**	**563,855**	**1,008,316**
IV.	**MONEY MARKET PLACEMENTS**		**245**	**-**	**245**	**1,700,525**	**-**	**1,700,525**
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		245	-	245	1,700,525	-	1,700,525
V.	**FINANCIAL ASSETS AVAILABLE FOR SALE (Net)**	**(I-4)**	**4,267,827**	**141,058**	**4,408,885**	**4,247,116**	**61,716**	**4,308,832**
5.1	Share certificates		19,695	100	19,795	17,829	5,602	23,431
5.2	Public sector debt securities		4,246,912	119,574	4,366,486	4,228,115	56,114	4,284,229
5.3	Other marketable securities		1,220	21,384	22,604	1,172	-	1,172
VI.	**LOANS AND RECEIVABLES**	**(I-5)**	**31,410,241**	**8,233,107**	**39,643,348**	**24,505,325**	**6,490,263**	**30,995,588**
6.1	Loans and receivables		31,070,196	8,231,279	39,301,475	24,247,866	6,480,325	30,728,191
6.1.1	Loans to Risk Group of the Bank		10,785	7,849	18,634	31,276	11,888	43,164
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		31,059,411	8,223,430	39,282,841	24,216,590	6,468,437	30,685,027
6.2	Non-performing loans		868,121	72,593	940,714	643,226	71,671	714,897
6.3	Specific provisions (-)		528,076	70,765	598,841	385,767	61,733	447,500
VII.	**FACTORING RECEIVABLES**	**(I-18)**	**641,838**	**450,849**	**1,092,687**	**521,099**	**233,668**	**754,767**
VIII.	**HELD TO MATURITY INVESTMENTS (Net)**	**(I-6)**	**292,956**	**-**	**292,956**	**-**	**20,416**	**20,416**
8.1	Public sector debt securities		292,956	-	292,956	-	20,416	20,416
8.2	Other marketable securities		-	-	-	-	-	-
IX.	**INVESTMENTS IN ASSOCIATES (Net)**	**(I-7)**	-	-	-	-	-	-
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		-	-	-	-	-	-
9.2.1	Financial investments		-	-	-	-	-	-
9.2.2	Non-financial investments		-	-	-	-	-	-
X.	**INVESTMENTS IN SUBSIDIARIES (Net)**	**(I-8)**	-	-	-	-	-	-
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI.	**ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)**	**(I-9)**	**5**	**-**	**5**	**5**	**-**	**5**
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		5	-	5	5	-	5
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		5	-	5	5	-	5
XII.	**FINANCE LEASE RECEIVABLES**	**(I-10)**	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	**DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES**	**(I-11)**	**112,182**	**63**	**112,245**	**16,726**	**157**	**16,883**
13.1	Fair value hedge		56,899	63	56,962	4,907	157	5,064
13.2	Cash flow hedge		55,283	-	55,283	11,819	-	11,819
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV.	**TANGIBLE ASSETS (Net)**	**(I-12)**	**323,348**	**9,609**	**332,957**	**248,208**	**8,065**	**256,273**
XV.	**INTANGIBLE ASSETS (Net)**	**(I-13)**	**475,492**	**1,332**	**476,824**	**445,328**	**808**	**446,136**
15.1	Goodwill		421,124	-	421,124	421,124	-	421,124
15.2	Other		54,368	1,332	55,700	24,204	808	25,012
XVI.	**INVESTMENT PROPERTIES (Net)**	**(I-14)**	-	-	-	-	-	-
XVII.	**TAX ASSET**		**41,122**	**1,574**	**42,696**	**131,297**	**6,985**	**138,282**
17.1	Current tax asset		274	1,319	1,593	1,522	4,882	6,404
17.2	Deferred tax asset	(I-15)	40,848	255	41,103	129,775	2,103	131,878
XVIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	**(I-16)**	**83,217**	**-**	**83,217**	**61,590**	**-**	**61,590**
18.1	Held for sale		83,217	-	83,217	61,590	-	61,590
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	**OTHER ASSETS**	**(I-17)**	**889,338**	**172,539**	**1,061,877**	**862,516**	**203,566**	**1,066,082**
	TOTAL ASSETS		**40,550,170**	**15,654,086**	**56,204,256**	**34,497,172**	**11,364,928**	**45,862,100**

The accompanying notes are an integral part of these financial statements.

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

I. CONSOLIDATED BALANCE SHEET - LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

				Audited Current Period 31.12.2013			Audited Prior Period 31.12.2012	
		Section 5 Note Ref.	TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**(II-1)**	**24,018,946**	**11,514,200**	**35,533,146**	**21,042,270**	**8,917,664**	**29,959,934**
1.1	Deposits from Risk Group of the Bank		1,269,421	624,319	1,893,740	516,211	262,262	778,473
1.2	Other		22,749,525	10,889,881	33,639,406	20,526,059	8,655,402	29,181,461
II.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	**(II-2)**	**437,878**	**44,953**	**482,831**	**176,413**	**58,402**	**234,815**
III.	**FUNDS BORROWED**	**(II-3)**	**1,065,147**	**6,917,400**	**7,982,547**	**702,410**	**5,307,605**	**6,010,015**
IV.	**MONEY MARKET BALANCES**		**1,083,153**	**-**	**1,083,153**	**65,120**	**-**	**65,120**
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		20,710	-	20,710	24,204	-	24,204
4.3	Funds provided under repurchase agreements	(II-3)	1,062,443	-	1,062,443	40,916	-	40,916
V.	**MARKETABLE SECURITIES ISSUED (Net)**	**(II-3)**	**710,276**	**-**	**710,276**	**494,237**	**-**	**494,237**
5.1	Bills		507,046	-	507,046	333,689	-	333,689
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		203,230	-	203,230	160,548	-	160,548
VI.	**FUNDS**		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	**SUNDRY CREDITORS**		**966,951**	**155,761**	**1,122,712**	**858,955**	**29,384**	**888,339**
VIII.	**OTHER LIABILITIES**	**(II-4)**	**910,875**	**1,278**	**912,153**	**1,154,042**	**2,286**	**1,156,328**
IX.	**FACTORING PAYABLES**	**(II-13)**	**2,942**	**5,070**	**8,012**	**623**	**3,365**	**3,988**
X.	**FINANCE LEASE PAYABLES**	**(II-5)**	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operating lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance lease expenses (-)		-	-	-	-	-	-
XI.	**DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES**	**(II-6)**	**69,438**	**-**	**69,438**	**168,506**	**1**	**168,507**
11.1	Fair value hedge		15,616	-	15,616	47,695	1	47,696
11.2	Cash flow hedge		53,822	-	53,822	120,811	-	120,811
11.3	Hedge of net investment in foreign operations		-	-	-	-	-	
XII.	**PROVISIONS**	**(II-7)**	**826,643**	**17,788**	**844,431**	**688,370**	**13,541**	**701,911**
12.1	General loan loss provisions		539,624	14,983	554,607	407,150	12,286	419,436
12.2	Restructuring reserve		-	-	-	516	-	516
12.3	Reserve for employee benefits		186,048	2,202	188,250	187,133	736	187,869
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		100,971	603	101,574	93,571	519	94,090
XIII.	**TAX LIABILITY**	**(II-8)**	**107,782**	**333**	**108,115**	**141,205**	**457**	**141,662**
13.1	Current tax liability		107,782	333	108,115	141,205	457	141,662
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	**PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	**(II-9)**	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	**SUBORDINATED LOANS**	**(II-10)**	**-**	**1,778,323**	**1,778,323**	**-**	**1,037,480**	**1,037,480**
XVI.	**SHAREHOLDERS' EQUITY**	**(II-11)**	**5,416,436**	**152,683**	**5,569,119**	**4,823,154**	**176,610**	**4,999,764**
16.1	Paid-in capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Supplementary capital		714,670	(2,126)	712,544	764,799	4,959	769,758
16.2.1	Share premium		2,565	-	2,565	2,565	-	2,565
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities valuation differences		(100,521)	(2,126)	(102,647)	50,780	4,959	55,739
16.2.4	Tangible assets revaluation differences		101,391	-	101,391	101,391	-	101,391
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Investment properties revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		527	-	527	527	-	527
16.2.8	Hedging funds (Effective portion)		32,185	-	32,185	(49,666)	-	(49,666)
16.2.9	Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves (*)		678,523	-	678,523	659,202	-	659,202
16.3	Profit reserves		1,911,073	154,809	2,065,882	1,349,369	171,651	1,521,020
16.3.1	Legal reserves		170,419	-	170,419	143,555	-	143,555
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		1,425,595	154,809	1,580,404	1,111,376	171,651	1,283,027
16.3.4	Other profit reserves		315,059		315,059	94,438	-	94,438
16.4	Profit or loss		578,313	-	578,313	496,894	-	496,894
16.4.1	Prior years’ income/ (loss)		9,497	-	9,497	9,497	-	9,497
16.4.2	Current year income/ (loss)		568,816		568,816	487,397	-	487,397
16.5	Minority shares	(II-12)	7,990	-	7,990	7,702	-	7,702
	TOTAL LIABILITIES AND EQUITY		**35,616,467**	**20,587,789**	**56,204,256**	**30,315,305**	**15,546,795**	**45,862,100**

(*) The classification mentioned in the 3rd part XXIV numbered note has been done in prior year financial statement.

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

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED OFF-BALANCE SHEET COMMITMENT
AT 31 DECEMBER 2013

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

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

			Audited Current Period 31.12.2013			Audited Prior Period 31.12.2012		
		Section 5 Note Ref	TL	FC	Total	TL	FC	Total
A.	**OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**41,848,805**	**43,482,396**	**85,331,201**	**28,803,888**	**34,194,648**	**62,998,536**
I.	**GUARANTEES**	**(III-1)**	**4,752,585**	**6,943,361**	**11,695,946**	**4,032,796**	**6,457,642**	**10,490,438**
1.1	Letters of guarantee		3,910,749	3,985,049	7,895,798	3,410,978	3,319,084	6,730,062
1.1.1	Guarantees subject to State Tender Law		124,446	47,427	171,873	126,475	45,223	171,698
1.1.2	Guarantees given for foreign trade operations		345,982	101,790	447,772	297,750	128,726	426,476
1.1.3	Other letters of guarantee		3,440,321	3,835,832	7,276,153	2,986,753	3,145,135	6,131,888
1.2	Bank loans		-	271,178	271,178	-	903,219	903,219
1.2.1	Import letter of acceptance		-	271,178	271,178	-	901,081	901,081
1.2.2	Other bank acceptances		-	-	-	-	2,138	2,138
1.3	Letters of credit		381	1,688,508	1,688,889	4,666	1,527,651	1,532,317
1.3.1	Documentary letters of credit		381	608,042	608,423	4,666	856,453	861,119
1.3.2	Other letters of credit		-	1,080,466	1,080,466	-	671,198	671,198
1.4	Prefinancing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		839,960	580,709	1,420,669	615,588	416,601	1,032,189
1.9	Other collaterals		1,495	417,917	419,412	1,564	291,087	292,651
II.	**COMMITMENTS**	**(III-1)**	**10,230,483**	**1,318,648**	**11,549,131**	**8,180,716**	**1,734,157**	**9,914,873**
2.1	Irrevocable commitments		10,230,483	1,318,648	11,549,131	8,180,716	1,734,157	9,914,873
2.1.1	Forward asset purchase commitments		566,850	1,175,708	1,742,558	223,497	1,085,809	1,309,306
2.1.2	Forward deposit purchase and sales commitments		-	101,194	101,194	-	614,094	614,094
2.1.3	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		3,853,680	79	3,853,759	2,942,347	77	2,942,424
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Payment commitment for checks		2,002,630	-	2,002,630	1,879,298	-	1,879,298
2.1.8	Tax and fund liabilities from export commitments		12,503	-	12,503	11,709	-	11,709
2.1.9	Commitments for credit card expenditure limits		3,545,841	-	3,545,841	2,933,697	-	2,933,697
2.1.10	Commitments for promotions related with credit cards and banking activities		4,451	-	4,451	5,978	-	5,978
2.1.11	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12	Payables for short sale commitments		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		244,528	41,667	286,195	184,190	34,177	218,367
2.2.	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(III-2)**	**26,865,737**	**35,220,387**	**62,086,124**	**16,590,376**	**26,002,849**	**42,593,225**
3.1	Derivative financial instruments for hedging purposes		4,200,388	327,712	4,528,100	3,877,112	718,101	4,595,213
3.1.1	Fair value hedge		284,354	327,712	612,066	723,435	718,101	1,441,536
3.1.2	Cash flow hedge		3,916,034	-	3,916,034	3,153,677	-	3,153,677
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		22,665,349	34,892,675	57,558,024	12,713,264	25,284,748	37,998,012
3.2.1	Forward foreign currency buy/sell transactions		3,914,050	4,993,564	8,907,614	1,957,068	4,328,080	6,285,148
3.2.1.1	Forward foreign currency transactions-buy		1,289,744	3,183,977	4,473,721	889,152	2,249,254	3,138,406
3.2.1.2	Forward foreign currency transactions-sell		2,624,306	1,809,587	4,433,893	1,067,916	2,078,826	3,146,742
3.2.2	Swap transactions related to f.c. and interest rates		9,993,386	18,150,946	28,144,332	4,396,774	10,190,525	14,587,299
3.2.2.1	Foreign currency swap-buy		3,812,213	6,671,784	10,483,997	1,828,627	4,288,557	6,117,184
3.2.2.2	Foreign currency swap-sell		3,969,991	6,395,332	10,365,323	2,268,147	3,876,628	6,144,775
3.2.2.3	Interest rate swaps-buy		1,085,790	2,578,291	3,664,081	150,000	1,012,670	1,162,670
3.2.2.4	Interest rate swaps-sell		1,125,392	2,505,539	3,630,931	150,000	1,012,670	1,162,670
3.2.3	Foreign currency, interest rate and securities options		8,757,913	11,748,165	20,506,078	6,359,422	10,766,143	17,125,565
3.2.3.1	Foreign currency options-buy		3,969,496	6,256,411	10,225,907	2,484,511	5,889,778	8,374,289
3.2.3.2	Foreign currency options-sell		4,576,617	5,427,292	10,003,909	3,674,911	4,765,717	8,440,628
3.2.3.3	Interest rate options-buy		111,800	32,231	144,031	100,000	55,324	155,324
3.2.3.4	Interest rate options-sell		100,000	32,231	132,231	100,000	55,324	155,324
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 PLEDGED ITEMS (IV+V+VI)**		**119,812,537**	**22,597,297**	**142,409,834**	**98,288,929**	**20,674,207**	**118,963,136**
IV.	**ITEMS HELD IN CUSTODY**		**26,419,033**	**1,712,075**	**28,131,108**	**18,697,638**	**1,991,111**	**20,688,749**
4.1.	Assets under management		1,726,150	56	1,726,206	2,673,631	115	2,673,746
4.2.	Investment securities held in custody		15,714,865	399,512	16,114,377	7,853,214	285,880	8,139,094
4.3.	Checks received for collection		8,587,081	879,545	9,466,626	7,825,901	710,421	8,536,322
4.4.	Commercial notes received for collection		390,735	112,718	503,453	343,722	79,899	423,621
4.5.	Other assets received for collection		103	320,244	320,347	1,071	914,796	915,867
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		99	-	99	99	-	99
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**93,267,521**	**20,845,763**	**114,113,284**	**79,456,986**	**18,648,921**	**98,105,907**
5.1.	Marketable securities		583,589	19,982	603,571	1,119,384	37,339	1,156,723
5.2.	Guarantee notes		47,924,350	13,954,626	61,878,976	42,590,560	11,553,285	54,143,845
5.3.	Commodity		70,351	166,369	236,720	26,992	350,093	377,085
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		38,664,915	4,912,365	43,577,280	30,867,446	5,629,882	36,497,328
5.6.	Other pledged items		6,024,316	1,792,421	7,816,737	4,852,604	1,078,322	5,930,926
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**125,983**	**39,459**	**165,442**	**134,305**	**34,175**	**168,480**
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**161,661,342**	**66,079,693**	**227,741,035**	**127,092,817**	**54,868,855**	**181,961,672**

The accompanying notes are an integral part of these financial statements.

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

III. CONSOLIDATED STATEMENT OF INCOME

		Section 5 Note Ref.	Audited Current Period 01.01-31.12.2013	Audited Prior Period 01.01-31.12.2012
I.	**INTEREST INCOME**	**(IV-1)**	**4,171,277**	**4,113,040**
1.1	Interest on loans		3,705,072	3,550,107
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks		8,344	10,976
1.4	Interest received from money market placements		11,176	49,504
1.5	Interest received from marketable securities portfolio		364,175	405,190
1.5.1	Held-for-trading financial assets		63,463	62,927
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Available-for-sale financial assets		292,347	341,154
1.5.4	Investments held-to-maturity		8,365	1,109
1.6	Finance lease Income		-	-
1.7	Other interest income	(IV-12)	82,510	97,263
II.	**INTEREST EXPENSE**	**(IV-2)**	**2,106,816**	**2,172,965**
2.1	Interest on deposits		1,757,158	1,767,110
2.2	Interest on funds borrowed		235,124	310,489
2.3	Interest on money market borrowings		47,987	42,599
2.4	Interest on securities issued		32,288	37,311
2.5	Other interest expense		34,259	15,456
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**2,064,461**	**1,940,075**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**701,692**	**581,553**
4.1	Fees and commissions received		1,024,069	915,733
4.1.1	Non-cash loans		109,303	95,456
4.1.2	Other	(IV-12)	914,766	820,277
4.2	Fees and commissions paid		322,377	334,180
4.2.1	Non-cash loans		1,646	1,317
4.2.2	Other	(IV-12)	320,731	332,863
V.	**DIVIDEND INCOME**	**(IV-3)**	**1,761**	**909**
VI.	**NET TRADING GAIN/(LOSS)**	**(IV-4)**	**66,520**	**(82,789)**
6.1	Securities trading gains/ (losses)		40,831	31,880
6.2	Gains/ (losses) from derivative financial instruments		452,086	(484,061)
6.3	Foreign exchange gains/ (losses)		(426,397)	369,392
VII.	**OTHER OPERATING INCOME**	**(IV-5)**	**93,403**	**90,550**
VIII.	**NET OPERATING INCOME (III+IV+V+VI+VII)**		**2,927,837**	**2,530,298**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	**(IV-6)**	**407,329**	**325,529**
X.	**OTHER OPERATING EXPENSES (-)**	**(IV-7)**	**1,775,151**	**1,552,440**
XI.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X)**		**745,357**	**652,329**
XII.	**AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER**		**-**	**-**
XIII.	**GAIN / (LOSS) ON EQUITY METHOD**		**-**	**-**
XIV.	**GAIN / (LOSS) ON NET MONETARY POSITION**		**-**	**-**
XV.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+…+XIV)**	**(IV-8)**	**745,357**	**652,329**
XVI.	**TAX PROVISION FOR CONTINUED OPERATIONS (-)**	**(IV-9)**	**174,813**	**163,390**
16.1	Current income tax (charge)/benefit (*)		71,155	248,599
16.2	Deferred tax (charge)/benefit		103,658	(85,209)
XVII.	**NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)**	**(IV-10)**	**570,544**	**488,939**
XVIII.	**INCOME ON DISCONTINUED OPERATIONS**		**-**	**-**
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	-
18.3	Income on other discontinued operations		-	-
XIX.	**LOSS FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3	Loss from other discontinued operations		-	-
XX.	**PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)**	**(IV-8)**	**-**	**-**
XXI.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**	**(IV-9)**	**-**	**-**
21.1	Current income tax (charge)/benefit		-	-
21.2	Deferred tax (charge)/benefit		-	-
XXII.	**NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)**	**(IV-10)**	**-**	**-**
XXIII.	**NET PROFIT/LOSS (XVII±XXII)**	**(IV-11)**	**570,544**	**488,939**
23.1	Group's profit/loss		568,816	487,397
23.2	Minority shares		1,728	1,542
	Earnings per share		0.2580	0.2211

(*) The classification mentioned in the 3rd part XXIV numbered note has been done in prior year financial statement.

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

IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

		Audited Current Period 01.01-31.12.2013	Audited Prior Period 01.01-31.12.2012
I.	**Additions to marketable securities revaluation differences for available for sale financial assets**	**(108,114)**	**205,086**
II.	**Tangible assets revaluation differences**	**-**	**-**
III.	**Intangible assets revaluation differences**	**-**	**-**
IV.	**Foreign exchange differences for foreign currency transactions**	**57,465**	**(9,182)**
V.	**Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)**	**102,314**	**(67,713)**
VI.	**Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)**	**-**	**-**
VII.	**The effect of corrections of errors and changes in accounting policies**	**-**	**-**
VIII.	**Other profit loss items accounted for under equity due to TAS (*)**	**24,151**	**(13,710)**
IX.	**Deferred tax of valuation differences (*)**	**(3,533)**	**(24,759)**
X.	**Total Net Profit/Loss accounted under equity (I+II+…+IX)**	**72,283**	**89,722**
XI.	**Profit/Loss**	**(72,032)**	**(2,816)**
11.1	Change in fair value of marketable securities (Transfer to Profit/Loss)	(72,032)	(2,816)
11.2	Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3	Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4	Other	-	-
XII.	**Total Profit/Loss accounted for the period (X±XI)**	**251**	**86,906**

(*) The classification mentioned in the 3rd part XXIV numbered note has been done in prior year financial statement.

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Audited	Section 5 Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
	Prior Period- 01.01-31.12.2012																			
I.	**Beginning balance – 31.12.2011**		**2,204,390**	**200,262**	**2,565**	**-**	**130,033**	**-**	**1,072,893**	**573,527**	**-**	**234,061**	**(105,487)**	**100,483**	**527**	**4,505**	**-**	**4,417,759**	**13,019**	**4,430,778**
II.	**Corrections according to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New Balance (I+II)**		**2,204,390**	**200,262**	**2,565**	**-**	**130,033**	**-**	**1,072,893**	**573,527**	**-**	**234,061**	**(105,487)**	**100,483**	**527**	**4,505**	**-**	**4,417,759**	**13,019**	**4,430,778**
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	**Increase/Decrease related to merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Marketable securities valuation differences**	**(V-a)**	-	-	-	-	-	-	-	-	-	-	**161,226**	-	-	-	-	**161,226**	**6**	**161,232**
VI.	**Hedging Funds (Effective Portion)**	**(V-b)**	-	-	-	-	-	-	-	-	-	-	-	-	-	**(54,171)**	-	**(54,171)**	**-**	**(54,171)**
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(54,171)	-	(54,171)	-	(54,171)
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Tangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Foreign exchange differences**	**(V-c)**	-	-	-	-	-	-	-	**(9,182)**	-	-	-	-	-	-	-	**(9,182)**	-	**(9,182)**
XI.	**The disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**The reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**The effect of change in associate's equity**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Share premium**	**(V-h)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	**Inflation adjustment to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	**Other (*)**		-	-	-	-	-	-	-	**(10,967)**	-	-	-	-	-	-	-	**(10,967)**	**(6,865)**	**(17,832)**
XIX.	**Period net income/(loss)**		-	-	-	-	-	-	-	-	**487,397**	-	-	-	-	-	-	**487,397**	**1,542**	**488,939**
XX.	**Profit distribution**		-	-	-	-	**13,522**	-	**210,134**	-	-	**(224,564)**	-	**908**	-	-	-	-	-	-
20.1	Dividends distributed		-	-	-	-		-		-	-		-		-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	13,522	-	210,134	-	-	(224,564)	-	908	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance 31.12.2012 (III+IV+V+VI+VII+VIII+IX+X+XI+XII+ XIII+XIV+XV+XVI+XVII+XVIII+XIX+ XX)		**2,204,390**	**200,262**	**2,565**	**-**	**143,555**	**-**	**1,283,027**	**553,378**	**487,397**	**9,497**	**55,739**	**101,391**	**527**	**(49,666)**	**-**	**4,992,062**	**7,702**	**4,999,764**

(*) The classification mentioned in the 3rd part XXIV numbered note has been done in prior year statement of changes in shareholders' equity.

