

**(Convenience Translation of Consolidated Financial Report Originally
Issued in Turkish)**

Tekstil Bankası Anonim Şirketi

**Consolidated financial statements as at and
for the period ended 31 December 2013
with independent auditors' report thereon**

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish, (See Note 3.I)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Tekstil Bankası Anonim Şirketi:

We have audited the consolidated balance sheet of Tekstil Bankası Anonim Şirketi ("the Bank") and its subsidiary as at 31 December 2013 and the related consolidated statements of income, the consolidated statements of recognized income and expense under equity, the consolidated statements of cash flows, the consolidated statements of changes in shareholders' equity for the period then ended, and a summary of the significant accounting policies and other disclosures.

The Board of Directors' Responsibility for the Financial Statements:

The Board of Directors of the Bank is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and presentation of the reported consolidated financial statements in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, which is published in the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards, and other regulations, explanations and circulars on accounting and financial reporting principles announced by Banking Regulation and Supervision Agency ("BRSA"), free of material errors and misuse that could lead to false information within.

Auditors' Responsibility:

Our responsibility, as independent auditors, is to issue a report on the consolidated financial statements based on our audit. We conducted our audit in accordance with the Regulation on Authorization and Activities of Institutions to Perform Independent Audit in Banks, which is published in the Official Gazette No. 26333 dated 1 November 2006, and international auditing standards. Our independent audit was planned and conducted to provide reasonable assurance that the consolidated financial statements are free of material misstatement. Our independent audit involved the necessary techniques to collect audit evidence related to the figures included in the consolidated financial statements and accompanying footnotes; which have been determined based on our professional conviction. Those techniques have been selected by considering the effectiveness of the internal controls used in preparation and presentation of the consolidated financial statements and the appropriateness of the accounting policies applied. We believe that our audit provides a reasonable basis for our opinion expressed below.

Opinion:

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly the financial position of Tekstil Bankası Anonim Şirketi and its subsidiary as at 31 December 2013, and of the results of its operations and its cash flows for the year then ended, in all material respects in accordance with regulations described in Articles 37 and 38 of the (Turkish) Banking Law No 5411; and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish, (See Note 3.I)

Other Issue:

The financial statements of the Bank and its Subsidiary included in the scope of consolidation prepared as of 31 December 2012 in accordance with the accounting principles and standards pursuant to articles 37 and 38 of the Banking Law No. 5411 were audited according to auditing principles and rules by another audit firm. In its independent auditor's report dated March 1, 2013, the mentioned audit firm expressed an unqualified opinion on the financial statements of the Bank and its subsidiary included in the scope of consolidation prepared as of December 31, 2012, expressing that that no significant matters had been found indicating that the financial statements did not present fairly the financial position, results of operations and cash flows of the Company and its subsidiary included in the scope of consolidation in accordance with the accounting principles and standards in the prevailing regulations and with other regulations, communiqués, disclosures and circulars regarding the accounting and financial reporting principles published by the Banking Regulation and Supervision Agency and pursuant to articles 37 and 38 of the Banking Law.

Additional paragraph for convenience translation to English:

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 Law 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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst&Young Global Limited



Fatma Ebru Yücel, SMMM
Partner

27 February 2014
İstanbul, Turkey

Convenience translation of consolidated financial statements and related disclosures originally issued in Turkish,
(See Note 3.I)

TEKSTİL BANKASI A. Ş.
CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2013

Address of the Bank's

Headquarters : Maslak Mah. Büyükdere Caddesi No: 247 34398 Şişli - İstanbul
Telephone Number : (0212) 335 53 35
Fax Number : (0212) 328 13 28
Website of the Bank : www.tekstilbank.com.tr
E-mail : info@tekstilbank.com.tr

The consolidated financial report prepared in accordance with the “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof” as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP AND RISK MANAGEMENT
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The financial statements of the subsidiary “**Tekstil Yatırım Menkul Değerler A.Ş.**” is consolidated in this consolidated financial report.