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited

		Section 5 Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
	Current Period- 01.01-31.12.2013																			
I	**Beginning balance – 31.12.2012**		**2,204,390**	**200,262**	**2,565**	**-**	**143,555**	**-**	**1,283,027**	**553,378**	**-**	**496,894**	**55,739**	**101,391**	**527**	**(49,666)**	**-**	**4,992,062**	**7,702**	**4,999,764**
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	**Increase/Decrease related to merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Marketable securities valuation differences**	**(V-a)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(158,386)**	**-**	**-**	**-**	**-**	**(158,386)**	**(43)**	**(158,429)**
IV.	**Hedging Funds (Effective Portion)**	**(V-b)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**81,851**	**-**	**81,851**	**-**	**81,851**
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	81,851	-	81,851	-	81,851
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Tangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Foreign exchange differences**	**(V-c)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,465**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,465**	**-**	**57,465**
IX.	**The disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**The reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**The effect of change in associate's equity**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Share premium**	**(V-h)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Inflation adjustment to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Other**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,321**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,321**	**-**	**19,321**
XVII.	**Period net income/(loss)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**568,816**	**-**	**-**	**-**	**-**	**-**	**-**	**568,816**	**1,728**	**570,544**
XVIII.	**Profit distribution**		**-**	**-**	**-**	**-**	**26,864**	**-**	**297,377**	**163,156**	**-**	**(487,397)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,397)**	**(1,397)**
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,397)	(1,397)
18.2	Transfers to reserves	(V-g)	-	-	-	-	26,864	-	297,377	163,156	-	(487,397)	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance 31.12.2013 (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		**2,204,390**	**200,262**	**2,565**	**-**	**170,419**	**-**	**1,580,404**	**793,320**	**568,816**	**9,497**	**(102,647)**	**101,391**	**527**	**32,185**	**-**	**5,561,129**	**7,990**	**5,569,119**

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		Section 5 Note Ref	Audited Current Period 01.01-31.12.2013	Audited Prior Period 01.01-31.12.2012
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**1,515,984**	**1,400,341**
1.1.1	Interest received		3,559,819	4,139,183
1.1.2	Interest paid		(1,965,628)	(2,107,531)
1.1.3	Dividend received		55	909
1.1.4	Fees and commissions received		1,214,409	1,071,150
1.1.5	Other income		509,046	596,867
1.1.6	Collections from previously written off loans		390,110	333,650
1.1.7	Payments to personnel and service suppliers		(771,042)	(674,717)
1.1.8	Taxes paid		(117,592)	(204,697)
1.1.9	Others	(VI-1)	(1,303,193)	(1,754,473)
1.2	**Changes in operating assets and liabilities**		(2,761,426)	(1,978,004)
1.2.1	Net decrease (increase) in financial assets held for trading		(195,060)	485,521
1.2.2	Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3	Net decrease (increase) in due from banks and other financial institutions		194,910	(169,950)
1.2.4	Net (increase) in loans		(8,930,049)	(3,926,071)
1.2.5	Net (increase) in other assets	(VI-1)	(2,226,953)	(1,996,572)
1.2.6	Net increase (decrease) in bank deposits		1,722,359	(1,238,764)
1.2.7	Net increase in other deposits		4,879,912	6,045,141
1.2.8	Net increase (decrease) in funds borrowed		1,970,433	(1,386,635)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	(VI-1)	(176,978)	209,326
I.	**Net cash provided from / (used in) banking operations**		**(1,245,442)**	**(577,663)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from / (used in) investing activities**		**(741,320)**	**435,054**
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3	Fixed assets purchases		(145,952)	(74,618)
2.4	Fixed assets sales		1,746	28,289
2.5	Cash paid for purchase of financial assets available for sale		(6,909,289)	(1,871,048)
2.6	Cash obtained from sale of financial assets available for sale		6,331,629	2,370,097
2.7	Cash paid for purchase of investment securities		-	-
2.8	Cash obtained from sale of investment securities		26,142	-
2.9	Others	(VI-1)	(45,596)	(17,666)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash provided from / (used in) financing activities**		**288,616**	**236,634**
3.1	Cash obtained from funds borrowed and securities issued		765,060	485,756
3.2	Cash used for repayment of funds borrowed and securities issued		(476,286)	(249,107)
3.3	Capital increase		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		(158)	(15)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-1)**	**67,874**	**(24,885)**
V.	**Net increase / (decrease) in cash and cash equivalents**		**(1,630,272)**	**69,140**
VI.	**Cash and cash equivalents at beginning of the period**	**(VI-2)**	**3,581,774**	**3,512,634**
VII.	**Cash and cash equivalents at end of the period**	**(VI-2)**	**1,951,502**	**3,581,774**

The accompanying notes are 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

TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED PROFIT DISTRIBUTION TABLE
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VII. PROFIT DISTRIBUTION TABLE

		(*)Current Audited Period 31.12.2013	Prior Audited Period 31.12.2012
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	-	-
1.2	TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1	Corporate tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	-	-
1.3	PRIOR YEARS' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	-	-
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
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 preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
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	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION OF RESERVES**		
2.1	DISTRIBUTED 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 preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
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 PREFERRED SHARES	-	-
3.4	TO OWNERS OF PREFERRED SHARES (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PREFERRED SHARES	-	-
4.4	TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) The Bank can not distribute profit .

The accompanying notes are an integral part of these financial statements

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Parent Bank prepares its financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS) enacted by Public Oversight Accounting and Auditing Standards Authority (POA), Turkish Financial Reporting Standards (TFRS) and related additions and comments (all "Turkish Financial Reporting Standards or TFRS) to , other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

The prior period financial statements are prepared in line with the principles of TAS Board No:1 "Fundamentals of Preparing and Presenting Financial Statements" published in the Official Gazette on 16 January 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting issued by the BRSA. Certain reclassifications have been made to the prior year financial statements in order to comply with the current year presentation whenever required.

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

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

The Group aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and even small individual investors in line with Banking Legislation. The primary objective of the Parent Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

The Group aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Group, risk bearing short term positions of currency, interest or price movements is performed only by the Treasury Asset-Liability Management using the limits defined by the Board of Directors. The Asset-Liability Committee of the Parent Bank manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors of the Parent Bank allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Parent Bank's hedging activities for the currency risk due to foreign currency available-for-sale equity instruments are described under the Currency Risk section; and the Parent Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

The Parent Bank's Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the Parent Bank's balance sheet structure.

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

ACCOUNTING PRINCIPLES (Continued)

III. Information about the Parent Bank and its Consolidated Subsidiaries

The Bank, with no difference between TAS and IFRS, uses line-by-line consolidation method. Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Stichting Effecten Dienstverlening (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Finansal Kiralama A.Ş. (TEB Leasing), TEB Faktoring A.Ş. (TEB Faktoring), Fortis Faktoring A.Ş. (Fortis Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (TEB Portföy) are included in the accompanying consolidated financial statements by line-by-line consolidation method.

The merger process of Fortis Faktoring A.Ş. and TEB Faktoring A.Ş., which is 100% owned the Bank, had been commenced and the Sale and Purchase Agreement signed on 31 January 2013 for the purpose of the completion of the share transfer prior to the merger. Pursuant to the Sale and Purchase Agreement, following the receipt of necessary legal approvals the share transfer completed and the Bank has become an indirect shareholder of 100% shares in Fortis Faktoring A.Ş. on 22 March 2013. Approval from Banking Regulation and Supervision Agency regarding merger of Fortis Faktoring with TEB Faktoring by way of acquisition, whereby all the assets and liabilities of Fortis Faktoring shall be transferred to TEB Faktoring as a whole, has been obtained on 20 June 2013. Merger of TEB Faktoring and Fortis Faktoring has been completed upon registration of the said merger to the Istanbul Trade Registry on 1 July 2013.

The accompanying consolidated financial statements are prepared in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 numbered 26340. The Parent Bank and the entities included in the consolidation are referred to as "the Group" in this report.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code and/or Financial Leasing Law and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

Explanations on Consolidation Method and Scope

The commercial names of the entities included in consolidation and the locations of the head offices of these institutions:

Commercial Name	Head Office
Economy Bank	Netherlands
Stichting	Netherlands
Kronenburg	Netherlands
TEB Faktoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

ACCOUNTING PRINCIPLES (Continued)

III. Information about the Parent Bank and its Consolidated Subsidiaries (Continued)

Line-by-line consolidation method is used for all the financial institutions included in the consolidation.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as 31 December 2013 and 31 December 2012.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions realized during the year are reflected to the income statement. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The EUR and USD exchange rates used for translating foreign currency transactions into Turkish Lira and reflecting these to consolidated financial statements as of 31 December 2013 are euro 2.9346 in full TL per EUR and 2.1297 in full TL per USD, respectively (31 December 2012: TL2.3548 in full TL, while the USD exchange rate is TL1.7823 in full TL).

There are no capitalized foreign exchange differences.

The information regarding the principles of foreign currency risk management are stated in Section Four, Note IV.

There are no debt securities issued. Foreign exchange gains and losses arising from translating monetary financial assets are reflected to "Foreign Exchange Gains / (Losses) in the income statement.

The foreign currency net investment in consolidated foreign subsidiaries are translated into Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and the year end average exchange rate for their income statement items. The currency translation gain arising from the consolidated subsidiaries' inflation and devaluation differences amounting to TL57,465 (31 December 2012: TL9,182 negative currency differences) currency translation gain has been recorded in "Other Profit Reserves" under shareholders' equity.

ACCOUNTING PRINCIPLES (Continued)

IV. Explanations on Forward and Option Contracts and Derivative Instruments

Fair values of foreign currency forward and swap transactions are determined by comparing the period end Bank foreign exchange rates with the contractual forward rates discounted to the balance sheet date with the prevailing current market rates. The resulting gain or loss is reflected to the income statement.

In the assessment of fair value of interest rate swap instruments, interest amounts to be paid or to be received due to/from the fixed rate on the derivative contract are discounted to the balance sheet date with the current applicable fixed rate in the market that is prevailing between the balance sheet date and the interest payment date, whereas interest amounts to be paid or to be received due to/from the floating rate on the derivative contract are recalculated with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date and are discounted to the balance sheet date again with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date. The differences between the fixed rate interest amounts and floating rate interest amounts to be received/paid are recorded in the profit/loss accounts in the current period.

The fair value of call and put option agreements are measured at the valuation date by using the current premium values of all option agreements, and the differences between the contractual premiums received/paid and the current premiums measured at valuation date are recognized in the statement of income.

Futures transactions are valued on a daily basis by the primary market prices and related unrealized gains or losses are reflected in the income statement.

As of 1 July 2008, the Parent Bank has adopted fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching a portion of its swap portfolio with its loan portfolio. As of August 2011, the Bank has also adopted cash flow hedge accounting by matching a portion of its swap portfolio with its deposit basis. The Bank documents relations between hedging instrument and hedged item on transaction date, in conjunction with strategies on objectives of the Bank's risk management and hedging transactions for hedging purposed transactions. Besides, the Bank that effectively values fair value changes of hedged items that are balanced by derivative transactions for hedging purposes documented regularly. In case, hedging transactions do not to meet the hedging accounting conditions, adjustments to fair value of hedged item, which are rediscounted within days to maturity, are reflected in Income Statement.

Bank has started a fair value hedge for the value of its fixed coupon government bonds in September 2012 by using swaps as hedging instruments

While the Parent Bank recognizes the fair value changes of the hedged items in the "other interest income" and "other interest expense" accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the "gains/(losses) from derivative financial instruments" account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in "other interest income" and "other interest expense" accounts.

V. Explanations on Interest Income and Expenses

Interest income and expense are recognized in the income statement for all interest bearing instruments whose cash inflows and outflows are known on an accrual basis using the effective interest method. In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

ACCOUNTING PRINCIPLES (Continued)

VI. Explanations on Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected and prepaid commission income on cash and non-cash loans is recorded as income by using effective interest rate in the related period.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses using the effective interest rate and are expensed on the related periods.

The dividend income is reflected to the financial statements on a cash basis when the profit distribution is realized by the associates and subsidiaries.

VII. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Risks related to these activities form a significant part among total risks the Parent Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Parent Bank's balance sheet in all respects. The Parent Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities of the Group. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Group. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

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

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book value of these assets approximates their fair values.

Financial Assets at Fair Value Through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

ACCOUNTING PRINCIPLES (Continued)

VII. Explanations on Financial Assets (Continued)

Held to Maturity Investments and Financial Assets Available for Sale

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability other than loans and receivables.

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

Marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Differences" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two years due to "tainting" rule.

The Group classifies its securities as referred to above at the acquisition date of related assets.

The sale and purchase transactions of the held to maturity investments are recorded on a settlement date basis.

Government debt securities with TL224,275 nominal value which had been accounted as financial assets available for sale, have been classified as held to maturity investments with their market value amounting to TL287,008 as of 25 September 2013. As of 25 September, accumulated valuation difference amounting to negative TL38,362 for reclassified available for sale securities are followed under shareholders' equity. This accumulated valuation difference is subjected to amortization according to the days to maturity and being transferred to profit/loss accounts in the related periods. As of 31 December 2013, total accumulated valuation difference of these securities followed under shareholders' equity is negative TL36,973 Detail information for this classification was described at 5th chapter in 6-b note.

ACCOUNTING PRINCIPLES (Continued)

VII. Explanations on Financial Assets (Continued)

Loans and Provisions for Impairment

Loans are financial assets those generated by lending money and exclude those that are held with the intention of trading or selling in the near future.

The Group initially records loans and receivables at cost. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Provision is set for the loans that may be doubtful and the amount is charged in the current period income statement. The provisioning criteria for non-performing loans are determined by the Group's management for compensating the probable losses of the current loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economic conditions, other facts and related regulations.

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated 1 November 2006 which was amended with the communiqué published in the Official Gazette No. 27119 dated 23 January 2009. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense". The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made related to loans for which provision is made in the current period are reversed from the "Provision for Loan Losses and Other Receivables" account in the income statement, and related interest income is credited to the "Interest Received from Non-performing Loans" account.

Releases of loan loss provisions are booked in "Other Operating Income" account and reversed from the "Provision and Impairment Expenses - Specific Provision Expense" account in the income statement. The related non-performing loans have been from the accounts. Sales income that has been netted off with "Provision for Loan Losses and Other Receivables" in the financials

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Parent Bank records general loan loss provisions for loans and other receivables.

The Parent Bank has reflected in related period financial statements the general provision difference calculated for standard and under close monitoring loans with the mentioned ratios and provided until 31 December 2015 according to change in paragraph 7, article 1 of Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" dated 21 September 2012, numbered 28418.

Specific reserves are also provided by TEB Faktoring based on the Communiqué on "Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Financial Institutions, Leasing, and Factoring Firms" published in the Official Gazette No: 26588 on 20 July 2007 which was amended with the communiqué published in the Official Gazette No. 27270 dated 26 June 2009 and based on the Communiqué about "The Amendment in the Communiqué on Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Finance Companies, Leasing, and Factoring Firms" published in the Official Gazette No: 26808 on 6 March 2008.

ACCOUNTING PRINCIPLES (Continued)

VIII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Group evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Group determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or nonoccurrence) of one or more than one event ("loss event") after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not journalized.

IX. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when a party has a legally enforceable right to set off, the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

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

The sales and purchase of government securities under repurchase agreements made with the customers are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts by the Group. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

These transactions are short-term and consist of domestic public sector debt securities.

The income and expenses from these transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statement.

As of 31 December 2013, the Group has reverse repo amounting to TL245 (31 December 2012: TL1,700,525).

As of 31 December 2013, the Group does not have any marketable securities lending transaction (31 December 2012: None).

ACCOUNTING PRINCIPLES (Continued)

XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets

Assets held for sale are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

As of 31 December 2013, assets held for sale of the Group are TL83,217 (31 December 2012: TL61,590). As per the appraisals performed for the real estate's held for sale included "Assets Held for Sale" in the financial statements, TL4,961 (31 December 2012: TL1,291) has been reserved as provision for impairment losses

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

XII. Explanations on Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

ACCOUNTING PRINCIPLES (Continued)

XII. Explanations on Goodwill and Other Intangible Assets (Continued)

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two bank by means of transfer of all rights, receivables, liabilities and obligations to the Parent Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to Istanbul Trade Registry.

Within the framework of TFRS 3 "Business Combination", identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The resulting difference of TL48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL2,385,482, which is the difference between the fair value of identifiable net asset value of TL1,964,358 and the asset of TL421,124 is accounted as goodwill in the financial statements of the Bank.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Group comprise mainly softwares. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Softwares used are mainly developed within the Parent Bank by the Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

ACCOUNTING PRINCIPLES (Continued)

XIII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until 31 December 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years.

Other tangible fixed assets are accounted for at their restated costs until 31 December 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted proportionately. No amendment has been made to the depreciation method in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	10-20
Furniture, fixtures and office equipment and others	2-50

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other maintenance costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There are no purchase commitments related to the tangible fixed assets.

There are no anticipated changes in the accounting estimates, which could have a significant impact in the current and future periods.

The Parent Bank employs independent appraisers in determining the current fair values of its real estates when there is any indication of impairment in value of real estates.

ACCOUNTING PRINCIPLES (Continued)

XIV. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist of only foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Parent Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, depreciation expense is recorded for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" by taking the useful lives into account.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

The Group does not have any leasing transactions as "Lessor".

XV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Group's best expectation of expenses in fulfilling the obligation as of the balance sheet date, and discounted to present value if material.

Provisions and contingent liabilities, excluding Specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards ("TAS 37") regarding "Provisions, Contingent Liabilities and Contingent Assets".

The inspection of the Competition Board that was conducted to determine whether 12 banks active in Turkey are in agreement and concerted practice in loan and credit card services sector and thus violated Article 4 of the Law on Protection of Competition, no 4054) was completed on March 8 2013. As a result of inspection, it has been agreed by a majority to impose an administrative fine of TL10,669 to the Parent Bank on the condition that the decision can be appealed against before Ankara Administrative Court. The penalty paid as TL8,002 on 22 July 2013 as three fourths of the main penalty as per Article 17 of the Misdemeanors Law, no 5326, was paid on 16th August 2013. The Parent Bank filed the annulment action over the file no.2014/7E Ankara 2nd Administrative Court against the decision about the administrative fines imposed by Competition Board at Ankara Administrative Court on 19 September 2013 and the case has been continuing.

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

ACCOUNTING PRINCIPLES (Continued)

XVI. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Parent Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Parent Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of provision for employee termination benefits as of 31 December 2013 is TL89,348 (31 December 2012: TL93,125).

Communiqué on "Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 31 December 2013, actuarial gain after deferred tax effect amounting to TL19,321 was classified as "Other Comprehensive Income" and as of 31 December 2013 a total of TL8,354 actuarial gain was accounted under "Other Share Capital".

	31 December 2013	31 December 2012
Discount Rate (%)	9.92	6.91
Expected Inflation Rate (%)	6.45	4.78
Salary Increase Rate above Inflation Rate (%)	1.00	1.00

Employees transferred to the Bank following the business combination defined in "General Information" of the Parent Bank and Fortis Bank A.Ş. are the members of "Türk Dış Ticaret Bankası Mensupları Pension Fund Foundation" (the "Pension Fund") which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the "Actuary Regulations" issued based on the same article. As of 31 December 2013, the Pension Fund has 2,401employees and 918 pensioners (31 December 2012: 2,571 employees and 873 pensioners).

ACCOUNTING PRINCIPLES (Continued)

XVI. Explanations on Liabilities Regarding Employee Benefits (Continued)

Provisional Article 23 (1) of Banking Law No: 5411 (the "Banking Law") published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the "SSI") within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court's ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the "TGNA") initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers' resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years.

According to the related regulation, all other outstanding social rights and payments of participants (even though they are covered in their respective settlement deed) shall be covered by the companies employing pension fund participants following the transfer of the pension fund participants and/or those that are paid annuities and their beneficiaries to the Social Security Institution.

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2013. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Parent Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Bank.

Defined Contribution Plans

The Parent Bank pays contributions to Social Security Funds and to "Security Fund" whose members joined to the Bank as a consequence of merger.

ACCOUNTING PRINCIPLES (Continued)

XVII. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20%.

The corporate tax in Holland is 25% for Economy Bank.

The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset from the final tax liability for the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are offset against the corporate tax levied in Turkey.

75% of participation shares held at least for two years and 75% of sale proceeds of real estate, to the extent that they are included in capital as required in Corporate Tax Law or they are retained in a special fund liability account for 5 years, and 75% of sale proceeds of real estate received from bank receivables are exempt from corporate taxation.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month**.**

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred Tax Liability / Asset

The Group calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of 31 December 2013 and 31 December 2012, in accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the Parent Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis in the standalone financial statements of the consolidated subsidiaries.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge of TL103,658 (31 December 2012:TL85,209 deferred tax income) is stated under the deferred tax provision in the income statement. The part of deferred tax, directly related with financial assets relevant with equity, is netted with accounts consisting in equity account group including TL21,760 credit (31 December 2012: TL41,045 debit) from available-for-sale, TL4,830 debit (31 December 2012: TL2,742 credit) from actuarial gain and loss, TL20,463 debit (31 December 2012: TL13,544 credit) from hedge funds, TL18,092 credit (31 December 2012: TL704 credit) from transfer to profit and loss in period,totally TL14,559 credit (31 December 2012:TL24,055 debit) was recorded.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

ACCOUNTING PRINCIPLES (Continued)

XVIII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

Debt securities issued by the Bank are accounted at amortized cost using effective interest rate method.

The Parent Bank has not issued convertible bonds.

XIX. Explanations on Issued Share Certificates

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two bank by means of transfer of all rights, receivables, liabilities and obligations to the Parent Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to Istanbul Trade Registry. Due to the merger, ceiling for the registered capital of the Parent Bank is increased from TL1,400,000 to TL2,204,390, and the issued capital of the Parent Bank is increased by TL1,104,390 from TL1,100,000 to TL2,204,390.

XX. Explanations on Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XXI. Explanations on Government Incentives

There are no government incentives utilized by the Group.

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

ACCOUNTING PRINCIPLES (Continued)

XXII. Explanations on Reporting According to Segmentation

The details of the income statement and the balance sheet which the group operates as a business lane according to organizational:

Current Period	Retail	Corporate	SME	Treasury/ Head Office	Elimination	Total
Net interest income	320,205	289,061	759,062	696,133	-	2,064,461
Net fees and commissions income and other operating income	187,970	165,932	251,097	196,910	(6,814)	795,095
Trading profit/loss	(442)	(3,050)	(1,271)	71,283	-	66,520
Dividend income	-	-	-	5,970	(4,209)	1,761
Impairment provision for loans and other receivables (-)	160,378	3,433	112,020	131,498	-	407,329
Other operating expenses (-)	292,867	70,432	406,179	1,012,487	(6,814)	1,775,151
Profit before taxes	**54,488**	**378,078**	**490,689**	**(173,689)**	**(4,209)**	**745,357**
Tax provision (-)	-	-	-	174,813	-	174,813
Net profit for the period	**54,488**	**378,078**	**490,689**	**(348,502)**	**(4,209)**	**570,544**

Current Period	Retail	Corporate	SME	Treasury/ Head Office	Elimination	Total
Segment assets	9,541,184	11,016,982	17,004,574	18,729,125	(87,614)	56,204,251
Investments in associates, subsidiaries and jointly controlled entities	-	-	-	174,798	(174,793)	5
Total Assets	**9,541,184**	**11,016,982**	**17,004,574**	**18,903,923**	**(262,407)**	**56,204,256**
Segment liabilities	19,520,348	11,337,393	5,934,189	13,931,182	(87,975)	50,635,137
Shareholders' equity	-	78,792	293,080	5,371,679	(174,432)	5,569,119
Total Liabilities	**19,520,348**	**11,416,185**	**6,227,269**	**19,302,861**	**(262,407)**	**56,204,256**

Prior Period	Retail	Corporate	SME	Treasury/ Head Office	Elimination	Total
Net interest income	266,534	303,512	777,574	592,456	(1)	1,940,075
Net fees and commissions income and other operating income	164,111	150,228	206,616	152,801	(1,653)	672,103
Trading profit / loss	(2,579)	672	(2,563)	(78,337)	18	(82,789)
Dividend income	-	-	202	22,518	(21,811)	909
Impairment provision for loans and other receivables (-)	84,451	80,420	118,937	41,721	-	325,529
Other operating expenses (-) (*)	226,090	68,904	403,885	855,214	(1,653)	1,552,440
Profit before taxes	**117,525**	**305,088**	**459,007**	**(207,497)**	**(21,794)**	**652,329**
Tax provision (-)	-	-	5,553	157,837	-	163,390
Net profit for the period	**117,525**	**305,088**	**453,454**	**(376,301)**	**(21,794)**	**488,939**

Prior Period	Retail	Corporate	SME	Treasury/ Head Office	Elimination	Total
Segment assets	7,224,169	9,164,479	13,364,946	16,181,299	(72,798)	45,862,095
Investments in associates, subsidiaries and jointly controlled entities	-	2,430	4,502	167,866	(174,793)	5
Total Assets	**7,224,169**	**9,166,909**	**13,369,448**	**16,349,165**	**(247,591)**	**45,862,100**
Segment liabilities	15,885,453	9,780,913	5,169,332	10,099,790	(73,152)	40,862,336
Shareholders' equity	-	46,846	321,772	4,805,585	(174,439)	4,999,764
Total Liabilities	**15,885,453**	**9,827,759**	**5,491,104**	**14,905,375**	**(247,591)**	**45,862,100**

(*) The classification mentioned in the 3rd part XXIV numbered note has been done in prior year financial statement

ACCOUNTING PRINCIPLES (Continued)

XXIII. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 25 March 2013 of the Parent Bank, TL485,627 that constitutes the 2012 net balance sheet profit shall be transferred to the extraordinary reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL24,281 as legal reserves, TL163,156 as other capital reserves, TL0.40 (full TL) as profit distributed to the holders of the founder jouissance certificates, TL0.40(full TL) as legal reserves.

XXIV. Classifications

28585 numbered communiqué on "Turkish Accounting Standard (TAS 19) about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013, was entered into force for account periods starting after 31 December 2012, in order to account the difference in actuarial assumptions changes or differences between actual and actuarial assumptions. Standard possesses to start retrospective application under "Transition and enforcement date" title. Because of the reason, amount requires to recognize as "Other Comprehensive Income", showed in prior period profit/ loss account as of 31 December 2012. As a result of this classification, as of 1 January 2013 prior period profit/ loss increased by TL10,967 and "Other Capital Reserves" was decreased by the same amount. Before the arrangement, as of 31 December 2012 the Group's profit before tax was amounting to TL638,620, and net profit was amounting to TL477,972.

SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks ", "Communiqué on Credit Risk Mitigation Techniques", "Communiqué on Calculation of Risk Weighted Amounts for Securitizations" published on 28 June 2012 and Official Gazette numbered 28337 and "Communiqué on Equities of Banks" published on 1 November 2006 in the Official Gazette numbered 26333. The Group's consolidated capital adequacy ratio is occurred 13.99% (31 December 2012: 14.84%) in accordance with the related Communiqué as of 31 December 2013.

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting data which is included in the calculation of credit and market risks classified as "Trading Accounts" and "Banking Accounts" according to the Regulation, is used.

The values deducted from the capital base in the shareholders' equity computation are excluded in calculation of risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

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

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

According to the Clause 2 of the " Communiqué on Measurement and Assessment of Capital Adequacy of Banks" presented in the article 5 of the regulation, "counterparty credit risk" is calculated for repurchase transactions, marketable securities and commodity market transactions.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio (Continued)

Information related to the capital adequacy ratio:

	Risk Weights									
	Consolidated									
Current Period – 31.12.2013	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**1250%**
Value at Credit Risk Exposure Categories										
Conditional and unconditional receivables from central governments or central bank	10,830,881	-	-	-	-	276,134	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	284,303	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	4,286	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	1,171,290	1,019,215	-	944,301	18,173	-	-	-
Conditional and unconditional receivables from corporate	-	-	-	-	-	21,653,661	-	-	-	-
Conditional and unconditional retail Receivables	-	-	-	-	12,092,627	-	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	4,762,102	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	330,498	16,923	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	568,702	1,249,767	2,775,002	40,018	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other receivables	680,116	-	13,553	-	-	2,453,886	-	-	-	-
Total Value at Risk	**11,510,997**	**-**	**1,469,146**	**5,781,317**	**12,092,627**	**26,231,468**	**1,284,863**	**2,775,002**	**40,018**	**-**
Total Risk Weighted Assets	**-**	**-**	**293,829**	**2,890,659**	**9,069,470**	**26,231,468**	**1,927,295**	**5,550,004**	**100,045**	**-**

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio (Continued)

Information related to the capital adequacy ratio: (Continued)

	Risk Weights									
	Consolidated									
Prior Period – 31.12.2012	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**1250%**
Value at Credit Risk Exposure Categories										
Conditional and unconditional receivables from central governments or central bank	8,218,842	-	-	-	-	76,530	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	150,383	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	13,291	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	1,472,341	966,230	-	680,011	14,485	-	-	-
Conditional and unconditional receivables from corporate	-	-	-	-	-	14,847,115	-	-	-	-
Conditional and unconditional retail Receivables	-	-	-	-	13,875,602	-	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	4,443,784	248,643	152,208	-	-	-	-
Past due receivables	-	-	-	-	-	257,656	14,270	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	26,379	858,747	1,252,069	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other receivables	641,382	-	-	-	-	1,660,040	-	-	-	-
									-	
Total Value at Risk	**8,860,224**	**-**	**1,622,724**	**5,410,014**	**14,124,245**	**17,713,230**	**887,502**	**1,252,069**	**-**	**-**
Total Risk Weighted Assets	**-**	**-**	**324,545**	**2,705,007**	**10,593,184**	**17,713,230**	**1,331,253**	**2,504,138**	**-**	**-**

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio (Continued)

Summary information related to the consolidated capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	CurrentPeriod	PriorPeriod
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	3,685,022	2,813,709	3,488,023	2,652,601
Capital Requirement for Market Risk (CRMR)	88,399	52,213	69,240	37,474
Capital Requirement for Operational Risk CROR (*)	319,382	291,482	300,586	274,451
Shareholders' Equity	7,156,976	5,856,092	6,860,593	5,647,740
Shareholders' Equity /((CRCR+CRMR+CROR)*12.5)*100	13.99	14.84	14.23	15.24

(*) Operational risk has been calculated by using the Basic Indicator Approach.

Information related to the components of shareholders' equity:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
CORE CAPITAL				
Paid-in Capital	2,204,390	2,204,390	2,204,390	2,204,390
Nominal Capital	2,204,390	2,204,390	2,204,390	2,204,390
Capital Commitments (-)	-	-	-	-
Inflation Adjustments to Paid-in Capital	200,262	200,262	200,262	200,262
Share Premium	2,565	2,565	2,565	2,565
Share Cancellation Profits	-	-	-	-
Reserves (*)	2,495,360	1,931,177	2,245,489	1,730,310
Inflation Adjustments to Reserves	-	-	-	-
Profit	578,313	496,894	544,545	505,475
Current Period's Profit (*)	568,816	487,397	535,048	495,978
Prior Period's Profit	9,497	9,497	9,497	9,497
Provision for Possible Losses (up to 25% of Core Capital)	-	-	-	-
Income on Sale of Equity Shares and Real Estates	101,391	101,391	101,391	101,391
Primary Subordinated Debts	212,970	178,230	212,970	178,230
Minority Shares	8,037	7,702	-	-
Loss (in excess of Reserves) (-)	-	-	-	-
Current Period's Losses	-	-	-	-
Prior Period's Losses	-	-	-	-
Leasehold Improvements on Operational Leases (-)	77,281	54,571	76,969	54,151
Intangible Assets (-)	55,700	25,012	473,933	443,401
Deferred Tax Asset in excess of 10% of Core Capital (-)	-	-	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-	-	-
Goodwill (net) (-)	421,124	421,124	-	-
Total Core Capital	**5,249,183**	**4,621,904**	**4,960,710**	**4,425,071**
SUPPLEMENTARY CAPITAL				
General Provisions	554,607	419,436	537,702	405,305
45% of Revaluation Surplus on Movables	-	-	-	-
45% of Revaluation Surplus on Immovables	-	-	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	527	527	527
Primary Subordinated Debts excluding the portion included in Core Capital	-	-	-	-
Secondary Subordinated Debts	1,462,838	791,715	1,462,838	791,715
45% of Securities Value Increase Fund	(102,647)	25,083	(93,699)	27,695
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss (excluding inflation adjustment of reserves)	-	-	-	-
Minority Shares	(47)	-	-	-
Total Supplementary Capital	**1,915,278**	**1,236,761**	**1,907,368**	**1,225,242**
CAPITAL	**7,164,461**	**5,858,665**	**6,868,078**	**5,650,313**
DEDUCTIONS FROM CAPITAL	**7,485**	**2,573**	**7,485**	**2,573**
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-	-	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	-	-	-	-
Investment in Banks and Financial Institutions that are not Consolidated but Accounted under Equity Accounting	-	-	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	6,763	1,324	6,763	1,324
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	631	1,162	631	1,162
Securitization Positions to be Deducted from Equity	-	-	-	-
Other	91	87	91	87
Total Shareholder's Equity	**7,156,976**	**5,856,092**	**6,860,593**	**5,647,740**

(*) The classification mentioned in the 3rd part XXIV numbered note has been done in prior year financial statement

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio (Continued)

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

According to defination and evaluation not to be exposed to risk at present or in the future , The Bank has created "Internal Capital Adequacy Evaluation Process" in order to provide development and implementation of proper risk management techniques aimed at reviewing and managing risks at issue , and providing sufficient capitalization to compensate risks at issue. Planning and performing the Evaluation Process responsibilities belongs to Group Risk Management (GRM) in accordance with article 45 of "Communiqué on Banks' Internal Control and Risk Management Systems ". GRM includes contribution of Internal Audit, Internal Control and Department of Financial Affairs to demand and process to provide optimum comprehensive approach of Evaluation process. Evaluation process that is included countable and uncountable risks is risk-oriented and prudential, and constitutes a clearly connection between risk types and required capital level. Risk types considered on Evaluation Process is defined on the Evaluation Report and Risk Managemet Regulation.

Process and Evaluation Report is submitted to Board of Directors after being approved by Risk Policies Committe and Audit Committee

II. Explanations Related to the Consolidated Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and causes to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector 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.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

According to the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette numbered 26333 dated 1 November 2006 which was amended with the communiqué published in the Official Gazette numbered 27119 dated 23 January 2009; Non-required delay time Loans that is not classified as Group III Loans, whose principal and interest payment collection delayed more than 30 days are considered as Non-Performing Loan in the Accounting Practice; group III, IV and V loans defined on the mentioned communiqué are considered as impaired receivables without considering refinancing or addition accrued interest and quasi-interest loading to principal.

The Bank provides specific reserves to Group III, IV and V loans in accordance with "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves"

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

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

Exposure classifications	Current Period Risk Amount (*)	Average Risk Amount (*,**)
Conditional and unconditional receivables from central governments or central banks	11,107,015	10,472,308
Conditional and unconditional receivables from regional or local governments	285,811	228,746
Conditional and unconditional receivables from administrative units and non-commercial enterprises	4,286	5,992
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	3,271,858	3,365,902
Conditional and unconditional corporate receivables	22,825,335	21,438,116
Conditional and unconditional retail receivables	12,319,132	12,347,103
Conditional and unconditional secured mortgage receivables	4,762,102	4,844,065
Past due receivables	347,421	338,212
Receivables in high risk category defined by BRSA	4,633,878	3,501,523
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	3,165,211	2,754,536

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

(**) Average risk amount is calculated by taking the average of balances on quarterly prepared to the end of the month.

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and proceeds related to forward transactions is realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market due to necessity.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the volume of the restructured loans is not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Bank is concerned.

The Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of 31 December 2013, the receivables of the Bank from its top 100 and top 200 cash loan customers amount to TL4,814,670 and TL6,575,173 and share in total cash loans respectively 12.25% and 16.73%.

As of 31 December 2013, the receivables of the Group from its top 100 ve top 200 non-cash loan customers amount to TL4,552,236 and TL5,662,134 with a share of 38.92% and 48.41% rescpectively in the total non-cash loans.

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

As of 31 December 2013, the share of cash and non-cash receivables of the Bank from its top 100 ve top 200 loan customers in total balance sheet and off-balance sheet assets is %5.20 and 7.11% respectively.

As of 31 December 2013, the general loan loss provision related with the credit risk taken by the Bank is TL554,607 (31 December 2012: TL419,436).

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Central Bank of Turkey	6,117,942	3,808,017
Due from banks	460,585	992,607
Other money markets	245	1,700,295
Trading financial assets	654,847	472,295
Derivative financial instruments held for trading	729,270	166,710
Derivative financial instruments for hedging purposes	112,245	16,883
Financial assets available-for-sale	4,408,885	4,308,832
Held-to-maturity investments	292,956	20,416
Loans (*)	40,736,035	31,691,330
Total	**53,513,010**	**43,177,385**
Contingent liabilities	11,695,946	10,490,438
Commitments	11,549,131	9,837,623
Total	**23,245,077**	**20,328,061**
Total credit risk exposure	**76,758,087**	**63,505,446**

(*) Loans included factoring receivables amounting to TL1,092,687 (31December 2012: TL754,767)

Credit quality per class of financial assets as of 31 December 2013 and 31 December 2012 is as follows:

Current Period	**Neither past due nor impaired**	**Past due or individually impaired**	**Total**
Loans and receivables			
Commercial loans	25,454,682	1,071,844	26,526,526
Consumer loans	9,747,452	632,355	10,379,807
Credit cards	2,463,627	199,344	2,662,971
Other loans	74,044	-	74,044
Total	**37,739,805**	**1,903,543**	**39,643,348**

Prior Period	**Neither past due nor impaired**	**Past due or individually impaired**	**Total**
Loans and receivables			
Commercial loans	20,110,717	924,202	21,034,919
Consumer loans	7,616,269	387,217	8,003,486
Credit cards	1,591,411	277,534	1,868,945
Other loans	88,238	-	88,238
Total	**29,406,635**	**1,588,953**	**30,995,588**

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Carrying amount per class of financial assets whose terms have been renegotiated:

	Current Period	Prior Period
Loans and receivables		
Commercial loans	609,055	170,772
Consumer loans	440,937	315,599
Credit cards	3,642	-
Total	**1,053,634**	**486,371**

Credit Rating System

The credit risk is assessed through the internal rating system of the TEBCORE, by classifying loans from highest grade to lowest grade according to the probability of default. As of 31 December 2013, consumer loans and business loans are excluded from the internal rating system of the Parent Bank and those loans are about 39.31% of total loan portfolio.

The risks that are subject to rating models can be allocated as follows:

Category	Description of Category	Share in the Total %
1st Category	The borrower has a very strong financial structure	36.51
2nd Category	The borrower has a good financial structure	26.18
3rd Category	The borrower has an intermediate level of financial structure	31.95
4th Category	The financial structure of the borrower has to be closely monitored in the medium term	5.36
	Total	**100.00**

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Profile of significant exposures in major regions:

	Exposure Categories															
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others
Current Period																
Domestic	49,748	56,531	-	-	-	1,059,789	17,247,053	7,344,065	2,317,559	353,848	8,062,169	-	-	-	-	2,245,884
European Union (EU) Countries	83,561	-	-	-	-	136,940	443,384	5,530	67	260	-	-	-	-	-	21,985
OECD Countries (*)	-	-	-	-	-	103,747	108,614	-	-	-	-	-	-	-	-	780
Off-Shore Banking Regions	142,825	-	-	-	-	20,982	123,107	28,479	18,812	26	-	-	-	-	-	-
USD, Canada	-	-	-	-	-	-	7,558	126	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	78,712	152,604	6,519	759	1,749	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	631	4,286	-	-	376,299	4,743,019	1,854,630	43,853	-	31,621	-	-	-	-	205,603
Total	**276,134**	**57,162**	**4,286**	**-**	**-**	**1,776,469**	**22,825,339**	**9,239,349**	**2,381,050**	**355,883**	**8,093,790**	**-**	**-**	**-**	**-**	**2,474,252**

(*) Includes OECD countries other than EU countries, USA and Canada.
(**) Includes assets and liabilitiy items that can not be allocated on a consistent basis.
(***) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Profile of significant exposures in major regions:

	Exposure Categories															
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others
Prior Period																
Domestic	339	29,902	7,775	-	-	826,027	10,147,660	8,985,816	2,491,666	275,866	3,792,259	-	-	-	-	1,486,153
European Union (EU) Countries	50,901	-	-	-	-	165,258	236,633	3,630	103	427	-	-	-	-	-	23,332
OECD Countries (*)	10,711	-	-	-	-	2,997	157,272	-	-	-	-	-	-	-	-	-
Off-Shore Banking Regions	4,874	-	-	-	-	93,589	35,581	43,104	11,873	1,541	-	-	-	-	-	-
USD, Canada	-	-	-	-	-	75,390	2,832	2	-	303	-	-	-	-	-	-
Other Countries	9,704	-	-	-	-	67,798	168,696	5,828	2,257	925	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	392	5,515	-	-	269,523	4,866,484	1,602,525	54,683	-	26,824	-	-	-	-	162,674
Total	**76,529**	**30,294**	**13,290**	**-**	**-**	**1,500,582**	**15,615,158**	**10,640,905**	**2,560,582**	**279,062**	**3,819,083**	**-**	**-**	**-**	**-**	**1,672,159**

(*) Includes OECD countries other than EU countries, USA and Canada.
(**) Includes assets and liabilitiy items that can not be allocated on a consistent basis.
(***) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Risk profile by Sectors or Counterparties:

	Exposure Categories																		
Current Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	TL (*)	FC	Total
Agriculture	-	-	-	-	-	-	1,571,832	184,067	166,131	21,342	354	-	-	-	-	-	1,777,392	166,334	1,943,726
Farming and Stockbreeding	-	-	-	-	-	-	1,550,526	174,448	164,850	20,783	330	-	-	-	-	-	1,748,963	161,974	1,910,937
Foresty	-	-	-	-	-	-	2,309	2,536	-	68	-	-	-	-	-	-	4,913	-	4,913
Fishery	-	-	-	-	-	-	18,997	7,083	1,281	491	24	-	-	-	-	-	23,516	4,360	27,876
Manufacturing	-	9	-	-	-	-	12,036,800	2,827,428	370,712	111,989	12,778	-	-	-	-	-	9,371,030	5,988,686	15,359,716
Minning and Quarrying	-	-	-	-	-	-	566,374	177,546	21,210	5,871	364	-	-	-	-	-	481,678	289,687	771,365
Production	-	9	-	-	-	-	11,198,494	2,638,231	347,270	105,991	12,388	-	-	-	-	-	8,748,443	5,553,940	14,302,383
Electricity, Gas and Water	-	-	-	-	-	-	271,932	11,651	2,232	127	26	-	-	-	-	-	140,909	145,059	285,968
Construction	-	-	-	-	-	-	2,721,862	491,372	162,217	27,181	5,174	-	-	-	-	-	1,949,717	1,458,089	3,407,806
Services	276,134	57,140	4,286	-	-	1,776,244	5,773,975	1,829,638	284,272	73,375	11,710	-	-	-	-	411,167	6,357,492	4,140,449	10,497,941
Wholesale and Retail Trade	-	6,929	-	-	-	-	2,234,576	599,985	97,573	26,372	2,463	-	-	-	-	-	2,247,326	720,572	2,967,898
Accomodation and Dining	-	-	-	-	-	-	511,091	94,848	48,033	3,330	382	-	-	-	-	-	412,960	244,724	657,684
Transportation and Telecom.	-	-	-	-	-	-	1,428,006	309,085	44,660	28,925	1,000	-	-	-	-	5	1,155,176	656,505	1,811,681
Financial Institutions	276,134	-	-	-	-	1,776,244	211,560	434,649	1,743	1,974	6,457	-	-	-	-	411,162	1,241,904	1,878,019	3,119,923
Real Estate and Rental Services	-	2,500	-	-	-	-	837,008	242,377	61,479	7,678	718	-	-	-	-	-	581,831	569,929	1,151,760
Self-Employment Services	-	2,307	4,286	-	-	-	262,603	79,589	17,279	3,029	514	-	-	-	-	-	319,632	49,975	369,607
Educational Services	-	1	-	-	-	-	39,030	15,103	2,164	205	45	-	-	-	-	-	54,391	2,157	56,548
Health and Social Services	-	45,403	-	-	-	-	250,101	54,002	11,341	1,862	131	-	-	-	-	-	344,272	18,568	362,840
Other	-	13	-	-	-	225	720,870	3,906,844	1,397,718	121,996	8,063,774	-	-	-	-	2,063,085	15,692,400	582,125	16,274,525
Total	**276,134**	**57,162**	**4,286**	**-**	**-**	**1,776,469**	**22,825,339**	**9,239,349**	**2,381,050**	**355,883**	**8,093,790**	**-**	**-**	**-**	**-**	**2,474,252**	**35,148,031**	**12,335,683**	**47,483,714**