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks”, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in thousands of **Turkish Lira**.

| | | | | |
|--|--|--|--------------------------------|----------------|
| Akgün TÜRER | İ. Sencan DEREBOYUĞLU | H.Çim GÜZELAYDINLI | Gülden AKDEMİR | M.Sercan ÇOBAN |
| Chairman of Board of Directors and Audit Committee | Member of Board of Directors and Audit Committee | Chief Executive Officer and Member of Board of Directors | Executive Vice President | Unit Manager |

Contact information for questions on this financial report:

Name-Surname : M. Sercan Çoban
Tel No : 0212 335 54 94
Fax No : 0212 328 13 23

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**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

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

SECTION ONE

GENERAL INFORMATION

I. Parent Bank’s date of establishment, beginning statute, its history including changes on its statute

Tekstil Bankası A.Ş. (“the Parent Bank”) was established on 29 April 1986, to carry out all types of banking activities according to the Banking Law and later changes in the laws and regulations, with the permission of the Council of Ministers in accordance with the resolution numbered 85/9890 and dated 24 September 1985 and started its operations on 13 October 1986. “Articles of Association” of the Parent Bank was published in Turkish Trade Registry Gazette no.1511, dated 9 May 1986. The statute of the Parent Bank was not changed since its establishment.

II. Capital structure, shareholders controlling the management and supervision of the Parent Bank directly or indirectly, and if exists, changes on these issues and the Group that the Parent Bank belongs to and information about the persons and institutions that have qualified shares in the Parent Bank

The capital of the Parent Bank is TL 420,000 as at 31 December 2013 and is fully paid. The Bank is incorporated by GS Group. 75.50% of the shares of the Parent belongs to GSD Holding Anonim Şirketi (“GSD Holding”). The rest of the shares are traded at Borsa İstanbul (BIST) (formerly known as İstanbul Menkul Kıymetler Borsası (Istanbul Stock Exchange) (“İMKB”). 1% of the shares traded at BIST have been acquired by GSD Dış Ticaret Anonim Şirketi and 0.04% of them were acquired by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. Anonim Şirketi. These companies are incorporated by GSD Group.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding’s shares have been listed on Borsa İstanbul (BIST) since 11 November 1999. The nominal value of its shares is TL 250,000 as at 31 December 2013. A major portion of its shares are held by public.

Main operations of GSD Group Companies are;

| | |
|----------------------------|---|
| Banking: | Tekstil Bankası A.Ş., GSD Yatırım Bankası A.Ş. |
| Financial Services: | Tekstil Faktoring A.Ş., Tekstil Yatırım Menkul Değerler A.Ş. (“Tekstil Yatırım”) |
| Other: | GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., GSD Dış Ticaret A.Ş., GSD Plan Proje Etüd A.Ş., GSD Gayrimenkul Yatırım ve Geliştirme A.Ş., Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited. |

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

III. President and members of the Board of Directors, audit committee members, general manager and executive vice presidents, and if exists, changes in these positions and Bank’s shares they hold

| Title | Name | Job Description | Education |
|--|-----------------------|--|----------------|
| Chairman of the Board of Directors and Audit Committee: | Akgün TÜRER | Chairman of the Board of Directors and Audit Committee | Graduate |
| Member of Audit Committee: | İ.Sencan DEREBEYOĞLU | Member of Board of Directors and Audit Committee | Graduate |
| Member of Board of Directors: | İ. Sühan ÖZKAN | Vice Chairman of Board of Directors | Under-Graduate |
| | Anna GÖZÜBÜYÜKOĞLU | Independent Member of B.O.D. | Under-Graduate |
| | Mehmet Sedat ÖZKANLI | Independent Member of B.O.D. | Under-Graduate |
| General Manager: | H. Çim GÜZELAYDINLI | Chief Executive Officer and Member of Board of Directors | Graduate |
| Head of Board of Inspectors: | Selçuk İÇTEN | President of Inspectors’ Group | Under-Graduate |
| Executive Vice Presidents: | Aypergi G. URAS | Information Technologies and Operations Group | Graduate |
| | Gülden AKDEMİR | Financial Control Group | Under-Graduate |
| | D.Halit DÖVER | International Relations Group | Graduate |
| | Bozok EVRENOSOĞLU | Loans Group | Under-Graduate |
| | Hüseyin H. İMECE | Treasury and Investors Relations Group | Under-Graduate |
| | Başbuğ Y. SAMANCIOĞLU | Corporate and Commercial Banking Group | Under-Graduate |

These people mentioned above do not own any share of the Parent Bank.