(*) Foreign Currency oriented credits are shown in TL column
(**) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Risk profile by Sectors or Counterparties:

Prior Period	Exposure Categories																		
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	TL (*)	FC	Total
Agriculture	-	-	-	-	-	-	525,927	749,020	74,854	9,437	277	-	-	-	-	-	1,172,148	187,367	1,359,515
Farming and Stockbreeding	-	-	-	-	-	-	463,177	689,401	69,355	8,824	175	-	-	-	-	-	1,066,633	164,299	1,230,932
Foresty	-	-	-	-	-	-	56,744	50,650	4,171	571	83	-	-	-	-	-	90,136	22,083	112,219
Fishery	-	-	-	-	-	-	6,006	8,969	1,328	42	19	-	-	-	-	-	15,379	985	16,364
Manufacturing	-	70	-	-	-	-	9,579,276	3,512,412	463,581	108,990	10,620	-	-	-	-	-	7,538,823	6,136,126	13,674,949
Minning and Quarrying	-	-	-	-	-	-	246,161	198,992	21,642	3,673	270	-	-	-	-	-	324,341	146,397	470,738
Production	-	70	-	-	-	-	9,188,281	3,296,254	440,358	105,080	10,327	-	-	-	-	-	7,121,595	5,918,775	13,040,370
Electricity, Gas and Water	-	-	-	-	-	-	144,834	17,166	1,581	237	23	-	-	-	-	-	92,887	70,954	163,841
Construction	-	-	-	-	-	-	1,753,280	563,478	160,740	24,020	5,206	-	-	-	-	-	1,473,920	1,032,804	2,506,724
Services	76,529	30,224	13,290	-	-	1,500,582	3,318,012	1,906,943	400,924	92,674	9,140	-	-	-	-	236,426	4,672,940	2,911,804	7,584,744
Wholesale and Retail Trade	-	1,845	-	-	-	-	1,202,399	767,667	137,460	21,296	1,901	-	-	-	-	2,769	1,682,864	452,473	2,135,337
Accomodation and Dining	-	-	-	-	-	-	347,922	143,785	58,077	3,131	284	-	-	-	-	-	329,191	224,008	553,199
Transportation and Telecom.	-	-	-	-	-	-	796,230	485,749	50,073	26,305	579	-	-	-	-	-	890,908	468,028	1,358,936
Financial Institutions	76,529	-	-	-	-	1,500,582	301,328	11,552	1,171	27,956	5,409	-	-	-	-	231,182	833,008	1,322,701	2,155,709
Real Estate and Rental Services	-	-	-	-	-	-	384,627	274,681	117,044	6,307	390	-	-	-	-	-	393,066	389,983	783,049
Self-Employment Services	-	-	13,290	-	-	-	117,458	110,210	16,032	5,082	413	-	-	-	-	308	223,917	38,876	262,793
Educational Services	-	1	-	-	-	-	5,137	21,554	2,933	534	36	-	-	-	-	1,946	31,534	607	32,141
Health and Social Services	-	28,378	-	-	-	-	162,911	91,745	18,134	2,063	128	-	-	-	-	221	288,452	15,128	303,580
Other	-	-	-	-	-	-	438,663	3,909,052	1,460,483	43,941	3,793,840	-	-	-	-	1,435,733	10,805,592	276,120	11,081,712
Total	**76,529**	**30,294**	**13,290**	**-**	**-**	**1,500,582**	**15,615,158**	**10,640,905**	**2,560,582**	**279,062**	**3,819,083**	**-**	**-**	**-**	**-**	**1,672,159**	**25,663,423**	**10,544,221**	**36,207,644**

(*) Foreign Currency oriented credits are shown in TL column
(**) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Analysis of maturity-bearing exposures according to remaining maturities:

Current Period	**Term To Maturity**				
Exposure Categories	**Up to 1Month**	**1–3 Months**	**3–6 Months**	**6–12 Months**	**Over 1 year**
Conditional and unconditional exposures to central governments or central banks	147,495	6,835	707	-	121,097
Conditional and unconditional exposures to regional governments or local authorities	94	571	28	3,402	52,436
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	631,369	176,298	168,909	255,900	92,224
Conditional and unconditional exposures to corporates	6,669,947	1,336,392	1,305,465	2,522,080	5,726,034
Conditional and unconditional retail exposures	3,484,616	308,004	401,824	620,026	3,043,052
Conditional and unconditional exposures secured by real estate property	328,219	21,986	40,659	84,166	1,861,987
Past due receivables	-	-	-	-	-
Items in regulatory high-risk category defined by BRSA	-	291,255	246,215	383,811	7,140,888
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Others	1,089,487	137,593	102,638	-	161
Total	**12,351,227**	**2,278,934**	**2,266,445**	**3,869,385**	**18,037,879**

Prior Period	**Term To Maturity**				
Exposure Categories	**Up to 1Month**	**1–3 Months**	**3–6 Months**	**6–12 Months**	**Over 1 year**
Conditional and unconditional exposures to central governments or central banks	1,246	-	25,290	-	49,994
Conditional and unconditional exposures to regional governments or local authorities	161	335	303	795	28,308
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	7,775	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	484,520	59,853	289,790	162,653	66,658
Conditional and unconditional exposures to corporates	5,056,862	900,864	1,130,162	1,258,772	2,529,352
Conditional and unconditional retail exposures	4,210,944	348,825	412,364	653,218	3,405,587
Conditional and unconditional exposures secured by real estate property	467,421	28,686	60,514	83,749	1,865,315
Past due receivables	-	-	-	-	-
Items in regulatory high-risk category defined by BRSA	-	-	-	214,000	3,578,259
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Others	728,013	719	177	-	6
Total	**10,956,942**	**1,339,282**	**1,918,600**	**2,373,187**	**11,523,479**

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Information about the risk exposure categories;

As explained on the 6. Article of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks ", receivables from central governments or central banks are calculated according to the OECD's published country risks.

Receivables from unrated nonresident banks and brokerage houses may receive a risk weight lower than that applied to claims on its sovereign of incorporation. Unrated bank with a days to maturity less than 3 months subject to a floor of %20, days to maturity more than 3 months subject to a floor of 50%. Receivables from corporate is subject to a floor of 100% or a higher country risk applied to sovereign of incorporation.

Credit quality step and risk weight matching table is shown below which is based on the OECD's published country risk classifications;

OECD Credit Quality Level	Receivables from Central Governments or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
		DTM less than 3 months	DTM higher than 3 months	
0	0%	20%	50%	100%
1	0%	20%	50%	100%
2	20%	20%	50%	100%
3	50%	50%	50%	100%
4	100%	100%	100%	100%
5	100%	100%	100%	100%
6	100%	100%	100%	100%
7	150%	150%	150%	150%

Exposures by risk weights:

Current Period

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before Credit Risk Mitigation	11,510,997	-	1,479,524	5,883,348	12,319,132	27,428,614	1,285,413	2,775,002	40,018	-	561,590
Exposures after Credit Risk Mitigation	11,510,997	-	1,469,146	5,781,317	12,092,627	26,231,467	1,284,863	2,775,002	40,018	-	561,590

Prior Period

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before Credit Risk Mitigation	8,860,224	-	1,627,238	5,435,599	14,436,516	18,501,620	887,501	1,252,069	-	-	503,280
Exposures after Credit Risk Mitigation	8,860,224	-	1,622,724	5,410,014	14,124,245	17,713,230	887,502	1,252,069	-	-	503,280

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Informations in terms of major sectors and type of counterparties:

Current Period	**Credits**			
Major Sectors / Counterparties	**Impaired Credits**	**Past Due Credits**	**Value Adjustments**	**Provisions**
Agriculture	48,380	126,551	5,494	28,206
Farming and Stockbreeding	47,639	120,715	5,241	27,917
Foresty	-	4,494	195	-
Fishery	741	1,342	58	289
Manufacturing	335,737	384,349	16,662	224,156
Minning and Quarrying	19,254	28,606	1,242	14,635
Production	308,641	355,111	15,393	201,770
Electricity, Gas and Water	7,842	632	27	7,751
Construction	54,568	85,179	3,698	27,918
Services	205,316	333,335	14,472	132,783
Wholesale and Retail Trade	65,600	99,021	4,299	42,067
Accomodation and Dining	24,966	35,631	1,547	21,426
Transportation and Telecom.	75,593	96,728	4,199	47,017
Financial Institutions	614	2,339	102	477
Real Estate and Rental Services	16,052	39,239	1,704	8,270
Professional Services	16,213	38,610	1,676	10,085
Educational Services	849	3,512	152	530
Health and Social Services	5,429	18,255	793	2,911
Other	296,713	632,256	27,448	185,778
Total	**940,714**	**1,561,670**	**67,774**	**598,841**

Prior Period	**Credits**			
Major Sectors / Counterparties	**Impaired Credits**	**Past Due Credits**	**Value Adjustments**	**Provisions**
Agriculture	21,378	86,719	1,587	12,121
Farming and Stockbreeding	-	-	-	-
Foresty	21,146	85,378	1,562	11,937
Fishery	232	1,341	25	184
Manufacturing	297,839	356,163	6,513	204,366
Minning and Quarrying	70,927	1,710	31	70,433
Production	223,683	349,234	6,387	132,394
Electricity, Gas and Water	3,229	5,219	95	1,539
Construction	58,688	72,493	1,326	39,129
Services	146,721	297,269	5,395	83,790
Wholesale and Retail Trade	48,863	81,970	1,499	28,235
Accomodation and Dining	5,949	22,415	410	2,707
Transportation and Telecom.	57,115	69,810	1,235	32,720
Financial Institutions	1,216	21,283	389	868
Real Estate and Rental Services	12,153	27,721	507	6,040
Professional Services	-	-	-	-
Educational Services	954	4,647	85	529
Health and Social Services	20,471	69,423	1,270	12,691
Other	190,271	508,912	9,308	108,094
Total	**714,897**	**1,321,556**	**24,129**	**447,500**

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

II. Explanations Related to the Consolidated Credit Risk (Continued)

Information about Value Adjustment and Change in Provisions

	31.12.2012 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments*	31.12.2013 Balance
Specific Provisions	447,500	371,237	(110,202)	(118,939)	9,245	598,841
General Provisions	419,436	229,305	(97,152)	-	3,018	554,607

(*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

	31.12.2011 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments*	31.12.2012 Balance
Specific Provisions	541,076	307,601	(94,380)	-	(306,797)	447,500
General Provisions	273,409	219,221	(73,034)	-	(160)	419,436

(*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

III. Explanations Related to the Consolidated Market Risk

The Group's risk management activities are managed under the responsibility of the Board of Directors in compliance with the "Communiqué on Banks' Internal Control and Risk Management Systems" and "Communiqué on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The Board of Directors determines the limits for the basic risk that the Parent Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Parent Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Parent Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to Value at Risk (VAR), as summarized below, is taken into consideration by the standard method. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by historic simulation. These results are also reported daily to the management.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

III. Explanations Related to the Consolidated Market Risk (Continued)

a) i) Information Related to Market Risk

	Consolidated	**Parent Bank**
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	18,251	18,163
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	981	884
Capital requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	24,918	5,977
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-	-
(V) Capital Requirement to be Employed For Settlement Risk – Standard Method	-	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	831	831
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	43,418	43,385
(VIII) Total Capital Requirement to be Employed For Market Risk	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	88,399	69,240
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	**1,104,988**	**865,500**

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

	Current Period			**Prior Period**		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Interest Rate Risk	19,888	25,390	15,878	23,037	33,106	14,463
Common Stock Risk	-	-	-	1,942	3,899	-
Currency Risk	20,013	24,918	13,432	20,813	22,812	18,594
Commodity Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Counterparty Credit Risk	1,204	1,942	831	307	671	2
Option Risk	35,775	44,338	17,887	15,986	18,574	13,398
Total Value Subject to Risk (*)	**960,993**	**1,140,132**	**700,325**	**583,063**	**829,300**	**328,400**

(*) "Total Value Subject to Risk" is calculated as the total amount of capital requirements for the market risk multiplied by 12.5.

b) Information on Counterparty Credit Risk,

Limit requests of clients demanding derivative transaction are evaluated based on the related line of business in different credit committees. Limit amounts approved by credit committee are risk weighted limits. In calculation of risk amount traced to risk weighted limits is multiplied by ratios based on each factor's historical movement and that change according to transaction's nominal amount, transaction's maturity, type, currency and purpose. Updates are generally conducted on a yearly basis except for the times of strict market fluctuations. In other words, if current tables do not cover risk calculations efficiently in case of strict market fluctuations, all tables are reviewed without waiting for annual period.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

III. Explanations Related to the Consolidated Market Risk (Continued)

b) Information on Counterparty Credit Risk, (Continued)

In table calculations, different time periods are considered while making analyses. If there is a period in data set with strictly fluactuating period, historical period after this period might be crucial. Also, in historical fluctuations, similar work meant for a data is organized separately. References provided by BNPP are also considered in the process. Eventually, all results are discussed firstly among line of business and then in the Market Risk Committee. Final decision is made by Risk Policy Committee and one of the alternatives is chosen.

Customers demanding derivative transactions are separated into two based on the purpose of the transaction. Decision of allocating the client to a group is given with taking into consideration client's all transactions. Related Credit Department decides on the evaluation of client either in trading derivative transaction limit or in hedging derivative transaction limit.

In principle, all individual customers are evaluated as in trading portfolio, and The Bank works with 100% cash and cash equivalent collaterals. Commercial and corporate customers are evaluated different for each firm and based on the decision given, are subject to different collateral conditions. Risks are monitored daily based on the collateral conditions set with the client, and additional collaterals are demanded when a necessity arises according to internally set principles.

For derivative transactions made with banks, ISDA, CSA and GMRA agreements are requested from counterparties In principle, derivative transactions are not made with banks that do not sign these agreements. Collateral management is made on a daily basis with banks considering agreement conditions so that counterparty risk is minimized.

All open derivative transactions are evaluated daily by using market data, and resulting evaluation amount is installed to system. As a new transaction is made, risk amount calculated with risk weights is reflected automatically to the system. In other words, counterparty risk regarding all derivative transactions is monitored on banking system. Collateral amount required for customer transactions, transaction evaluation amount and risk weighted nominal amount is monitored daily by considering collateral condition and limit monitoring principles set up by the Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

Quantitative Information on Counterparty Risk:

	Trading Book	Banking Book	Total
Agreement Based on Interest Rate	14,615	7,120	21,735
Agreement Based on Foreign Exchange Currency	226,101	38,882	264,983
Agreement Based on Commodity	-	-	-
Agreement Based on Marketable Securities	-	-	-
Other	-	-	-
Gross Positive Fair Value	577,213	178,369	755,582
Benefits of Netting	-	-	-
Current Net Risk Amount	-	-	-
Reserved Guarantee	-	-	-
Net Position of Derivatives	817,929	224,371	1,042,300

c) Capital Requirment is not calculated with a measurement model permitted by Banking Regulation and Supervision Agency.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

IV. Explanations Related to the Consolidated Operational Risk

a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed monthly.

b) In case of application of the standart method:

	31.12.2010	31.12.2011	31.12.2012	Total/Positive Year	Rate (%)	Total
GROSS Income	2,071,801	1,805,354	2,510,493	2,129,216	15	319,382
Amount subject to Operational Risk (Total*12,5)						3,992,275

	31.12.2009	31.12.2010	31.12.2011	Total/Positive Year	Rate (%)	Total
GROSS Income	1,952,490	2,071,801	1,805,354	1,943,215	15	291,482
Amount subject to Operational Risk (Total*12,5)						3,643,525

c) The Group does not use the standard method

d) The Group does not use any alternative approach in standart method

V. Explanations Related to the Consolidated Currency Risk

Foreign currency risk indicates the probability of loss that the Group is subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Group are taken into consideration and risk is calculated by using the standard method.

The Board of Directors of the Parent Bank sets limits for the positions, which are followed up daily. Any possible changes in the foreign currency transactions in the Parent Bank's positions are also monitored.

As an element of the Group's risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

The Treasury Department of the Parent Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Parent Bank's Asset-Liability Committee on a weekly basis.

As of 31 December 2013, the Group's net long position is TL2,227,237 (31 December 2012: TL2,059,808 net long) resulting from short position on the balance sheet amounting to TL2,956,845 (31 December 2012: TL2,647,608 short) and short position on the off-balance sheet amounting to TL729,608 (31 December 2012: TL587,800 short).

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

V. Explanations Related to the Consolidated Currency Risk (Continued)

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2013 and the previous five working days in full TL are as follows:

	24.12.2013	25.12.2013	26.12.2013	27.12.2013	30.12.2013	31.12.2013
USD	2.0744	2.076	2.1122	2.1506	2.1189	2.1297
JPY	0.0199	0.0199	0.0202	0.0205	0.0202	0.0203
EURO	2.8341	2.8416	2.891	2.9684	2.9265	2.9346

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2013 are as follows:

	Monthly Average Foreign Exchange Rate
USD	2.0621
JPY	0.0199
EURO	2.8267

Foreign currency sensitivity:

The Parent Bank is mainly exposed to EUR and USD currency risks.

The following table details the Parent Bank's sensitivity to a 10% change in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A positive number indicates an increase in profit or loss and other equity in the case of short position and a decrease in the case of long position where the TL strengthens against USD and EUR.

	Change in currency rate in %	Effect on profit or loss		Effect on equity (*)	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
USD	10 increase	13,286	18,779	60	401
USD	10 decrease	(13,286)	(18,779)	(60)	(401)
EURO	10 increase	82,628	39,794	127	223
EURO	10 decrease	(82,628)	(39,794)	(127)	(223)

(*) The effect on equity does not include the effect of changes in foreign exchange rate on the income statement.

The Group's sensitivity to foreign currency rates have not changed significantly during the current period. The positions taken in line with market expectations can increase the foreign currency sensitivity from period to period.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

V. Explanations Related to the Consolidated Currency Risk (Continued)

Information on the foreign currency risk of the Group:

Current Period	**EUR**	**USD**	**OTHER**	**TOTAL**
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,813,895	2,435,949	929,469	6,179,313
Banks	104,987	156,958	118,025	379,970
Financial Assets at Fair Value Through Profit and Loss (*****)	29,053	23,054	419	52,526
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	92,866	42,043	6,149	141,058
Loans (**)	3,981,765	5,910,803	848,875	10,741,443
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-To-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	63	-	63
Tangible Assets	9,609	-	-	9,609
Intangible Assets	1,332	-	-	1,332
Other Assets (***)	426,204	204,407	18,066	648,677
Total Assets	**7,459,711**	**8,773,277**	**1,921,003**	**18,153,991**
Liabilities	-	-	-	-
Bank Deposits	61,508	141,287	91,178	293,973
Foreign Currency Deposits (*)	3,972,878	6,200,150	1,047,199	11,220,227
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions (***)	5,308,100	2,534,368	853,255	8,695,723
Marketable Securities Issued	-	-	-	-
Sundry Creditors	36,143	116,617	3,001	155,761
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (***)	9,878	4,707	959	15,544
Total Liabilities	**9,388,507**	**8,997,129**	**1,995,592**	**20,381,228**
Net Balance Sheet Position	**(1,928,796)**	**(223,852)**	**(74,589)**	**(2,227,237)**
Net Off-Balance Sheet Position	**2,755,072**	**90,997**	**110,776**	**2,956,845**
Financial Derivative Assets (****)	7,158,689	11,900,978	616,803	19,676,470
Financial Derivative Liabilities (****)	4,403,617	11,809,981	506,027	16,719,625
Non-Cash Loans (******)	3,090,581	3,703,730	149,050	6,943,361
Prior Period				
Total Assets	5,368,646	6,193,496	1,682,811	13,244,953
Total Liabilities	6,889,251	6,813,557	1,601,953	15,304,761
Net Balance Sheet Position	**(1,520,605)**	**(620,061)**	**80,858**	**(2,059,808)**
Net Off-Balance Sheet Position	1,928,082	782,648	(63,122)	2,647,608
Financial Derivative Assets	5,079,363	8,921,226	867,544	14,868,133
Financial Derivative Liabilities	3,151,281	8,138,578	930,666	12,220,525
Non-Cash Loans (******)	3,018,025	3,275,566	164,051	6,457,642

(*) Precious metal accounts amounting toTL671,360 (31 December 2012: TL798,011) are included in the foreign currency deposits.
(**) Foreign currency indexed loans amounting to TL2,508,336 (31 December 2012: TL1,907,927) are included in the loan portfolio.
(***) TL23,715 (31 December 2012: TL27,259) foreign currency indexed factoring receivables is included in other assets, while TL39,826 (31 December 2012: TL53,288) expense accruals from derivative financial instruments, and TL14,983 (31 December 2012: TL12,286) provision for general loan losses are deducted from other liabilities TL931 (31 December 2012: TL150) foreign currency indexed factoring payables is included in the other liabilities. Foreign currency indexed liabilities are included in funds provided from other financial institutions.
(****) Forward asset and marketable securities purchase-sale commitments of TL626,064 (31 December 2012: TL654,449) are added to derivative financial assets and TL549,644 (31 December 2012: TL431,360) has been added to derivative financial liabilities.
(*****) TL32,146 (31 December 2012: TL55,161) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.
(******) There is no effect on the net off-balance sheet position.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VI. Explanations Related to Consolidated Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The priority of the risk management department is to avoid the impact of the fluctuations in interest rates. In this context, duration, maturity and sensitivity analysis are calculated by the Risk Management Department and presented to both Liquidity Risk Committee and Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Group.

The Parent Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Parent Bank when necessary.

Since the Group does not allow maturity mismatches or imposes limits on the mismatch, no significant interest rate risk exposure is expected.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	6,811,612	6,811,612
Banks	207,353	4,047	2,044	-	-	247,141	460,585
Financial Assets at Fair Value Through Profit and Loss	15,286	81,605	535,463	61,032	16,084	674,647	1,384,117
Money Market Placements	245	-	-	-	-	-	245
Available-For-Sale Financial Assets	501,840	1,088,923	1,089,614	1,626,144	81,349	21,015	4,408,885
Loans and Receivables (*)	12,646,061	2,282,817	7,017,871	13,181,229	4,139,381	375,989	39,643,348
Factoring Receivables	643,004	336,654	107,479	-	-	5,550	1,092,687
Financial Lease Receivables	-	-	-	-	-	-	-
Held-To-Maturity Investments	28,988	80,163	183,805	-	-	-	292,956
Other Assets	833	1,948	21,653	29,459	3,252	2,052,676	2,109,821
Total Assets	**14,043,610**	**3,876,157**	**8,957,929**	**14,897,864**	**4,240,066**	**10,188,630**	**56,204,256**
Liabilities							
Bank Deposits	1,491,958	28,478	8,182	-	-	106,954	1,635,572
Other Deposits	20,486,895	7,390,861	569,996	146,230	307	5,303,285	33,897,574
Money Market Borrowings	1,083,153	-	-	-	-	-	1,083,153
Sundry Creditors	-	-	-	-	-	1,122,712	1,122,712
Marketable Securities Issued	-	278,005	432,271	-	-	-	710,276
Funds Provided From Other Financial Institutions	2,017,071	3,377,011	4,084,836	164,800	117,152	-	9,760,870
Factoring Payables	-	-	-	-	-	8,012	8,012
Other Liabilities	17,542	17,439	41,917	42,180	3,301	7,863,708	7,986,087
Total Liabilities	**25,096,619**	**11,091,794**	**5,137,202**	**353,210**	**120,760**	**14,404,671**	**56,204,256**
Balance Sheet Long Position	-	-	3,820,727	14,544,654	4,119,306	-	22,484,687
Balance Sheet Short Position	(11,053,009)	(7,215,637)	-	-	-	(4,216,041)	(22,484,687)
Off-Balance Sheet Long Position	641,617	2,625,354	-	-	-	-	3,266,971
Off-Balance Sheet Short Position	-	-	(1,811,144)	(1,164,705)	(158,017)	-	(3,133,866)
Total Position	**(10,411,392)**	**(4,590,283)**	**2,009,583**	**13,379,949**	**3,961,289**	**(4,216,041)**	**133,105**

(*) Loans with floating interest rates of the Parent Bank amounting to TL6,850,037 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL3,404 are included in "1-5 Years".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL332,957; intangible assets amounting to TL476,824, assets held for resale amounting toTL83,217, entities under common control (joint vent.) amounting to TL5, and the other liabilities line includes the shareholders' equity of TL5,569,119.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VI. Explanations Related to Consolidated Interest Rate Risk (Continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	4,449,400	4,449,400
Banks	786,614	2,003	-	-	-	219,699	1,008,316
Financial Assets at Fair Value Through Profit and Loss	10,609	73,402	323,414	57,296	26,945	147,339	639,005
Money Market Placements	1,700,525	-	-	-	-	-	1,700,525
Available-For-Sale Financial Assets	658,492	592,162	1,692,743	1,271,236	69,596	24,603	4,308,832
Loans and receivables (*)	11,141,620	1,996,166	5,282,608	9,263,495	2,957,548	354,151	30,995,588
Factoring Receivables	421,330	236,115	92,790	-	-	4,532	754,767
Financial Lease Receivables	-	-	-	-	-	-	-
Held-To-Maturity Investments	-	-	20,416	-	-	-	20,416
Other Assets	523	-	714	10,088	1,175	1,972,751	1,985,251
Total Assets	**14,719,713**	**2,899,848**	**7,412,685**	**10,602,115**	**3,055,264**	**7,172,475**	**45,862,100**
Liabilities							
Bank Deposits	668,839	27,165	7,073	35,622	-	193,087	931,786
Other Deposits	15,243,909	8,049,215	1,447,678	152,770	263	4,134,313	29,028,148
Money Market Borrowings	65,120	-	-	-	-	-	65,120
Sundry Creditors	-	-	-	-	-	888,339	888,339
Marketable Securities Issued	287,660	-	206,577	-	-	-	494,237
Funds Provided From Other Financial Institutions	1,244,340	3,650,455	1,420,074	160,479	572,147	-	7,047,495
Factoring Payables	-	-	-	-	-	3,988	3,988
Other Liabilities	1,398	133	5,894	163,461	18,460	7,213,641	7,402,987
Total Liabilities	**17,511,266**	**11,726,968**	**3,087,296**	**512,332**	**590,870**	**12,433,368**	**45,862,100**
Balance Sheet Long Position	-	-	4,325,389	10,089,783	2,464,394	-	16,879,566
Balance Sheet Short Position	(2,791,553)	(8,827,120)	-	-	-	(5,260,893)	(16,879,566)
Off-Balance Sheet Long Position	974,971	1,598,199	-	-	-	-	2,573,170
Off-Balance Sheet Short Position	-	-	(150,000)	(1,448,474)	(766,726)	(221,048)	(2,586,248)
Total Position	**(1,816,582)**	**(7,228,921)**	**4,175,389**	**8,641,309**	**1,697,668**	**(5,481,941)**	**(13,078)**

(*) Loans with floating interest rates of the Parent Bank amounting to TL6,859,836 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL16,309 are included in "1-5 Years".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL256,273; intangible assets amounting to TL446,136, assets held for resale amounting to TL61,590, entities under common control (joint vent.) amounting to TL5, and the other liabilities line includes the shareholders' equity of TL4,999,764.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VI. Explanations Related to Consolidated Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	2.70	2.70	-	0.87
Financial Assets at Fair Value Through Profit and Loss	0.09	3.93	-	9.49
Money Market Placements	-	-	-	6.83
Available-For-Sale Financial Assets	0.86	3.43	-	9.49
Loans	3.78	4.01	3.43	11.72
Leasing Receivables	-	-	-	-
Factoring Receivables	2.78	2.18	-	11.50
Held-To-Maturity Investments	-	-	-	11.34
Liabilities				
Bank Deposits	0.39	0.58	-	5.60
Other Deposits	2.27	2.33	0.16	8.71
Money Market Borrowings	-	-	-	6.70
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	8.32
Funds Provided From Other Financial Institutions	1.67	2.34	2.42	8.12

	EURO %	USD %	YEN %	TL %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.19	0.18	-	5.65
Financial Assets at Fair Value Through Profit and Loss	4.91	4.39	-	6.07
Money Market Placements	-	-	-	6.33
Available-For-Sale Financial Assets	1.34	2.81		5.87
Loans	4.38	5.31	4.64	12.59
Leasing Receivables	-	-	-	-
Factoring Receivables	3.48	2.84	-	12.45
Held-To-Maturity Investments	6.21	5.28	-	-
Liabilities				
Bank Deposits	1.01	0.72	-	5.33
Other Deposits	2.71	2.60	0.51	8.35
Money Market Borrowings	-	-	-	5.25
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	7.02
Funds Provided From Other Financial Institutions	1.59	2.91	2.44	9.69

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VI. Explanations Related to Consolidated Interest Rate Risk (Continued)

Interest rate risk on banking accounts:

a) Nature of interest rate risk caused by the banking accounts, significant assumptions on the deposit movement excepting early repayment of the loans and time deposits and measurement frequency of the interest rate risk,

Interest rate risk resulting from the banking accounts whose imposed interest risk that is traced by the bank, as well as been assessing by the related committee in different angle. There is a limit to risk amount defined by the Board of Directors. According to view of market expectation of the bank in terms of currency, is taken care in order to supply balancing between assets and liabilities

Early repayment rate of loans is determined upon reviewing to feedback of previous mortgage rate movements. Repricing days of demand deposit at bank account is settled on basing of demand deposit movements in view of branches and accounts. Accepted assumptions in parallel of result are reflected to issued products in calculation of interest rate sensitivity.

b) The Parent Bank only economic value differences resulted from interest rate instabilities calculated according to "Regulation on measurement and evaluation of interest rate risk resulted from the banking accounts as per standard shock method":

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity– (Losses)/Equity
TRY	(400)	864,647	12.60%
TRY	500	(930,990)	(13.57)%
EURO	(200)	19,774	0.29%
EURO	200	(16,890)	(0.25)%
USD	(200)	65,434	0.95%
USD	200	(58,972)	(0.86)%
Total (of negative shocks)	**(800)**	**949,855**	**13.84%**
Total (of positive shocks)	**900**	**(1,006,852)**	**(14.68)%**

Equity share position risk in banking accounts

The Parent Bank's equity securities which are not publicly traded are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determinate properly.

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Group's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Parent Bank continuously determines standards for the liquidity proportions, and monitors them.

According to the general policies of the Group, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TL and foreign currency assets and liabilities on the balance sheet and their costs. According to this strategy, the Parent Bank manages its maturity risk within the limits determined by Parent Bank's Board of Directors.

When the funding and liquidity sources are considered, the Parent Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources. Generally the Parent Bank is in a lender position.

Considering specific stressors related to general market and banking, liquidity position is assessed and managed through various scenarios. The most important of these scenarios is to proceed with parent bank's net liquid assets/ loans to customers ratio within the limit.

	Current Year %	Prior Year %
Average	23	23
Maximum	32	30
Minumun	18	17

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,546,639	5,264,973	-	-	-	-	-	6,811,612
Banks	305,601	148,893	4,047	2,044	-	-	-	460,585
Financial Assets at Fair Value Through Profit and Loss	-	172,491	173,569	789,415	229,616	19,026	-	1,384,117
Money Market Placements	-	245	-	-	-	-	-	245
Available-For-Sale Financial Assets	21,015	12,624	582,677	972,061	2,408,587	411,921	-	4,408,885
Loans(**)	17,468	12,515,693	1,726,569	7,023,716	13,725,345	4,292,684	341,873	39,643,348
Factoring Receivables	-	643,004	336,654	107,479	-	-	5,550	1,092,687
Financial Lease Receivables	-	-	-	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-	292,956	-	292,956
Other Assets	833	4,165	43,123	21,874	44,602	3,252	1,991,972	2,109,821
Total Assets	**1,891,556**	**18,762,088**	**2,866,639**	**8,916,589**	**16,408,150**	**5,019,839**	**2,339,395**	**56,204,256**
Liabilities								
Bank Deposits	107,038	1,491,874	28,478	8,182	-	-	-	1,635,572
Other Deposits	5,937,860	19,852,320	7,367,861	592,996	146,230	307	-	33,897,574
Funds Provided From Other Financial	-	1,574,999	1,810,130	4,214,255	590,809	1,570,677	-	9,760,870
Institutions	-	1,083,153	-	-	-	-	-	1,083,153
Money Market Borrowings	-	0	278,005	432,271	-	-	-	710,276
Marketable Securities Issued	2,079	1,111,142	21	4	6	-	9,460	1,122,712
Sundry Creditors	-	8,012	-	-	-	-	-	8,012
Factoring Payables	1,307	1,011,149	136,980	344,462	80,361	3,301	6,408,527	7,986,087
Other Liabilities								
Total Liabilities	**6,048,284**	**26,132,649**	**9,621,475**	**5,592,170**	**817,406**	**1,574,285**	**6,417,987**	**56,204,256**
Liquidity Gap	**(4,156,728)**	**(7,370,561)**	**(6,754,836)**	**3,324,419**	**15,590,744**	**3,445,554**	**(4,078,592)**	**-**
Prior Period								
Total Assets	1,557,595	17,234,326	1,921,921	7,340,028	11,994,354	3,576,069	2,237,807	45,862,100
Total Liabilities	4,815,712	18,900,588	10,533,384	3,997,483	969,652	949,063	5,696,218	45,862,100
Liquidity Gap	**(3,258,117)**	**(1,666,262)**	**(8,611,463)**	**3,342,545**	**11,024,702**	**2,627,006**	**(3,458,411)**	**-**

(*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as under undistributed.

(**) Loans with floating interest rates of the Parent Bank amounting to TL6,850,037 (31 December 2012: TL6,859,836) are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL3,404 (31 December 2012: TL16,309) are included in "1-5 Years".

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
As of 31 December 2013,								
Money Market Borrowings	-	1,083,376	-	-	-	-	(223)	1,083,153
Deposit	5,937,862	19,882,932	7,469,878	604,875	156,448	-	(154,421)	33,897,574
Bank Deposit	107,039	1,492,313	28,556	8,591	-	-	(927)	1,635,572
Funds provided from other financial instutions	-	1,585,464	1,823,724	4,322,872	906,174	1,915,467	(792,831)	9,760,870
Total	**6,044,901**	**24,044,085**	**9,322,158**	**4,936,338**	**1,062,622**	**1,915,467**	**(948,402)**	**46,377,169**
As of 31 December 2012,								
Money Market Borrowings	-	65,120	-	-	-	-	-	65,120
Deposit	4,622,556	14,790,598	8,148,705	1,492,474	165,314	14	(191,513)	29,028,148
Bank Deposit	193,156	669,073	27,767	7,296	36,028	-	(1,534)	931,786
Funds provided from other financial instutions	-	580,425	915,085	4,016,500	954,822	1,210,239	(629,576)	7,047,495
Total	**4,815,712**	**16,105,216**	**9,091,557**	**5,516,270**	**1,156,164**	**1,210,253**	**(822,623)**	**37,072,549**

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments::

	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Total
As of 31 December 2013,						
Derivative financial instruments for hedging purposes						
Fair value hedge	-	497,383	7,718	124,002	-	629,103
Cash flow hedge	16,296	3,458	131,843	102,146	630	254,373
Held for trading transactions						
Foreign exchange forward contracts-sell	1,706,709	943,466	1,412,272	371,446	-	4,433,893
Currency swaps-sell	3,311,054	3,332,033	2,732,970	1,016,684	-	10,392,741
Interest rate swaps-sell	14,002	16,075	42,538	38,654	3,100	114,369
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	2,416,106	2,995,020	4,581,282	11,501	-	10,003,909
Total	**7,464,167**	**7,787,435**	**8,908,623**	**1,664,433**	**3,730**	**25,828,388**
As of 31 December 2012,						
Derivative financial instruments for hedging purposes						
Fair value hedge	1,804	13,835	30,126	1,486,575	-	1,532,340
Cash flow hedge	18,992	21,014	98,328	158,780	2,228	299,342
Held for trading transactions						
Foreign exchange forward contracts-sell	1,011,976	1,007,121	1,071,242	56,403	-	3,146,742
Currency swaps-sell	2,140,278	1,194,078	2,617,801	220,795	-	6,172,952
Interest rate swaps-sell	5,790	1,031	6,260	22,170	692	35,943
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	2,389,585	3,064,581	2,985,520	942	-	8,440,628
Total	**5,568,425**	**5,301,660**	**6,809,277**	**1,945,665**	**2,920**	**19,627,947**

Table above shows cash outflows of derivative instruments

Securitization positions:

The Group does not apply securitization as of 31 December 2013 (31 December 2012: None).

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Credit Risk Mitigation Techniques:

a) Process of net-offs of balance sheet and off-balance sheet items and net-offs made through policies and Parent Bank's net-off usage level,

Parent Bank does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation.

b) Applications regarding valuation and management of collaterals,

Monetary collaterals are valued at fair value as of reporting date, and are included in the risk mitigation process. Mortgages' legal validity is sustained by mortgage's timely and fair approval. Changes considered important in market conditions are monitored.

c) Types of collaterals received,

In terms of credit risk mitigation, the Parent bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on dwelling and commercial real estate reported under different risk class are other main types of collaterals.

d) Main Guarantor and credit derivatives' counter party and their credit valuableness,

Guarantor entity's credit risk value is to be considered in credit risk mitigation process in cases where Parent bank credit customers obtained guarantee from other entities.

e) Information on Credit mitigation in market or credit risk concentration,

Parent Bank mostly prefers cash, securities such as government and Treasury bond for collateral which have low market and credit risk mitigation risk.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Credit Risk Mitigation Techniques: (Continued)

f) Collaterals in terms of Risk Categories:

Current Period

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	276,134	-	-	-
Conditional and unconditional receivables from regional or local governments	56,861	1,533	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	4,286	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1,715,426	130,514	-	-
Conditional and unconditional corporate receivables	21,653,661	1,368,363	-	-
Conditional and unconditional retail receivables	9,069,470	282,453	-	-
Conditional and unconditional secured mortgage receivables	2,381,051	-	-	-
Non-performing loan	355,883	-	-	-
Receivables in high risk category defined by BRSA	8,093,402	1,226	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	2,456,593	17,656	-	-
Total	**46,062,767**	**1,801,745**	**-**	**-**

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Credit Risk Mitigation Techniques: (Continued)

Prior Period

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	76,530	-	-	-
Conditional and unconditional receivables from regional or local governments	30,077	1,147	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13,291	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1,479,557	54,285	-	-
Conditional and unconditional corporate receivables	14,876,740	896,414	-	-
Conditional and unconditional retail receivables	10,406,701	378,919	-	-
Conditional and unconditional secured mortgage receivables	2,560,582	-	-	-
Non-performing loan	278,647	-	-	-
Receivables in high risk category defined by BRSA	3,818,638	1,523	-	-
Securities collateralized by mortgages			-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	1,653,264	12,118	-	-
Total	**35,194,027**	**1,344,406**	**-**	**-**

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Risk management objectives and policies

a) Strategies and practices on risk management:

The objective of the Risk Management system is to provide that the risks that are derived from the bank's activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Risk Management functions of the Parent Bank and all of its subsidiaries have been gathered under the Risk Management Group. Group Risk Management reports to the Boards of Directors of TEB through the Audit Committee within the Bank and is responsible for fulfilling its duties of general supervision, notification and recommendation on behalf of the Boards of Directors in line with the principles laid down in this Regulation.

Risk policies and the procedures related there to contain written standards set by the Board of Directors and the "Senior Management" consisting of General Manager, Assistant General Managers and Chief Risk Officer.

Risk policies and related procedures are prepared in compliance with the Banking Law, external legislation and general banking practices and presented to the Senior Management / Board of Directors for approval.

It is the principal duty of all managers of Parent Bank to provide compliance with risk policies containing the criteria required for each unit and to provide that TEB Group risk culture is adopted by all employees.

b) Risk management system's structure and organization

Risk management operations consist of risk measurement, monitoring of risks, control of risks and reporting operations. Risk management operations are conducted by group risk management and personnel.

Group risk management head reports to the Board of Directors via Audit Committee.

c) Risk reporting and measurement systems' scope and qualification,

In order to ensure that the results of risk measurement and monitoring are regularly and timely reported to the Board of Directors and to the Senior Management, realization of the following shall be monitored:

- The risks of the Parent Bank are reported in a detailed and reliable manner to the Board of Directors, to the Audit Committee, to the Senior Management, to the auditors, to the banking authorities, to the rating organizations and finally to the public; and more generally, to keep relations with legal authorities, supervisory and rating organizations in matters related to risk management.

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Risk management objectives and policies: (Continued)

- The quantifiable risks are kept within prescribed limits; excesses are identified, stress tests and scenario analyses are performed to evaluate the effect of unexpected market conditions on basic activities and the results are reported to the Board of Directors or to the Senior Management timely and regularly.

- Data on positions and prices is followed up, risk balances are monitored, excesses are identified and monitored, various scenario analyses are performed, value at risk amounts are determined and reported, coordination with other activity fields and units is ensured,

- Daily reports from risk measurement models used by the Parent Bank are generated, these reports are analyzed, it's ensured that quantifiable risks comply with prescribed limits and the conformity with the limits is monitored,

- Limits defined for each risk on unit/organization basis are aggregated and monitored on a consolidated basis.

The Group Risk Management follows the consequences of the results of risk measurement and monitoring and submits them to the Board of Directors either directly or through the Audit Committee.

i) Credit Risk

Parent Bank has internal rating models for corporate and SME segments. Application and behavioral score cards are used for entity and individual segments.

ii) Market Risk

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currencies and in linear scenario analysis, not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted financial figures.

According to economic cost approach, changes in market interest rates may affect Bank's assets, liabilities and off balance sheet items values. Bank's economic value's sensitivity to interest rate is an important issue for stockholders, management and auditors.

Economic value of a product is net present value that is calculated by discounting expected cash flow.

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Liquidity Risk (Continued)

Risk management objectives and policies (Continued)

Economic value of the Parent Bank is the net present value of the cash flows that is subtracting expected cash flows of liabilities from net present value of assets and adding off balance sheet items expected cash flows. Economic value approach represents Bank's value's sensitivity to interest rate fluctuations.

Market value of equity is defined as the difference between the market value of assets and liabilities. The Board of Directors predefines a limit for market value of equity; shock method is applied to all items to be able to see equity's influence on market value. Shocks applied may vary based on currencies.

As Economical Value approach considers effects of interest rate changes on all future cash flows, it enables to comprehensively understand effects of interest rate changes in the long run.

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; motive behind which is to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, VaR (value at risk) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked and reported to the management.

Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product based cash flows are formed, repricing, maturity and product based acceptances are also considered.

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/annual cumulative profit/loss balances and some positions taken in that month.

All limit and risk positions are represented to Audit Committee and to The Board of Directors

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Liquidity Risk (Continued)

Risk management objectives and policies (Continued)

d) Procedures on risk management and risk mitigation policies with regular control of their effectiveness:

The Parent Bank maintains legal validations of collaterals are used for credit risk mitigation and complies with operational standards which are required for capital adequacy regulation. Market values of collaterals are regularly updated. All physical collaterals are insured. Collateral deficiency in amount or quality is determined by monitoring system and actions are taken by related groups.

VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

	Book Value		Fair Value	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
Financial Assets	**45,898,706**	**38,788,444**	**46,251,462**	**38,967,937**
Money Market Placements	245	1,700,525	245	1,700,525
Banks	460,585	1,008,316	519,726	1,008,316
Available-For-Sale Financial Assets	4,408,885	4,308,832	4,408,886	4,308,832
Held-To-Maturity Investments	292,956	20,416	288,676	20,528
Loans(**)	40,736,035	31,750,355	41,033,929	31,929,736
Financial Liabilities	**48,210,157**	**38,455,125**	**48,279,714**	**38,464,480**
Bank Deposit	1,635,572	931,786	1,645,530	932,076
Other Deposit	33,897,574	29,028,148	33,948,265	29,035,959
Funds Borrowed From Other Financial (*)	10,844,023	7,112,615	10,872,508	7,112,720
Marketable Securities Issued	710,276	494,237	690,309	495,386
Sundry Creditors	1,122,712	888,339	1,123,102	888,339

(*) Funds provided under repo transactions and subordinated loans are included in funds borrowed from other financial institutions.
(**) Factoring receivables are included in loans

The table above shows the book value and the fair value of the financial assets and liabilities which are not disclosed at their fair value in the financial statements of the Bank.

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term.

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

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (Continued)

The fair values of financial assets and financial liabilities are determined as follows:

- Tier 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Tier 2: The fair value of other financial assets and financial liabilities are determined in accordance with inputs other than quoted prices included within Tier 1, that are observable either directly or indirectly in the market.
- Tier 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non-observable inputs.

31 December 2013	Tier 1	Tier 2	Tier 3	Total
Financial Assets				
Financial assets at fair value through profit and loss	654,847	729,270	-	1,384,117
Public sector debt securities	*654,847*	-	-	*654,847*
Derivative financial assets held for trading	-	*729,270*	-	*729,270*
Derivative financial assets for hedging purposes	-	112,245	-	112,245
Available-for-sale financial assets	4,381,464	16,852	-	4,398,316
Public sector debt securities	*4,358,860*	*7,626*	-	*4,366,486*
Other available-for-sale financial assets(*)	*22,604*	*9,226*	-	*31,830*
	-	-	-	-
Financial Liabilities				
Derivative financial liabilities held for trading	-	482,831	-	482,831
Derivative financial liabilities for hedging purposes	-	69,438	-	69,438

31 December 2012	Tier 1	Tier 2	Tier 3	Total
Financial Assets				
Financial assets at fair value through profit and loss	472,295	166,710	-	639,005
Public sector debt securities	*472,295*	-	-	*472,295*
Derivative financial assets held for trading	-	*166,710*	-	*166,710*
Derivative financial assets for hedging purposes	-	16,883	-	16,883
Available-for-sale financial assets	4,286,049	14,099	-	4,300,148
Public sector debt securities	*4,279,355*	*4,874*	-	*4,284,229*
Other available-for-sale financial assets(*)	*6,694*	*9,225*		*15,919*
Financial Liabilities				
Derivative financial liabilities held for trading	-	234,815	-	234,815
Derivative financial liabilities for hedging purposes	-	168,507	-	168,507

(*) TL10,569 (31 December 2012: TL8,684) at cost not included.