IV. Type of services provided and the areas of operations of the Parent Bank

The operations of the Parent Bank consist of corporate and commercial banking services, fund management transactions (foreign currency, money market and securities trading), international banking services, retail banking services and credit card business. The Parent Bank also operates, through its branches, as insurance agent of Sompo Japan Sigorta A.Ş., Aviva Sigorta A.Ş., Vakıf Emeklilik A.Ş. and Ergo Emeklilik ve Hayat A.Ş.

As at 31 December 2013, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 853 employees as at 31 December 2013 (As at 31 December 2012 number of branches was 44, number of employees was 841).

The Parent Bank and its subsidiary, Tekstil Yatırım Menkul Değerler A.Ş. have been consolidated. The Parent Bank and its subsidiary are named as “the Group” as a whole.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods

There is no difference for the Bank regarding consolidation methods between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS). Information about consolidated subsidiaries and explanation about consolidation methods are indicated on Section Three, Footnote III.

VI. The existing or potential, actual or legal obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities

None.

VII. Other information

| | |
|--------------------------------|--|
| Bank’s Official Title | : Tekstil Bankası Anonim Şirketi |
| Reporting Period | : 1 January – 31 December 2013 |
| Address of Bank’s Headquarters | : Maslak Mah. Büyükdere Cad. No: 247 34398 Şişli - İstanbul |
| Telephone number | : (0212) 335 53 35 |
| Fax number | : (0212) 328 13 28 |
| Bank’s Internet Address | : www.tekstilbank.com.tr |
| Reporting currency | : Thousands of Turkish Lira |

SECTION TWO

Consolidated Financial Statements

- I. Consolidated balance sheets (Consolidated statements of financial position)
- II. Consolidated statements of off-balance sheet items
- III. Consolidated income statements
- IV. Consolidated statements of income and expenses recognized under equity
- V. Consolidated statements of changes in shareholders' equity
- VI. Consolidated statements of cash flows
- VII. Consolidated statements of profit distribution