There is no transition between Tier 1 and Tier 2 in the current year.

IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets

The Group performs trading transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not deal with fiduciary transactions

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Consolidated Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign Currency	307,324	366,380	321,742	269,293
Balances with the Central Bank of Turkey	324,975	5,792,967	447,116	3,360,901
Other	-	19,966	-	50,348
Total	**632,299**	**6,179,313**	**768,858**	**3,680,542**

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Unrestricted demand deposit	324,975	-	447,116	-
Unrestricted time deposit	-	527,994	-	30
Restricted time deposit	-	5,264,973	-	3,360,871
Total	**324,975**	**5,792,967**	**447,116**	**3,360,901**

TL527,994 (31 December 2012: TL30) foreign currency unrestricted deposit, TL5,264,973 (31 December 2012: TL3,360,871) foreign currency restricted deposit and TL324,975 (31 December 2012: TL447,116) unrestricted deposit balance comprises of reserve deposits. As of 31 December 2013, the Turkish lira required reserve ratios are determined to be within the range of 5% - 11.50% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2012: 5%-11% for all Turkish lira liabilities), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6% - 13% (31 December 2012: 6%-11% for all foreign currency liabilities).

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2012: None).

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Government bonds	-	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Net book value of unrestricted financial assets at fair value through profit and loss is TL654,847 (31 December 2012: TL472,295).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

2. Information on financial assets at fair value through profit and loss (net): (Continued)

a.3) Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Forward Transactions	166,900	11,336	19,485	14,316
Swap Transactions	254,056	46,610	55,499	36,797
Futures Transactions	-	-	-	-
Options	235,910	14,458	23,338	17,275
Other	-	-	-	-
Total	**656,866**	**72,404**	**98,322**	**68,388**

3. a) Information on banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic	12,898	56,502	412,557	31,807
Foreign	67,717	323,468	31,904	532,048
Branches and head office abroad	-	-	-	-
Total	**80,615**	**379,970**	**444,461**	**563,855**

b) Information on foreign banks :

	Restricted Amount		Unrestricted Amount	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
EU Countries	158,656	377,070	-	-
USA and Canada	75,000	92,649	-	-
OECD Countries(*)	3,597	2,000	-	-
Off-Shore Banking Regions	152,289	91,420	-	-
Other	1,643	813	-	-
Total	**391,185**	**563,952**	-	-

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

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

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	738,372	-	307,854	-
Other	-	-	-	-
Total	**738,372**	-	**307,854**	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

4. Information on financial assets available-for-sale: (Continued)

a.2) Financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1,097,509	-	42,596	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**1,097,509**	-	**42,596**	-

Net book value of debt securities and share certificates in unrestricted financial assets available-for-sale is TL2,573,004 (31 December 2012: TL3,958,382).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	4,387,870	4,284,229
Quoted on a stock exchange	4,387,870	4,284,229
Not quoted	-	-
Share certificates	21,015	24,603
Quoted on a stock exchange (*)	1,220	6,694
Not quoted	19,795	17,909
Impairment provision(-)	-	-
Total	**4,408,885**	**4,308,832**

(*) Includes TL1,220 (31 December 2012: TL1,172) of investment fund participation certificate.

All unquoted available for sale equities of the Group are recorded at fair value except for the investment of TL10,569 which is recorded at cost since its fair value cannot be reliably estimated (31 December 2012: TL8,684).

5. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	7,130	10	697	4
Corporate shareholders	6,540	-	245	-
Real person shareholders	590	10	452	4
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	57,035	-	50,797	-
Total	**64,165**	**10**	**51,494**	**4**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

	Standard Loans and Other Receivables			**Loans and Other Receivables Under Close Monitoring (*)**		
	Loans and Other Receivables (Total)	**Loans and other receivables with revised contract terms**		**Loans and Other Receivables (Total)**	**Loans and other receivables with revised contract terms**	
Cash Loans		**Restructured or Rescheduled**	**Other**		**Restructured or Rescheduled**	**Other**
Non-specialized loans	**37,739,805**	**783,456**	**-**	**1,561,670**	**270,178**	**-**
Working capital loans	-	-	-	-	-	-
Export loans	4,768,563	74,768	-	23,032	10,414	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1,228,789	-	-	27	-	-
Consumer loans(**)	9,747,452	406,669	-	556,612	34,268	-
Credit cards	2,463,627	-	-	158,436	3,642	-
Other	19,531,374	302,019	-	823,563	221,854	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	**37,739,805**	**783,456**	**-**	**1,561,670**	**270,178**	**-**

(*) The total principal amount of the loans under close monitoring in accordance with the requirements of the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended on 6 February 2008.

(**) TL3,404 income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

Number of extensions	**Performing Loans and Other Receivables (*)**	**Loans and Other Receivables under Follow-up (*)**
1 or 2 times	775,690	263,801
3,4 or 5 times	4,904	5,677
Over 5 times	2,862	700
Total	**783,456**	**270,178**

Extension Periods	**Performing Loans and Other Receivables (*)**	**Loans and Other Receivables under Follow-up(*)**
0-6 months	148,172	136,886
6-12 months	92,338	15,231
1-2 years	213,591	48,492
2-5 years	297,635	66,739
5 years and over	31,720	2,830
Total	**783,456**	**270,178**

(*) Amounts indicated in tables above was calculated based on criteria stated in "Specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables" published on the Official Gazette no. 27947 dated 28 May 2011 5th paragraph of the provisional Article 4a.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

c) Loans and other receivables according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
Cash Loans	**Loans and Other Receivables**	**Restructured or Rescheduled**	**Loans and Other Receivables**	**Restructured or Rescheduled**
Short-term loans and other receivables	**19,381,962**	**132,576**	**667,798**	**90,519**
Non-specialized loans	19,381,962	132,576	667,798	90,519
Specialized loans				
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	**18,357,843**	**650,880**	**893,872**	**179,659**
Non-specialized loans	18,357,843	650,880	893,872	179,659
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**37,739,805**	**783,456**	**1,561,670**	**270,178**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	**167,555**	**9,638,379**	**9,805,934**
Housing Loans	5,329	5,470,144	5,475,473
Vehicle Loans	8,957	719,568	728,525
General Purpose Loans	153,269	3,448,296	3,601,565
Other	-	371	371
Consumer Loans –Indexed to FC	**-**	**71,657**	**71,657**
Housing Loans	-	68,259	68,259
Vehicle Loans	-	-	-
General Purpose Loans	-	3,398	3,398
Other	-	-	-
Consumer Loans-FC (**)	**9,025**	**33,844**	**42,869**
Housing Loans	-	9,498	9,498
Vehicle Loans	-	17,079	17,079
General Purpose Loans	9,025	7,267	16,292
Other	-	-	-
Individual Credit Cards-TL	**1,836,313**	**-**	**1,836,313**
With Installments	916,313	-	916,313
Without Installments	920,000	-	920,000
Individual Credit Cards-FC	**7,187**	**-**	**7,187**
With Installments	790	-	790
Without Installments	6,397	-	6,397
Personnel Loans-TL	**4,001**	**26,015**	**30,016**
Housing Loans	-	103	103
Vehicle Loans	-	-	-
General Purpose Loans	4,001	25,912	29,913
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**23,250**	**-**	**23,250**
With Installments	11,392	-	11,392
Without Installments	11,858	-	11,858
Personnel Credit Cards-FC	**187**	**-**	**187**
With Installments	-	-	-
Without Installments	187	-	187
Overdraft Accounts-TL(Real Persons) (*)	**353,325**	**-**	**353,325**
Overdraft Accounts-FC(Real Persons)	**263**	**-**	**263**
Total	**2,401,106**	**9,769,895**	**12,171,001**

(*) Overdraft accounts include personnel loans amounting to TL3,582.
(**) Loans granted via branches abroad and TEB N.V.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TL	**1,688,602**	**3,493,955**	**5,182,557**
Business Loans	56,475	140,533	197,008
Vehicle Loans	281,920	524,338	806,258
General Purpose Loans	1,350,207	2,829,084	4,179,291
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	**207,038**	**386,202**	**593,240**
Business Loans	4,691	28,218	32,909
Vehicle Loans	37,195	119,541	156,736
General Purpose Loans	165,152	238,443	403,595
Other	-	-	-
Commercial loans with installment facility –FC	**5,999**	**-**	**5,999**
Business Loans	-	-	-
Vehicle Loans	1,017	-	1,017
General Purpose Loans	4,982	-	4,982
Other	-	-	-
Corporate Credit Cards-TL	**752,768**	**-**	**752,768**
With Installments	360,108	-	360,108
Without Installments	392,660	-	392,660
Corporate Credit Cards-FC	**2,358**	**-**	**2,358**
With Installments	-	-	-
Without Installments	2,358	-	2,358
Overdraft Accounts-TL(Legal Entities)	**711,668**	**-**	**711,668**
Overdraft Accounts-FC(Legal Entities)	**142**	**-**	**142**
Total	**3,368,575**	**3,880,157**	**7,248,732**

f) Allocation of loans by customers:

	Current Period	Prior Period
Public sector	477,256	189,294
Private sector	38,824,219	30,538,897
Total	**39,301,475**	**30,728,191**

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	38,569,042	30,003,673
Foreign Loans	732,433	724,518
Total	**39,301,475**	**30,728,191**

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	23,408	15,599
Loans and receivables with doubtful collectability	88,774	49,918
Uncollectible loans and receivables	486,659	381,983
Total	**598,841**	**447,500**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

j) Information on non-performing loans: (Net):

j.1) Information on loans and other receivables included in non-performing loans which are restructured or reschedule:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current Period			
(Gross amount before specific provisions)	-	-	-
Non-performing loans and receivables which are restructured	12,775	7,985	4,612
Non-performing loans and receivables which are rescheduled			
Prior period			
(Gross amount before specific provisions)			
Non-performing loans and receivables which are restructured	-	-	-
Non-performing loans and receivables which are rescheduled	8,647	3,811	5,307

j.2) The movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Prior period end balance	**95,428**	**125,325**	**494,144**
Additions (+)	688,509	15,016	30,764
Transfers from other categories of non-performing loans (+)	-	519,317	333,043
Transfers to other categories of non-performing loans (-)	519,317	333,043	-
Collections (-)	125,001	103,336	161,773
Write-offs (-) (*)	226	976	117,160
Corporate and commercial loans	161	769	66,664
Retail loans	35	119	25,508
Credit cards	30	88	24,988
Other	-	-	-
Current period end balance	**139,393**	**222,303**	**579,018**
Specific provision (-)	23,408	88,774	486,659
Net Balances on Balance Sheet	**115,985**	**133,529**	**92,359**

(*) Amounting to TL117,132 past due receivable portfolio for which TL114,247 provision had been allocated, is sold to LBT Varlık Yönetimi A.Ş. for TL9,310, and after all the sales procedures were completed at 28 June 2013 with the completion of the necessary procedures, and the related non-performing loans have been written off from the accounts.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

j.3) Information on foreign currency non-performing loans and other receivables:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
31 December 2013 :			
Current period end balance	1,854	5,514	86,291
Specific provision (-)	299	1,503	81,649
Net Balance on Balance Sheet	**1,555**	**4,011**	**4,642**
31 December 2012 :			
Prior period end balance	1,438	1,379	88,253
Specific provision (-)	145	372	71,870
Net Balance on Balance Sheet	**1,293**	**1,007**	**16,383**

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	139,393	222,303	579,018
Specific provision (-)	23,408	88,774	486,659
Loans to Real Persons and Legal Entities (Net)	**115,985**	**133,529**	**92,359**
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	95,428	125,325	494,144
Specific provision (-)	15,599	49,918	381,983
Loans to Real Persons and Legal Entities (Net)	**79,829**	**75,407**	**112,161**
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

k) Main principles of liquidating non-performing loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated 1 November 2006; loans and other receivables for which the collection is believed to be impossible are classified as nonperforming loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

Unrecoverable non-performing loans can be written off with the decision of the Board of Directors.

m) Other explanations and disclosures:

Current Period	**Commercial**	**Consumer**	**Credit Cards**	**Other**	**Total**
Neither past due nor impaired	25,454,682	9,747,452	2,463,627	74,044	37,739,805
Past due not impaired	846,622	556,612	158,436	-	1,561,670
Individually impaired	621,980	175,386	143,348	-	940,714
Total	**26,923,284**	**10,479,450**	**2,765,411**	**74,044**	**40,242,189**
Specific Provision	396,758	99,643	102,440	-	598,841
Total	**396,758**	**99,643**	**102,440**	**-**	**598,841**
Total allowance for impairment	**26,526,526**	**10,379,807**	**2,662,971**	**74,044**	**39,643,348**

Prior Period	**Commercial**	**Consumer**	**Credit Cards**	**Other**	**Total**
Neither past due nor impaired	20,110,717	7,616,269	1,591,411	88,238	29,406,635
Past due not impaired	739,175	335,010	247,371	-	1,321,556
Individually impaired	502,171	110,837	101,889	-	714,897
Total	**21,352,063**	**8,062,116**	**1,940,671**	**88,238**	**31,443,088**
Specific Provision	317,144	58,630	71,726	-	447,500
Total	**317,144**	**58,630**	**71,726**	**-**	**447,500**
Total allowance for impairment	**21,034,919**	**8,003,486**	**1,868,945**	**88,238**	**30,995,588**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

Based on classification, movement of allowance for loan losses and other receivables is presented as follows;

	Commercial	Consumer	CreditCards	Total
1 January 2013	317,144	58,630	71,726	447,500
Change for the period	221,288	74,637	75,312	371,237
Recoveries	(68,936)	(20,379)	(20,887)	(110,202)
Amounts written-off(*)	(81,983)	(13,245)	(23,711)	(118,939)
Foreign Currency Differences	9,245	-	-	9,245
31 December 2012 Balance	**396,758**	**99,643**	**102,440**	**598,841**

	Commercial	Consumer	CreditCards	Total
1 January 2012	296,302	86,849	157,925	541,076
Change for the period	221,568	37,953	48,080	307,601
Recoveries	(60,966)	(16,067)	(17,347)	(94,380)
Amounts written-off(**)	(138,476)	(50,105)	(116,932)	(305,513)
Foreign Currency Differences	(1,284)	-	-	(1,284)
31 December 2012 Balance	**317,144**	**58,630**	**71,726**	**447,500**

(*) TL117,132 of the non-performing loans portfolio of the Bank with TL114,247 provision has been sold to LBT Varlık Yönetim A.Ş. for TL9,310 which has been collected as of 28 June 2013 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

(**) TL124,050 of the non-performing loans portfolio of the Bank with TL124,050 provision has been sold to Girşim Varlık Yönetim A.Ş. for TL16,878 which has been collected as of 11 April 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

TL188,710 of the non-performing loans portfolio of the Bank with TL181,463 provision has been sold to LBT Varlık Yönetim A.Ş. for TL22,222 which has been collected as of 30 November 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at 31 December 2013 is TL226,038 (31 December 2012: TL210,582).

The fair value of collaterals, capped with the respective outstanding loan balance relating to loans individually determined to be impaired:

	Current Period	Prior Period
Mortgage	176,808	172,046
Vehicle	43,046	31,756
Cash	211	151
Other	5,973	6,629
Total	**226,038**	**210,582**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

As of 31 December 2013 and 31 December 2012, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

31 December 2013	Commercial	Consumer	Total
Residential, commercial or industrial property	75,541	7,516	83,057
Other	160	-	160
Total	**75,701**	**7,516**	**83,217**

31 December 2012	Commercial	Consumer	Total
Residential, commercial or industrial property	52,628	8,587	61,215
Other	375	-	375
Total	**53,003**	**8,587**	**61,590**

Aging analysis of past due but not impaired loans per classes of financial statements is as follows:

31 December 2013	Less than 30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	554,192	166,470	125,960	846,622
Consumer Loans	285,354	209,690	61,568	556,612
Credit Cards	158,357	2	77	158,436
Total	**997,903**	**376,162**	**187,605**	**1,561,670**

31 December 2013	Less than 30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	424,859	181,511	132,805	739,175
Consumer Loans	72,792	180,147	82,071	335,010
Credit Cards	244,220	32	3,119	247,371
Total	**741,871**	**361,690**	**217,995**	**1,321,556**

Total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total loan balance of the customer, that the Group held as at 31 December 2013 is TL1,049,199 (31 December 2012: TL849,145).

The fair value of collaterals, capped with the respective outstanding loan balance relating to those that are past due but not impaired:

	Current Period	Prior Period
Mortgage	775,253	613,921
Vehicle	179,319	126,438
Cash	11,439	12,788
Other	83,188	95,998
Total	**1,049,199**	**849,145**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on held-to-maturity investments:

a.1) Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Government bonds	-	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

a.2) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	197,274	-	-	-
Other	-	-	-	-
Total	**197,274**	-	-	-

Unrestricted financial assets held-to maturity amounting to TL95,682 (31 December 2012: None).

a.3) Information on held to maturity debt securities:

	Current Period	Prior Period
Government bonds	292,956	20,416
Treasury bills	-	-
Other public sector debt securities	-	-
Total	**292,956**	**20,416**

a.4) Information on held to maturity investments:

	Current Period	Prior Period
Debt securities	292,956	20,416
Quoted on a stock exchange	292,956	20,416
Unquoted	-	-
Impairment provision(-)	-	-
Total	**292,956**	**20,416**

Book value of the unrestricted financial assets held-to maturity amounting to TL292,956 (31 December 2012: TL20,416).

b) Movement of investments held-to-maturity:

	Current Period	Prior Period
Beginning balance	20,415	21,224
Foreign currency differences on monetary assets	5,727	(808)
Purchases during the year(*,**)	292,956	-
Disposals through sales and redemptions	(26,142)	-
Impairment provision (-)	-	-
Change in amortized cost income	-	-
Closing Balance	**292,956**	**20,416**

(*) Accruals are included in purchases during the year.
(**) Government debt securities with TL224,275 nominal value which had been accounted as financial assets available for sale, have been classified as held to maturity investments with their market value amounting to TL287,008 as of 25 September 2013. As of 25 September, accumulated valuation difference amounting to negative TL38,362 for reclassified available for sale securities are followed under shareholders' equity. This accumulated valuation difference is subjected to amortization according to the days to maturity and being transferred to profit/loss accounts in the related periods. As of 31 December 2013, total accumulated valuation difference of these securities followed under shareholders' equity is negative TL36,973.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

7. Information on associates (Net):

a) a.1) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2012: None).

a.2) Information on the unconsolidated associates: None (31 December 2012: None).

a.3) Information on the consolidated associates: None (31 December 2012: None).

a.4) Valuation of consolidated associates: None (31 December 2012: None).

a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2012: None).

8. Information on subsidiaries (Net):

a) Information on shareholders' equity of significant subsidiaries:

There is no necessity of capital that arises from subsidiaries included in parent bank's consolidated capital adequacy standard ratio.

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non–consolidate and minumum capital requirements: None.
(31 December : None)

c) Information on the unconsolidated subsidiaries: None (31 December 2012: None).

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Group's share percentage-If different voting percentage (%)	Other shareholders' share percentage (%)
The Economy Bank N.V.(*)	Netherlands	100.00	-
TEB Faktoring A.Ş. (**)	İstanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100.00	-
TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	54.74	45.26

Information on the consolidated subsidiaries with the order as presented in the table above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (***)	Fair Value
1,781,006	293,078	10,941	62,762	3,065	12,529	(11,558)	-
1,140,467	61,138	1,366	82,126	-	14,259	15,925	-
116,411	85,244	1,137	11,326	-	9,098	6,366	-
20,150	17,654	572	1,071	174	3,818	3,406	-

(*) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and nine months' average rates for profit and loss as of 31 December 2013. The Economy Bank NV has two consolidated subsidiaries named Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.

(**) The merger process of Fortis Faktoring A.Ş. and TEB Faktoring A.Ş., which is 100% owned the Bank, had been commenced and the Sale and Purchase Agreement signed on 31 January 2013 for the purpose of the completion of the share transfer prior to the merger. Pursuant to the Sale and Purchase Agreement, following the receipt of necessary legal approvals the share transfer completed and the Bank has become an indirect shareholder of 100% shares in Fortis Faktoring A.Ş. on 22 March 2013. Approval from Banking Regulation and Supervision Agency regarding merger of Fortis Faktoring with TEB Faktoring by way of acquisition, whereby all the assets and liabilities of Fortis Faktoring shall be transferred to TEB Faktoring as a whole, has been obtained on 20 June 2013. Merger of TEB Faktoring and Fortis Faktoring has been completed upon registration of the said merger to the Istanbul Trade Registry on 1 July 2013.

(***) Financial Statement figures as of 31 December 2012

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

8. Information on subsidiaries (Net): (Continued)

d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	173,922	173,935
Movements during the period	25,359	(13)
Purchases	25,275	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	84	(13)
Balance at the end of the period	**199,281**	**173,922**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

d.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

		Current Period	Prior Period
Banks	/ The Economy Bank N.V.	61,254	61,254
Factoring Companies	/ TEB Faktoring A.Ş.	59,312	34,037
Other Financial Subsidiaries	/ TEB Yatırım Menkul Değerler A.Ş.	72,941	72,941
	TEB Portföy Yönetimi A.Ş.	5,354	5,354
	Stichting Effecten Dienstverlening (*)	367	294
	Kronenburg Vastgoed B.V. (*)	53	42
Total		**199,281**	**173,922**

(*) Fully consolidated to The Economy Bank NV.

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2012: None).

9. Information on entities under common control (Joint Vent.):

a) Information on entities under common control (joint ventures):

Entities under common control (joint ventures)	Share of the Parent Bank (%)	Share of the Group (%)	Current Asset	Non-current asset	Long-term receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	12,442	9,803	342	49,810	(46,792)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated parent bank's financial statements.

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş, it is presented as joint venture in financial statements however, it is carried by cost value since necessary requirements for consolidation is not met.