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

| ASSETS | Footnotes (Section 5) | THOUSANDS OF TURKISH LIRA | | | | | |
|--|--------------------------|------------------------------|------------------|------------------|----------------------------|----------------|------------------|
| | | CURRENT PERIOD 31/12/2013 | | | PRIOR PERIOD 31/12/2012 | | |
| | | TL | FC | TOTAL | TL | FC | TOTAL |
| I. CASH AND BALANCES WITH THE CENTRAL BANK | (5.1.1) | 82,638 | 367,635 | 450,273 | 96,972 | 265,862 | 362,834 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net) | (5.1.2) | 12,292 | 3,558 | 15,850 | 2,340 | 3,375 | 5,715 |
| 2.1 Trading Securities | | 12,292 | 3,558 | 15,850 | 2,340 | 3,375 | 5,715 |
| 2.1.1 Public Sector Debt Securities | | - | 393 | 393 | - | 367 | 367 |
| 2.1.2 Share Certificates | | 37 | - | 37 | 428 | - | 428 |
| 2.1.3 Positive Value of Trading Derivatives | | 11,204 | 3,165 | 14,369 | 662 | 3,008 | 3,670 |
| 2.1.4 Other Securities | | 1,051 | - | 1,051 | 1,250 | - | 1,250 |
| 2.2 Financial Assets Designated at Fair Value | | - | - | - | - | - | - |
| 2.2.1 Public Sector Debt Securities | | - | - | - | - | - | - |
| 2.2.2 Share Certificates | | - | - | - | - | - | - |
| 2.2.3 Loans | | - | - | - | - | - | - |
| 2.2.4 Other Securities | | - | - | - | - | - | - |
| III. BANKS | (5.1.3) | 43,317 | 33,086 | 76,403 | 7,507 | 110,029 | 117,536 |
| IV. INTERBANK MONEY MARKET | | - | - | - | 3,000 | - | 3,000 |
| 4.1 Interbank Money Market Placements | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange Money Market Placements | | - | - | - | 3,000 | - | 3,000 |
| 4.3 Receivables from Reverse Repurchase Agreements | | - | - | - | - | - | - |
| V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net) | (5.1.4) | 382,267 | 6,681 | 388,948 | 321,968 | 7,434 | 329,402 |
| 5.1 Share Certificates | | 160 | - | 160 | - | - | - |
| 5.2 Public Sector Debt Securities | | 381,358 | 56 | 381,414 | 321,000 | 54 | 321,054 |
| 5.3 Other Securities | | 749 | 6,625 | 7,374 | 968 | 7,380 | 8,348 |
| VI. LOANS | (5.1.5) | 2,237,392 | 594,772 | 2,832,164 | 2,077,026 | 592,092 | 2,669,118 |
| 6.1 Loans | | 2,191,209 | 594,772 | 2,785,981 | 2,034,822 | 592,092 | 2,626,914 |
| 6.1.1 Loans Utilized to the Bank's Risk Group | | 20,515 | 28 | 20,543 | 547 | 35 | 582 |
| 6.1.2 Public Sector Debt Securities | | - | - | - | - | - | - |
| 6.1.3 Others | | 2,170,694 | 594,744 | 2,765,438 | 2,034,275 | 592,057 | 2,626,332 |
| 6.2 Loans under Follow-Up | | 179,800 | - | 179,800 | 135,173 | - | 135,173 |
| 6.3 Specific Provisions (-) | | 133,617 | - | 133,617 | 92,969 | - | 92,969 |
| VII. FACTORING RECEIVABLES | | - | - | - | - | - | - |
| VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net) | (5.1.6) | - | - | - | - | - | - |
| 8.1 Public Sector Debt Securities | | - | - | - | - | - | - |
| 8.2 Other Securities | | - | - | - | - | - | - |
| IX. INVESTMENTS IN ASSOCIATES (Net) | (5.1.7) | - | - | - | - | - | - |
| 9.1 Equity Method Associates | | - | - | - | - | - | - |
| 9.2 Unconsolidated Associates | | - | - | - | - | - | - |
| 9.2.1 Financial Associates | | - | - | - | - | - | - |
| 9.2.2 Non-Financial Associates | | - | - | - | - | - | - |
| X. INVESTMENTS IN SUBSIDIARIES (Net) | (5.1.8) | - | - | - | - | - | - |
| 10.1 Unconsolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 10.2 Unconsolidated Non-Financial Subsidiaries | | - | - | - | - | - | - |
| XI. JOINT VENTURES (Net) | (5.1.9) | - | - | - | - | - | - |
| 11.1 Equity Method Joint Ventures | | - | - | - | - | - | - |
| 11.2 Unconsolidated Joint Ventures | | - | - | - | - | - | - |
| 11.2.1 Financial Joint Ventures | | - | - | - | - | - | - |
| 11.2.2 Non-Financial Joint Ventures | | - | - | - | - | - | - |
| XII. LEASE RECEIVABLES (Net) | (5.1.10) | - | - | - | - | - | - |
| 12.1 Financial Lease Receivables | | - | - | - | - | - | - |
| 12.2 Operational Lease Receivables | | - | - | - | - | - | - |
| 12.3 Others | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | - | - | - | - | - | - |
| XIII. HEDGING DERIVATIVES | (5.1.11) | - | - | - | - | - | - |
| 13.1 Fair Value Hedge | | - | - | - | - | - | - |
| 13.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 13.3 Hedging of a Net Investment in Foreign Subsidiaries | | - | - | - | - | - | - |
| XIV. TANGIBLE ASSETS (Net) | (5.1.12) | 16,445 | - | 16,445 | 94,216 | - | 94,216 |
| XV. INTANGIBLE ASSETS (Net) | (5.1.13) | 1,902 | - | 1,902 | 1,625 | - | 1,625 |
| 15.1 Goodwill | | - | - | - | - | - | - |
| 15.2 Others | | 1,902 | - | 1,902 | 1,625 | - | 1,625 |
| XVI. INVESTMENT PROPERTY (Net) | (5.1.14) | - | - | - | - | - | - |
| XVII. TAX ASSETS | (5.1.15) | 5,829 | - | 5,829 | 1,869 | - | 1,869 |
| 17.1 Current Tax Assets | | 3,134 | - | 3,134 | - | - | - |
| 17.2 Deferred Tax Assets | | 2,695 | - | 2,695 | 1,869 | - | 1,869 |
| XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net) | (5.1.16) | - | - | - | - | - | - |
| 18.1 Held For Sale | | - | - | - | - | - | - |
| 18.2 Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | (5.1.17) | 48,889 | 17,551 | 66,440 | 93,091 | 6,043 | 99,134 |
| TOTAL ASSETS | | 2,830,971 | 1,023,283 | 3,854,254 | 2,699,614 | 984,835 | 3,684,449 |