10. Information on finance lease receivables (Net): None (31 December 2012: None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

11. Information on derivative financial assets for hedging purposes:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair value hedge	56,899	63	4,907	157
Cash flow hedge	55,283	-	11,819	-
Hedge of net investment in foreign operations	-	-	-	-
Total	**112,182**	**63**	**16,726**	**157**

12. Information on investment property:

	31 December 2012	Additions	Disposals	Other	31 December 2013
Cost:					
Land and buildings	116,968	-	-	2,354	119,322
Leased tangible assets	55,310	20	(12,211)	-	43,119
Other	729,278	145,932	(51,548)	1,874	825,536
Total Cost	**901,556**	**145,952**	**(63,759)**	**4,228**	**987,977**
	31 December 2012	**Period Charge**	**Disposals**	**Other**	**31 December 2013**
Accumulated Depreciation:					
Land and buildings	33,973	3,130	-	487	37,590
Leased tangible assets	55,154	113	(12,211)	-	43,056
Other	556,156	67,034	(50,563)	1,747	574,374
Total Accumulated Depreciation	**645,283**	**70,277**	**(62,774)**	**2,234**	**655,020**
Net Book Value	**256,273**				**332,957**

a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

13. Information on intangible assets:

	31 December 2012	Additions	Disposals	Other	31 December 2013
Cost:					
Other intangibele assets	129,041	45,596	(10)	2,718	177,345
Total Cost	**129,041**	**45,596**	**(10)**	**2,718**	**177,345**

	31 December 2012	Period Charge	Disposals	Other	31 December 2013
Accumulated Depreciation:					
Other intangibele assets	104,029	15,164	(10)	2,462	121,645
Total Accumulated Depreciation	**104,029**	**15,164**	**(10)**	**2,462**	**121,645**
Net Book Value	**25,012**				**55,700**

a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.

d) The book value of intangible fixed assets that are pledged or restricted for use: None.

e) Amount of purchase commitments for intangible fixed assets: None

f) Information on revalued intangible assets according to their types: None..

g) Amount of total research and development expenses recorded in income statement within the period if any: None.

h) Positive or negative consolidation goodwill on entity basis: None

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

13. Information on intangible assets: (Continued)

i) Begining and ending balance of the goodwill and movements on goodwill in the current period:

After the publishing 10 February 2011 dated permission of BRSA in official gazette on 12 February 2011, with recording to Istanbul Trade Registration Office by means of the expire of Fortis Bank A.Ş legal entity, by assigning all rights, receivables, payables and obligations to Bank, the merging of Fortis Bank A.Ş. with TEB A.Ş. was occurred. Due to the merging, in exchange for every TL1 amounted dissolved share of Fortis Bank A.Ş. changed with 1.0518 unit nominative TEB shares. Due to that the Bank is not managed by the same person and persons before and after merging, this operation was evaluated in the scope of IFRS 3. In merging operation, Fortis Bank was decided as acquired management, 14 February 2011 dated fair value of shareholders equity subjected to merging was decidesd as transfer cost and the difference between this decided value and the fair value of acquired net identifiable assets of Fortis Bank A.Ş. was recorded as goodwill.

	Current Period	Prior Period
Gross value at the beginning of the period	**421,124**	**421,124**
Accumulated depreciation (-)	-	-
Impairment provision (-)	-	-
Movements within the period:		
Additional goodwill	-	-
Corrections arising from the changes in value of assets and liabilities	-	-
Goodwill written off due to discontinued operations in current period or complete /partial sale of an asset	-	-
Amortization (-)	-	-
Impairment provision (-)	-	-
Canceled decrease in value provision (-)	-	-
Reversal of impairment provision (-)	-	-
Gross value at the end of the period	**421,124**	**421,124**
Accumulated depreciation (-)	-	-
Impairment provision (-)	-	-
Other Changes in book value	**421,124**	**421,124**
Net book value at the end of the period	**421,124**	**421,124**

14. Information on investment property: None (31 December 2012: None).

15. Information on held deferred tax:

a) As of 31 December 2013, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL41,103(31 December 2012: TL131,878). There are no tax exemptions or deductions over which deferred tax asset is computed.

b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.

c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

d) Movement of deferred tax:

	Current Period	Prior Period
At January 1	**132,396**	**73,575**
Deferred tax benefit / (charge)	(103,658)	85,209
Deferred tax accounted for under equity	14,559	(26,799)
Other	(2,194)	(107)
Deferred Tax Asset	**41,103**	**131,878**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

16. Information on held for sale fixed assets and discontinued operations:

	Current Perio	Previous Period
Beginning of Period Cost	64,091	69,037
Beginning of Period Accumulated Depreciation (-)	2,501	1,988
Net Book Value	**61,590**	**67,049**
Opening Balance	61,590	67,049
Acquired	67,064	34,686
Disposed(-), net	37,801	36,611
Impairment (-)	5,463	1,858
Depreciation Value (-)	2,173	1,676
End of Period Cost	86,505	64,091
End of Period Accumulated Depreciation (-)	3,288	2,501
Closing Net Book Value	**83,217**	**61,590**

17. Information on other assets:

Other Assets item of the balance sheet amounting to TL1,061,877 (31 December 2012: TL1,066,082) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

18. Information on factoring receivables of Group:

a) Maturity Analysis:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short term (*)	659,865	451,690	526,371	234,368
Medium and Long Term	-	-	-	-
Specific provisions(-)	18,027	841	5,272	700
Total	**641,838**	**450,849**	**521,099**	**233,668**

(*) Amounting to TL24,416 (31 December 2012: TL10,502) impaired factoring receivable included.

b) Other explanations and disclosures:

Current Period	**Commercial**	**Consumer**	**Total**
Neither past due nor impaired	1,068,857	-	1,068,857
Past due not impaired	18,282	-	18,282
Individually impaired	24,416	-	24,416
Total	**1,111,555**	**-**	**1,111,555**
Specific Provision	18,868	-	18,868
Total allowance for impairment	**18,868**	**-**	**18,868**
Net credit balance on balance sheet	**1,092,687**	**-**	**1,092,687**

Prior Period	**Commercial**	**Consumer**	**Total**
Neither past due nor impaired	739,883	-	739,883
Past due not impaired	10,354	-	10,354
Individually impaired	10,502	-	10,502
Total	**760,739**	**-**	**760,739**
Specific Provision	5,972	-	5,972
Total allowance for impairment	**5,972**	**-**	**5,972**
Net credit balance on balance sheet	**754,767**	**-**	**754,767**

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Days Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposits	Total
Saving deposits	876,125	-	3,681,611	6,883,524	766,696	46,239	37,610	-	12,291,805
Foreign currency deposits	2,417,339	-	2,176,506	4,966,664	448,276	180,681	359,401	-	10,548,867
Residents in Turkey	1,703,968	-	2,073,287	4,692,133	388,203	76,418	217,931	-	9,151,940
Residents abroad	713,371	-	103,219	274,531	60,073	104,263	141,470	-	1,396,927
Public sector deposits	220,770	-	5,665	23,918	348,071	-	-	-	598,424
Commercial deposits	1,975,280	-	1,459,912	3,483,412	468,387	47,433	12,942	-	7,447,366
Other institutions deposits	39,641	-	35,709	1,282,074	965,682	352	16,294	-	2,339,752
Precious metals deposits	408,705	-	114,088	127,414	6,669	14,484	-	-	671,360
Interbank deposits	107,038	-	1,458,488	59,754	-	8,182	2,110	-	1,635,572
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	113	-	262,663	2,024	-	8,182	2,110	-	275,092
Foreign Banks	37,775	-	1,195,825	57,730	-	-	-	-	1,291,330
Special finance houses	69,150	-	-	-	-	-	-	-	69,150
Other	-	-	-	-	-	-	-	-	-
Total	**6,044,898**	**-**	**8,931,979**	**16,826,760**	**3,003,781**	**297,371**	**428,357**	**-**	**35,533,146**

a.2) Prior period:

	Demand	7 Days Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposits	Total
Saving deposits	569,741	-	2,520,561	5,484,070	2,065,011	210,296	29,899	-	10,879,578
Foreign currency deposits	1,941,495	-	841,018	4,414,748	264,333	247,424	267,688	-	7,976,706
Residents in Turkey	1,407,939	-	744,582	4,036,397	234,059	73,731	116,449	-	6,613,157
Residents abroad	533,556	-	96,436	378,351	30,274	173,693	151,239	-	1,363,549
Public sector deposits	204,251	-	12,498	231,118	1,983	1,465	-	-	451,315
Commercial deposits	1,449,495	-	1,168,446	3,377,450	1,018,154	122,997	17,268	-	7,153,810
Other institutions deposits	30,226	-	32,306	871,266	805,831	29,076	23	-	1,768,728
Precious metals deposits	427,348	-	19,982	286,271	30,751	33,659	-	-	798,011
Interbank deposits	193,156	-	601,146	77,428	20,205	-	39,851	-	931,786
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	68	-	170,028	24,407	-	-	4,229	-	198,732
Foreign Banks	29,753	-	431,118	53,021	20,205	-	35,622	-	569,719
Special finance houses	163,335	-	-	-	-	-	-	-	163,335
Other	-	-	-	-	-	-	-	-	-
Total	**4,815,712**	**-**	**5,195,957**	**14,742,351**	**4,206,268**	**644,917**	**354,729**	**-**	**29,959,934**

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

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

Saving Deposits	Under the Guarantee of Insurance(*)		Exceeding the limit of Insurance(*)	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
Saving deposits	5,759,987	3,757,130	6,148,459	6,951,578
Foreign currency saving deposits	1,097,403	689,586	4,162,071	3,208,096
Other deposits in the form of saving deposits	282,197	206,322	327,503	522,832
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	**7,139,587**	**4,653,038**	**10,638,033**	**10,682,506**

(*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

ii) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	208,053	145,967
Deposits of ultimate shareholders and their close families	766,595	229,879
Deposits of chairman and members of the Board of Directors and their close families	27,526	23,176
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Forward Transactions	56,913	5,435	11,810	26,428
Swap Transactions	233,404	32,373	116,405	13,666
Futures Transactions	-	-	-	-
Options	147,561	7,145	48,198	18,308
Other	-	-	-	-
Total	**437,878**	**44,953**	**176,413**	**58,402**

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	231,503	220,561	206,584	197,910
From Foreign Banks, Institutions and Funds	833,644	6,696,839	495,826	5,109,695
Total	**1,065,147**	**6,917,400**	**702,410**	**5,307,605**

As of 31 December 2013 the Group has borrowings from its related parties amounting to TL3,846,609 (31 December 2012: TL3,091,034).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-term	754,335	6,435,764	525,586	4,435,376
Medium and long-term	310,812	481,636	176,824	872,229
Total	**1,065,147**	**6,917,400**	**702,410**	**5,307,605**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

3. Maturity analysis of borrowings: (Continued)

c) Additional explanation related to the concentrations of the Parent Bank's major liabilities:

The Parent Bank diversifies its funding sources through customer deposit and borrowings from abroad. As of 31 December 2013 foreign borrowings of the Bank includes syndication loan obtained with the agreement dated 22 August 2013 and 27 August 2014 maturity amounting to EUR 310,000,000 and USD 140,000,000.

The Parent Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Bank, in consideration of profitability. Bank takes short and long term preventive measures to spread its customers on a wider spectrum on the basis of customer concentration in the branches.

d) Explanations on marketable securities issued :

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From domestic transactions	**1,062,443**	**-**	**40,916**	**-**
Financial institutions and organizations	1,062,443	-	40,916	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	**1,062,443**	**-**	**40,916**	**-**

e) Explanations on debt securities issued:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Bank Bonds	507,046	-	333,689	-
Treasury Bills	203,230	-	160,548	-
Total	**710,276**	**-**	**494,237**	**-**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

3. Maturity analysis of borrowings: (Continued)

The bond issued by the Parent Bank on 4 March 2013 with a nominal value of TL99,711 maturity of 405 days, with due date of 14 April 2014, with an interest rate of 6.84908% and with an annual compound rate of 6.82406% has started to be publicly traded in bonds and bills markets with the ISIN code "TRSTEBK41416".

The bond issued by the Parent Bank on 20 May 2013 with a nominal value of TL200,000 maturity of 386 days, with due date of 11 June 2014, with an interest rate of 5.81603% and with an annual compound rate of 5.80650% has started to be publicly traded in bonds and bill market with the ISIN code "TRSTEBK61414".

The bond issued by the Parent Bank on 7 October 2013 with a nominal value of TL350,000 maturity of 148 days, with due date of 5 March 2014, with an interest rate of 7.84266% and with an annual compound rate of 8.02640% has started to be publicly traded in bonds and bills markets with the ISIN code "TRQTEBK31411".

The bond issued by the Parent Bank on 9 December 2013 with a nominal value of TL250,000 maturity of 169 days, with due date of 28 May 2014, with an interest rate of 8.85178% and with an annual compound rate of 9.0626% has started to be publicly traded in bonds and bill market with the ISIN code "TRQTEBK51419".

4. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None (31 December 2012: None).

5. Explanations on financial lease obligations (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the group:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Law.

b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.

c) Explanation on finance lease payables:

	Current Period		**Prior Period**	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	-	-	-	-
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	-	-	-	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

5. Explanations on financial lease obligations (Net): (Continued)

d) Explanations regarding operational leases:

For the period ended 31 December 2013, operational lease expenses amounting to TL161,997 (31 December 2012: TL143,115) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

6. Information on derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	15,616	-	47,695	1
Cash flow hedge	53,822	-	120,811	-
Hedge of net investment in foreign operations	-	-	-	-
Total	**69,438**	**-**	**168,506**	**1**

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
Provisions for First Group Loans and Receivables	401,368	329,377
Additional Provision for Loans and Receivables with Extended Maturities	52,914	22,203
Provisions for Second Group Loans and Receivables	53,219	26,553
Additional Provision for Loans and Receivables with Extended Maturities	14,860	1,926
Provisions for Non-Cash Loans	29,212	30,108
Other	3,034	9,269
Total	**554,607**	**419,436**

b) Foreign exchange losses on the foreign currency indexed loans amounting to TL83,440 (31 December 2012: TL91,324) is offset from the loans on the balance sheet.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

c) The specific provisions provided for unindemnified non cash loans amount toTL34,791 (31 December 2012: TL22,512).

d) Liabilities on unused vacation, bonus and employee termination benefits:

As of 31 December 2013 TL26,725 (31 December 2012: TL28,144) unused vacation provision, TL89,348 (31 December 2012: TL93,125) employee termination benefit provision and TL72,177 (31 December 2012: TL66,630) bonus for the employee are presented under "Reserve for Employee Benefit" in financial statements.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	93,125	60,277
Increase due to merger	64	-
Service cost	12,590	8,594
Interest cost	6,789	5,590
Settlement cost	1,745	6,164
Actuarial loss	(19,609)	24,466
Benefits paid	(5,356)	(11,966)
Total	**89,348**	**93,125**

(i) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of TEB and Fortis Bank are members of the "Pension Fund Foundation" established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XV "Explanations on Liabilities related to Rights of Employees" which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on IAS 19 principles. The Parent Bank is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2013 and 31 December 2012. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

7. Information on provisions: (Continued)

Based on the determined assumptions,

Transferrable Retirement and Health Liabilities:	**31 December 2013**	**31 December 2012**
Net Present Value of Transferrable Retirement Liabilities	(915,853)	(823,577)
Net Present Value of Transferrable Retirement and Health Contributions	525,943	534,823
General Administration Expenses	(9,159)	(8,235)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(399,069)	(296,989)
Fair Value of Plan Assets (2)	1,264,472	1,179,000
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	865,403	882,011
Non-Transferable Benefits (4)	(219,301)	(183,383)
Asset Surplus over Total Benefits ((3)-(4)	646,102	698,628

Distribution of total assets of the Retirement Fund as of 31 December 2013 and 31 December 2012 is presented below:

	31 December 2013	**31 December 2012**
Bank placements	1,159,056	1,060,309
Government Bonds and Treasury Bill, Fund and Accrual Interest Income	35,742	43,563
Tangible assets	68,267	66,840
Other	1,407	8,288
Total	**1,264,472**	**1,179,000**

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on IAS 19 are as follows:

	31 December 2013	**31 December 2012**
Discount Rate	10.10%	7.00%
Expected Inflation Rate	6.50%	4.61%

Medical inflation is expected more than 40% for two periods. General wage increases and Social Security Institution (the "SSI") increase of ceiling rate is expected in parallel to inflation rate In order to represent the expected mortality rates before and after the retirement, CSO 2001 (31 December 2012: CSO 1980) Female/Male mortality table is used.

As of 31 December 2013, for all liabilities with the provision of TMS 19, the actuary open does not come as a result of the calculations made by independent actuaries

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

7. Information on provisions: (Continued)

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2012: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provision for legal cases	35,796	45,612
Provision for unindemnified non-cash loans	34,791	22,512
Provision for promotions of credit cards and banking services	12,204	12,093
Other	18,783	13,873
Total	**101,574**	**94,090**

8. Explanations on taxes payable:

a) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	15,169	64,741
Taxation on Securities	26,948	23,567
Property Tax	1,804	1,637
Banking Insurance Transaction Tax (BITT)	29,518	25,543
Foreign Exchange Transaction Tax	15	10
Value Added Tax Payable	6,435	3,442
Other (*)	17,088	14,147
Total	**96,977**	**133,087**

(*) Others include income taxes deducted from wages amounting to TL12,436 (31 December 2012: TL11,232) and stamp taxes payable amounting to TL1,233 (31 December 2012: TL1,033).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	4,646	3,656
Social Security Premiums-Employer	5,410	4,049
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	430	362
Unemployment Insurance-Employer	652	508
Other	-	-
Total	**11,138**	**8,575**

c) Explanations on deferred tax liabilities, if any: None (31 December 2012: None).

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

9. Information on liabilities regarding assets held for sale and discontinued operations:

None (31 December 2012: None).

10. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Parent Bank has signed an agreement with the International Finance Corporation (IFC) on 27 June 2005, for a subordinated loan. The facility is a USD 50 million subordinated loan, with a maturity of 15 July 2015 and with an interest rate of LIBOR+3.18%.

The Parent Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of 31 July 2007. The investor of the bond is IFC. The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR+3.5% until 31 July 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%. Notes are issued as perpetual

The Parent Bank has obtained secondary subordinated loans by issuing a bond amounting to EUR 75 million as of 4 November 2011 and a bond amounting to EUR 100 million as of 21 December 2011. The bond issue on 21 December 2011 amounting to EUR 100 million is added up with the first issue of EUR 75 million and together will be followed as EUR 175 million. Since the coupon rate of the issue amounting to EUR 100 million is semi-annual Euribor + 5.25% and two issues stated above will be merged and the merged issue will carry the coupon rate of the first issue (Euribor + 4.75% on an annual basis), the price of EUR 100 million issue has been determined as 96.026% (the price determined as the 12 month interest difference between two issues discounted by new issues semi-annual coupon rate of Euribor + 5.25%). As interest payment periods of the new issue will be same with the first one, 47-day interest accrual amounting to EUR 852,537.78 related to the period between 4 November 2011 and 21 December 2011 was paid to the Bank by the investor purchasing the second issue. On 21 December 2011, total net amount of EUR 96,878,527.78 is transferred to the bank accounts

The Parent Bank, during its Board of Directors' meeting dated 8 May 2012 has resolved to issue a debt instrument as Seconday Subordinated debt instrument with a value of USD 65 million on 14 May 2012. The semi annually interest rate of the issuance is determined as USD Libor + %5.75. The due date of the debt instrument is determined as 14 May 2024 and for the first seven years there is no option to repay before its due date. The debt instrument can be amortized on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regualtion and Supervision Agency (BRSA).

The Parent Bank has resolved to issue a Secondary Subordinated Debt in the amount of EURO 100 million on 20 July 2012. The interest rate of the issuance has been determined as semi-annualy EURIBOR + 4.75%. The due date of the debt instrument is 20 July 2024 and there is no option to repay within the first seven years. The debt instrument can be amortized on 20 July 2019 with the resolution of the BoD and upon the approval of the BRSA.

The Parent Bank has resolved to issue a Secondary Subordinated Debt in the amount of EURO 125 million on 25 June 2013. The interest rate of the issuance has been determined as semi-annualy EURIBOR + 2.1%. there is no option to repay within the first five years. The debt instrument can be amortized on 27 June 2018 with the resolution of the BoD and upon the approval of the BRSA

The Parent Bank has resolved to issue a Secondary Subordinated Debt in the amount of USD 65 million on 25 June 2013. The interest rate of the issuance has been determined as semi-annualy EURIBOR + 3.40%. there is no option to repay within the first five years. The debt instrument can be amortized on 28 June 2018 with the resolution of the BoD and upon the approval of the BRSA

The above mentioned five subordinated loans are utilized in-line with the "loan capital" definition of BRSA) and will positively effect the capital adequacy ratio of the Parent Bank as well as utilizing long term fundings.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

10. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (Continued)

a) Information on subordinated loans:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From Domestic Banks	-	-	-	-
From Other Domestic Instutions	-	-	-	-
From Foreign Banks	-	1,175,535	-	-
From Other Foreign Instutions	-	602,788	-	1,037,480
Total	**-**	**1,778,323**	-	**1,037,480**

11. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	2,204,390	2,204,390
Preferred stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

c) Information on share capital increases and their sources; other information on increased capital shares in current period: None

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Parent Bank's equity:

Prior year income, profitability and liquidity of the Parent Bank is closely monitored and reported to Board of Directors, Asset and Liability Committee, and Risk Management by the Budget and Financial Control Group. This group tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for the Parent Bank's future interest income via simulations of net interest income and scenario analysis.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

11. Information on Shareholders' Equity: (Continued)

g) Information on preferred shares:

7% of the Parent Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Parent Bank's 0,06 shares of TL30 (in full TL) is distributed to the founder shares.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	(100,521)	(2,126)	50,780	4,959
Foreign Exchange Difference	-	-	-	-
Total	**(100,521)**	**(2,126)**	**50,780**	**4,959**

(*) Government debt securities with TL224,275 nominal value which had been accounted as financial assets available for sale, have been classified as held to maturity investments with their market value amounting to TL287,008 as of 25 September 2013. As of 25 September, accumulated valuation difference amounting to negative TL38,362 for reclassified available for sale securities are followed under shareholders' equity. This accumulated valuation difference is subjected to amortization according to the days to maturity and being transferred to profit/loss accounts in the related periods. As of 31 December 2013, total accumulated valuation difference of these securities followed under shareholders' equity is negative TL36,973. Detail information for this classification was described at 5th chapter in 6-b note.

12. Information on minority shares: As of 31 December 2013, part of the group equity that belongs to minority shares is TL7,990 (31 December 2012: TL7,702).

13. Information on factoring liabilities: As of 31 December 2013 group has factoring debt of TL8,012 (31 December 2012: TL3,988).

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Loan granting commitments	3,853,759	2,942,424
Commitments for credit card expenditure limits	3,545,841	2,933,697
Payment commitment for checks	2,002,630	1,879,298
Forward asset purchase commitments	1,742,558	1,309,306
Forward deposit purchase commitments	101,194	614,094
Tax and fund liabilities from export commitments	12,503	11,709
Commitments for promotions related with credit cards and banking activities	4,451	5,978
Other irrevocable commitments	286,195	218,367
Total	**11,549,131**	**9,914,873**

b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period	Prior Period
Letters of Credit	1,688,889	1,532,317
Other Commitments	1,420,669	1,032,189
Bank Acceptances	271,178	903,219
Other Contingencies	419,412	292,651
Total	**3,800,148**	**3,760,376**

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Guarantee Letters	5,333,081	4,519,954
Advance Guarantee Letters	1,159,907	921,924
Temporary Guarantee Letters	477,487	462,831
Guarantee Letters Given for Customs	377,222	317,546
Other Guarantee Letters	548,101	507,807
Total	**7,895,798**	**6,730,062**

c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	782,270	888,176
With maturity of 1 year or less than 1 year	7,209	210,995
With maturity of more than 1 year	775,061	677,181
Other non-cash loans	10,913,676	9,602,262
Total	**11,695,946**	**10,490,438**

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	**(%)**	**FC**	**(%)**	**TL**	**(%)**	**FC**	**(%)**
Agricultural	71,081	1.50	45,051	0.65	57,744	1.43	114,344	1.77
Farming and raising livestock	53,208	1.12	39,686	0.57	43,248	1.07	112,166	1.74
Foresty, Wood and Paper	16,956	0.36	5,365	0.08	13,531	0.34	2,081	0.03
Fishery	917	0.02	-	-	965	0.02	97	-
Manufacturing	2,165,556	45.56	3,733,586	53.78	1,897,967	47.07	3,752,317	58.11
Minning and Quarry	138,368	2.91	225,551	3.25	122,124	3.03	199,839	3.09
Production	1,972,506	41.50	3,423,583	49.31	1,696,182	42.06	3,517,196	54.47
Electricity, Gas and Water	54,682	1.15	84,452	1.22	79,661	1.98	35,282	0.55
Construction	1,107,734	23.31	1,291,228	18.60	969,447	24.04	1,217,275	18.85
Services	1,323,725	27.85	957,184	13.79	1,027,873	25.49	593,861	9.19
Wholesale and Retail Trade	601,981	12.67	187,905	2.71	460,398	11.42	89,222	1.38
Hotel, Tourism, Food and Beverage Services	43,405	0.91	29,905	0.43	37,753	0.94	23,750	0.37
Transportation and Communication	242,465	5.10	388,506	5.60	217,069	5.38	258,353	4.00
Financial Instutions	113,596	2.39	232,354	3.35	85,997	2.13	97,004	1.50
Real Estate and Renting	144,737	3.05	64,203	0.92	91,587	2.27	64,885	1.00
Self- employment Services	93,798	1.97	33,518	0.48	71,903	1.78	31,128	0.48
Education Services	5,886	0.12	4,269	0.06	2,863	0.07	1,361	0.02
Health and Socail Services	77,857	1.64	16,524	0.24	60,303	1.50	28,158	0.44
Other	84,489	1.78	916,312	13.18	79,765	1.97	779,845	12.08
Total	**4,752,585**	**100.00**	**6,943,361**	**100.00**	**4,032,796**	**100.00**	**6,457,642**	**100.00**

c.3) Information on I st and II nd Group non-cash loans:

	I st Group		II nd Group	
Non-cash loans	**TL**	**FC**	**TL**	**FC**
Letters of guarantee	3,867,148	3,973,302	43,601	11,747
Bank acceptances	-	271,178	-	-
Letters of credit	381	1,688,125	-	383
Endorsements	-	-	-	-
Underwriting commitments .	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	838,980	998,626	2,475	-
Total	**4,706,509**	**6,931,231**	**46,076**	**12,130**

The Group provided a reserve of TL62,012 (31 December 2012: TL46,581) for non-cash loans not indemnified yet amounting to TL34,791 (31 December 2012: TL22,512) and reflected that in financial statements.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	49,986,750	35,362,024	-	-
Forward transactions	8,907,614	6,285,148	-	-
Swap transactions	20,849,320	12,261,959	-	-
Futures transactions	-	-	-	-
Option transactions	20,229,816	16,814,917	-	-
Interest related derivative transactions (II):	7,571,274	2,635,988	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	7,295,012	2,325,340	-	-
Interest option transactions	276,262	310,648	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	-	-	-	-
A.Total trading derivative transactions (I+II+III+IV)	**57,558,024**	**37,998,012**	-	-
Types of hedging transactions	-	-	-	-
Fair value hedges	-	-	612,066	1,441,536
Cash flow hedges	-	-	3,916,034	3,153,677
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	**-**	**-**	**4,528,100**	**4,595,213**
Total Derivative Transactions (A+B)	**57,558,024**	**37,998,012**	**4,528,100**	**4,595,213**

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank's financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value by the Parent Bank.

i) Derivative instruments for fair value hedging purposes:

As of 1 July 2008, the Parent Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loan portfolio. As of 31 December 2013, nominal value of derivative instruments for hedging purposes is TL599,491 (31 December 2012: TL1,441,536) and net fair value is TL40,563 (31 December 2012: TL32,389 negative) while fair value of the hedged item loans is TL3,404 (31 December 2012: TL16,309). The Bank accounts TL78,670 income (31 December 2012: TL22,865 expense) for derivative instruments for hedging purposes and TL12,905 expense (31 December 2012: TL4,755 income) from hedged item loans in the financial statements. The group also has a financial protection accounting transaction as of 18 July 2013 whereby it swapped available for sale with a nominal value of TL12,700 with a cross money interest swap transaction amounting to TL12,575 in order to protect against changes in market values.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

	Current Period			Prior Period		
		Fair Value			Fair Value	
	Nominal	Asset	Liability	Nominal	Asset	Liability
Cross Currency Swaps	612,066	56,962	15,616	1,441,536	5,064	47,696
	612,066	**56,962**	**15,616**	**1,441,536**	**5,064**	**47,696**

ii) Derivative instruments for cash flow hedge purposes:

The Group has adopted cash flow hedge accounting by matching its swap portfolio having total buy-sell nominal amounting to TL3,916,034 since 2011 with the deposit portfolio having maturity of up to 90 days. Effective portion of TL40,232 debit (31 December 2012: TL62,082 credit) accounted for under equity is presented after deduction of its deferred tax effect of TL8,046 credit (31 December 2012: TL12,614 debit) in the financial statements. In 2013, the ineffective portion of TL1,427 income (31 December 2012: TL3,455 expense) is accounted for under income statement.

	Current Period			Prior Period		
		Fair Value			Fair Value	
	Nominal	Asset	Liability	Nominal	Asset	Liability
Interest Rate Swaps	3,916,034	55,283	53,822	3,153,677	11,819	120,811

3. Explanations on contingent liabilities and assets:

a.1) The Group's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.

a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements:

b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2013, there are no contingent assets that need to be explained (31 December 2012: None).

b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes:

Following a resolution in favor of the Bank in 2003 for the case related to deduct accumulated losses from the corporate tax base for 2002 and for subsequent periods in accordance with Corporate Tax Law article 14/7; the Ministry of Finance appealed against the decision, however, the case was again concluded in favor of the Bank by Tax Supreme Court. In this context, the Bank acquired the right to deduct accumulated losses amounting to TL364,501 thousand from the corporate tax base. Related accumulated losses have been deducted from tax base by the Bank between the years 2003 and 2006.

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

On the other hand, the Tax Office has not taken into consideration the deduction amount of TL144,824 which is included in the 2003/4 temporary tax declaration based on the resolution of the Tax Supreme Court, and recalculated a temporary corporate tax liability of TL15,510 and levied a fine of TL16,131 to the Bank based on the declaration as of 20 April 2004. In that respect, the Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above .

The Tax Office filed an appeal against the ruling; however, the 4th Administration of Council of State resolution no: K:2007/4747 ruled that the defendant's claim on the Management's double loss deduction should be initially reviewed and a new ruling should be made accordingly. Therefore the tax office's resolution is overruled by the Council of State.

Although the 1st Tax Office of İstanbul had reviewed the related issues upon the Council of State's overruling and conducted the litigation in favor of the Bank upon its resolution no: K:2010/2377, TL48,557 of loss amount is considered as undeductible in the basis of the resolution. Therefore, the Bank has filed an appeal on 4 October 2010 for the overruling of the related resolution basis and the outcome of the appeal is still in process. As the Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Bank has increased the tax base by TL2,863 in regards to the related lawsuit in accordance with the requirements of the Communiqué No:6111 "Restructuring of Specific Receivables and Social Insurance and General Health Insurance Law and Amendments to Some Other Laws and Requirements".

4. Custodian and intermediary services:

The Group provides trading and safe keeping services in the name and account of third parties, which are presented in the consolidated statement of contingencies and commitments.

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 31 December 2013 the total nominal value and number of certificates are TL1,726,206 and 172,616,885 thousand (31 December 2012: TL2,673,746 and 267,368,509 thousand) and the total fair value is TL8,212,029 (31 December 2012: TL9,924,214)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

5. The information on the Bank's rating by the international rating introductions (*):

The results of the ratings performed by Moody's Investor Services and Fitch Ratings are shown below:

<u>**Moody's Investor Services: October 2013**</u>

View	Stable
Bank Financial Strength	D+
Foreign Currency Deposits	Baa3/NP

<u>**Fitch Ratings: April 2013**</u>

Foreign Currency Commitments	
Long term	BBB
Short term	F3
View	Stable
Turkish Lira Commitments	
Long term	BBB+
Short term	F2
View	Stable
National	AAA (tur)
View	Stable
Individual Rating	bbb-
Support Points	2

(*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions" published by the Capital Markets Board.

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the Consolidated Statement of Income

1. a) Information on interest on loans:

	Current Period		Prior Period	
Interest on loans (*)	**TL**	**FC**	**TL**	**FC**
Short term loans	1,794,726	145,092	1,857,057	185,961
Medium and long term loans	1,548,431	181,595	1,312,272	165,346
Interest on non-performing loans	35,228	-	29,471	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	**3,378,385**	**326,687**	**3,198,800**	**351,307**

(*) Includes fees and commissions obtained from cash loans amounting to TL121,487 (31 December 2012: 127,655 TL).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
The Central Bank of Turkey	-	-	-	-
Domestic banks	3,519	279	5,949	198
Foreign banks	3,418	1,128	2,747	2,082
Branches and head office abroad	-	-	-	-
Total	**6,937**	**1,407**	**8,696**	**2,280**

c) Information on interest received from securities portfolio:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Financial Assets held for Trading	62,629	834	54,534	8,393
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	291,201	1,146	332,950	8,204
Investments Held-to-Maturity	7,893	472	-	1,109
Total	**361,723**	**2,452**	**387,484**	**17,706**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

d) Information on interest received from associates and subsidiaries:

Interest income received from associates and subsidiaries are eliminated in the consolidated financial statements.

2. a) Information on interest on funds borrowed (*):

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	9,214	5,806	15,072	5,910
Foreign banks	83,562	123,512	161,030	114,052
Branches and head office abroad	-	-	-	-
Other financial institutions	-	13,030	-	14,425
Total	**92,776**	**142,348**	**176,102**	**134,387**

(*) Includes fees and commission expenses of cash loans amounting to TL5,303 (31 December 2012: TL4,805).

b) Information on interest expenses to associates and subsidiaries:

Interest expenses to associates and subsidiaries are eliminated in the consolidated financial statements.

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
d	**TL**	**FC**	**TL**	**FC**
Interest Expense on securities issued	32,288	-	37,311	-
Total	**32,288**	**-**	**37,311**	**-**

d) Distribution of interest expense on deposits based on maturity of deposits:

		Time Deposits						
Account Name	**Demand Deposit**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**More than 1 Year**	**Accumulated Deposit**	**Total**
TL								
Bank deposits	666	22,356	2,164	449	182	253	-	26,070
Saving deposits	515	259,587	498,567	132,083	17,525	4,661	-	912,938
Public sector deposits	1	2,095	10,412	14,184	68	-	-	26,760
Commercial deposits	159	84,140	273,304	46,893	4,805	70	-	409,371
Other deposits	-	5,271	88,404	46,965	30,401	1,645	-	172,686
7 days call accounts	-	-	-	-	-	-	-	-
Total	**1,341**	**373,449**	**872,851**	**240,574**	**52,981**	**6,629**	**-**	**1,547,825**
FC								
Foreign currency deposits	627	48,210	121,508	16,622	5,786	10,219	-	202,972
Bank deposits	46	434	956	84	-	136	-	1,656
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	1,573	2,518	292	322	-	-	4,705
Total	**673**	**50,217**	**124,982**	**16,998**	**6,108**	**10,355**	**-**	**209,333**
Grand Total	**2,014**	**423,666**	**997,833**	**257,572**	**59,089**	**16,984**	**-**	**1,757,158**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	1,761	909
Other	-	-
Total	**1,761**	**909**

4. Information on net trading income:

	Current Period	Prior Period
Income	**8,914,952**	**5,160,472**
Gains on capital market operations	138,179	66,515
Gains on derivative financial instruments (*)	3,075,979	1,528,943
Foreign exchange gains (**)	5,700,794	3,565,014
Losses (-)	**8,848,432**	**5,243,261**
Losses on capital market operations	97,348	34,635
Loss on derivative financial instruments (*)	2,623,893	2,013,004
Foreign exchange losses (**)	6,127,191	3,195,622

(*) Foreign exchange gains on hedging transactions are TL62,823 (31 December 2012: TL1,410) while foreign exchange losses on hedging transactions are TL3,338 (31 December 2012: TL15,229).

(**) Foreign exchange gains on derivative financial transactions are TL98,883 (31 December 2012: TL37,244 foreign exchange loss).

5. Information on other operating income:

There is no issue that includes new developments and can influence the Group's income significantly.

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	265,903	171,361
III. Group Loans and Receivables	67,816	43,943
IV. Group Loans and Receivables	92,066	50,046
V. Group Loans and Receivables	106,021	77,372
General provision expenses	132,153	146,187
Provision expenses for possible losses	-	-
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	9,273	7,981
Total	**407,329**	**325,529**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses(*)	771,042	674,717
Reserve for employee termination benefits (**,******)	25,972	31,105
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	70,277	71,577
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	15,164	12,744
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	5,463	1,858
Depreciation expenses of assets to be disposed	2,173	1,676
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	637,744	539,454
Rent expenses (***)	161,997	143,115
Maintenance expenses	28,178	17,857
Advertisement expenses(****)	80,420	67,573
Other expenses	367,149	310,909
Loss on sales of assets	1,266	3,364
Other(******)	246,050	215,945
Total	**1,775,151**	**1,552,440**

(*) As of 31 December 2012, includes restructuring expenses amounting to TL11,943 (31 December 2013: None).
(**) As of 31 December 2012, includes restructuring expenses amounting to TL7.646 (31 December 2013: None).
(***) As of 31 December 2012, includes restructuring expenses amount to TL1.382 (31 December 2013: None).
(***) As of 31 December 2012, includes restructuring expenses amount to TL295 (31 December 2013: None).
(*****) Included .TL43,951 (31 December 2012: TL26,496) in other premiums paid to the Saving Deposit Insurance Fund, TL83,010 (31 December 2012: TL72,997) is other taxes and duties paid as of 31 December 2012 TL11,759 is merger and restructuring costs (31 December 2013: None).
(******) The classification mentioned in the 3rd part XXIV numbered note has been done in prior year financial statement

8. Information on profit/(loss) from continued and discontinued operations before taxes:

Profit before tax of the Bank consists of net interest income and net fees and commission income amounting to TL2,064,461 (31 December 2012: TL1,940,075) and TL701,692 (31 December 2012: TL581,553), respectively; while operating expenses are TL1,775,151 (31 December 2012: TL1,522,440).

9. Information on tax provision for continued and discontinued operations:

a) As of 31 December 2013, continuing operations' current tax charge is TL71,155 (31 December 2012: TL248,599 tax charge) and deferred tax charge is TL103,658 (31 December 2012: TL85,209 deferred tax benefit), there is no current tax charge and deferred tax benefit in the current period from discontinued operations (31 December 2012: None).

b) Deferred tax charge on temporary differences resulted from discontinued operations is TL103,658 (31 December 2012: TL85,209 deferred tax benefit).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

9. Information on tax provision for continued and discontinued operations: (Continued)

c) **Tax reconciliation**:

	Current Period	Prior Period
Profit on continued and discontinued operations before taxes	**745,357**	**652,329**
Additions	**165,957**	**171,963**
Disallowables	29,924	17,745
General loan loss provision	131,548	156,361
Effect of different tax rate	4,311	(2,946)
Other	174	803
Deductions	**(37,248)**	**(7,345)**
Dividend Income	(1,673)	(841)
Other	(35,575)	(6,504)
Taxable Profit / (Loss)	**874,066**	**816,947**
Corporate tax rate	20%	20%
Tax calculated for continued and discontinued operations	**174,813**	**163,390**

As of 31 December 2013, current tax charge is TL71,155 (31 December 2012: TL248,599 tax charge) and deferred tax charge on temporary differences is TL103,658 (31 December 2012: TL85,209 deferred tax benefit). Net tax charge recognized in the financial statements is TL174,813 (31 December 2012: TL163,390 net tax charge).

10. Information on net profit/(loss) from continued and discontinued operations:

The Group's net profit from continued operations for the year ended 31December 2012 is TL570,544 (31 December 2012: TL488,397). The Group has not made net profit from discontinued operations (31 December 2012: None).

11. The explanations on net income / loss for the period:

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Parent Bank's performance for the period: None 31 December 2012: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2012: None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

c) Profit or loss attributable to minority shares:

	Current Period	Prior Period
Profit or loss attributable to minority shares	1,728	1,542

12. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items:

Other interest income	Current Period	Prior Period
Interest income from factoring receivables	81,980	89,765
Other	530	7,498
Total	**82,510**	**97,263**

	Current Period	Prior Period
Credit cards commissions and fees	446,587	441,309
Intelligence fee and commissions	61,410	45,753
Insurance commissions received	52,091	40,233
Brokerage commissions	37,715	25,140
Funds management fees	36,315	28,393
Settlement expense provision, eft, swift, agency commissions	32,275	15,347
Transfer commissions	27,858	30,533
Commissions and fees earned from correspondent banks	5,726	14,880
Consultancy commissions	3,020	-
Other	211,769	178,689
Total	**914,766**	**820,277**

Other fees and commissions given	Current Period	Prior Period
Credit cards commissions and fees	226,183	258,824
Commissions and fees paid to correspondent banks	21,874	16,315
Settlement and swift commissions	11,280	8,891
Other	61,394	48,833
Total	**320,731**	**332,863**

V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity

a) Increase resulting from revaluation of financial assets available for sale is TL198,239 (31 December 2012: TL201,566 decrease) and deferred tax effect of this change is TL39,853 (31 December 2012: TL40,340).

Gain or loss arising from measurement of financial assets available-for-sale included in shareholders' equity in the current period, excluding those related to hedging: TL108,114 expense (31 December 2012: TL205,086 expense).

The amount recycled from equity to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available-for-sale (excluding the assets related to hedging): TL90,125 profit (31 December 2012: TL3,520 profit).

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity (Continued)

b) Increase in cash flow risk hedging items:

The Parent Bank hedges itself against cash flow risk from Turkish Lira short term time deposits through its interest rate swaps. In this context, the effective portion is accounted for under equity in "Hedging Funds" account. The related amount as of 31 December 2013 is TL102,314 (31 December 2012: TL67,713 decrease) and deferred tax effect of this change is TL20,463 (31 December 2012: TL13,543).

c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.

d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.

e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.

f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue.

g) Amounts transferred to legal reserves: Amount transferred to legal reserves is TL26,864 in 2013 (31 December 2012: TL13,522).

h) Information on shares issued:

The Group has not recorded any shares issued in "Share Premium" account in the current period.

VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Other items" amounting to TL1,303,193 (31 December 2012: TL1,754,473) in "Operating profit before changes in operating assets and liabilities" consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

"Net increase/decrease in other liabilities" amounting to TL176,978 (31 December 2012: TL209,326) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, other liabilities and interbank money market borrowings. "Net increase/decrease in other assets" with a total amount of TL2,226,953 (31 December 2012: TL1,996,572) consists of changes in sundry debtors and other assets.

"Other items" amounting to TL45,596 (31 December 2012: TL17,666) in "Net cash provided from investing activities" consists of cash paid for purchases of intangible assets.

Effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange effect resulting from the translation of cash and cash equivalents in foreign currency by using the foreign exchange rates at the beginning and at the end of the period, and it is TL67,874 for the year 2013 (31 December 2012: TL24,885 negative).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows (Continued)

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Begining of the period	Current Period	Prior Period
Cash	**1,088,529**	**2,429,726**
Cash in TL/Foreign Currency	591,035	487,810
Central Bank – Unrestricted amount	447,146	1,616,648
Other	50,348	325,268
Cash equivalents	**2,493,245**	**1,082,908**
Banks	793,015	559,663
Money market placements	1,700,230	523,245
Total cash and cash equivalents	**3,581,774**	**3,512,634**

End of the period	Current Period	Prior Period
Cash	**1,546,639**	**1,088,529**
Cash in TL/Foreign Currency	673,704	591,035
Central Bank – Unrestricted amount	852,969	447,146
Other	19,966	50,348
Cash equivalents	**404,863**	**2,493,245**
Banks	404,618	793,015
Money market placements	245	1,700,230
Total cash and cash equivalents	**1,951,502**	**3,581,774**

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

VII. Explanations on the Risk Group of the Parent Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

Prior period balances for balance sheet items are presented as of 31 December 2012, for income/expenses items presented as of 31 December 2012.

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	2,815	4	54,057	396,822
Balance at end of period	-	-	20,666	10	52,230	376,434
Interest and commission income	-	-	2,730	32	1,173	626

Direct and indirect shareholders of the Bank balance above includes TL13,536 and other entities included in the risk group balance above includes TL40,726 placement in foreign banks.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	76,412	4	130,321	231,970
Balance at end of period	-	-	2,815	4	54,057	396,822
Interest and commission income	-	-	3,684	23	16,163	95

Direct and indirect shareholders of the Bank balance above includes TL2,118and other entities included in the risk group balance above includes TL11,590 placement in foreign banks.

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
Deposits	Current Period	Prior Period	Current period	Prior period	Current Period	Prior Period
Balance at end of period	-	-	471,343	430,246	307,130	403,147
Balance at end of period	-	-	1,221,029	471,343	672,711	307,130
Interest on deposits	-	-	27,851	32,042	12,706	26,415

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations on the Risk Group of the Parent Bank (Continued)

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances: (Continued)

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of period	-	-	8,814,102	9,647,651	3,628	178,125
End of period	-	-	11,389,136	8,814,102	664,232	3,628
Total income/loss	-	-	(35,159)	12,945	1,563	792
Hedging transactions purposes						
Beginning of period	-	-	830,956	522,500	-	-
End of period	-	-	480,718	830,956	-	-
Total income/loss	-	-	24,388	(16,405)	-	-

d) As of 31 December 2013, the total amount of remuneration and fees provided for the senior management of the Group is TL34,710 (31 December 2012: TL35,762).

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. Explanations on the Parent Bank's Domestic, Abroad, Off-shore Branches or Subsidiaries, and Agencies Abroad

1. Explanations on the Parent Bank's Domestic, Abroad, Off-shore Branches or Subsidiaries, and Agencies Abroad:

	Numbers	Employees	Country	Total Assests	Capital
Domestic branches	539	9,935			
Rep-offices abroad	-	-			
Branches abroad	4	63	Cyprus	485,440	20,000
Off-shore branches	1	3	Bahrain	889,687	-

2. Explanations on Branch and Agency Openings or Closings of the Parent Bank:

In the year 2013, the Parent Bank opened 36 branches , closed 1 branch.

IX. Explanations on Post Balance Sheet Events

None.

SECTION SIX

OTHER EXPLANATIONS

I. Explanations on Other Activities of Bank

None.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The consolidated financial statements of the Parent Bank were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor's report dated 13 February 2014 is presented preceding the consolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors

None.