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

| LIABILITIES AND EQUITY | | Footnotes (Section 5) | THOUSANDS OF TURKISH LIRA | | | | | |
|---|-----------|--------------------------|------------------------------|------------------|------------------|----------------------------|------------------|------------------|
| | | | CURRENT PERIOD 31/12/2013 | | | PRIOR PERIOD 31/12/2012 | | |
| | | | TL | FC | TOTAL | TL | FC | TOTAL |
| I. DEPOSITS | (5.II.1) | | 1,249,923 | 1,271,890 | 2,521,813 | 1,504,322 | 1,205,756 | 2,710,078 |
| 1.1 Deposits of the Bank's Risk Group | | | 10,628 | 47,034 | 57,662 | 24,561 | 31,328 | 55,889 |
| 1.2 Others | | | 1,239,295 | 1,224,856 | 2,464,151 | 1,479,761 | 1,174,428 | 2,654,189 |
| II. NEGATIVE VALUE OF TRADING DERIVATIVES | (5.II.2) | | 5,683 | 436 | 6,119 | 1,686 | 802 | 2,488 |
| III. FUNDS BORROWED | (5.II.3) | | 39,731 | 301,269 | 341,000 | 33,943 | 215,158 | 249,101 |
| IV. DUE TO MONEY MARKETS | | | 258,597 | - | 258,597 | 11,156 | - | 11,156 |
| 4.1 Interbank Money Market | | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange | | | - | - | - | - | - | - |
| 4.3 Obligations under Repurchase Agreements | | | 258,597 | - | 258,597 | 11,156 | - | 11,156 |
| V. SECURITIES ISSUED (Net) | | | - | - | - | - | - | - |
| 5.1 Bills | | | - | - | - | - | - | - |
| 5.2 Asset Backed Securities | | | - | - | - | - | - | - |
| 5.3 Bonds | | | - | - | - | - | - | - |
| VI. FUNDS | | | - | - | - | - | - | - |
| 6.1 Bank Borrowers' Funds | | | - | - | - | - | - | - |
| 6.2 Others | | | - | - | - | - | - | - |
| VII. MISCELLANEOUS PAYABLES | | | 12,238 | 1,905 | 14,143 | 12,427 | 1,698 | 14,125 |
| VIII. OTHER EXTERNAL RESOURCES | (5.II.4) | | 46,229 | 7,090 | 53,319 | 64,101 | 7,947 | 72,048 |
| IX. FACTORING PAYABLES | | | - | - | - | - | - | - |
| X. LEASE PAYABLES (Net) | (5.II.5) | | - | - | - | - | - | - |
| 10.1 Financial Lease Payables | | | - | - | - | - | - | - |
| 10.2 Operational Lease Payables | | | - | - | - | - | - | - |
| 10.3 Others | | | - | - | - | - | - | - |
| 10.4 Deferred Financial Leasing Expenses (-) | | | - | - | - | - | - | - |
| XI. HEDGING PURPOSE DERIVATIVES | (5.II.6) | | - | - | - | - | - | - |
| 11.1 Fair Value Hedge | | | - | - | - | - | - | - |
| 11.2 Cash Flow Hedge | | | - | - | - | - | - | - |
| 11.3 Hedging of a Net Investment in Foreign Subsidiaries | | | - | - | - | - | - | - |
| XII. PROVISIONS | (5.II.7) | | 48,010 | - | 48,010 | 40,227 | - | 40,227 |
| 12.1 General Provisions | | | 23,736 | - | 23,736 | 24,590 | - | 24,590 |
| 12.2 Restructuring Provisions | | | - | - | - | - | - | - |
| 12.3 Reserve for Employee Benefits | | | 9,194 | - | 9,194 | 8,618 | - | 8,618 |
| 12.4 Insurance Technical Provisions (Net) | | | - | - | - | - | - | - |
| 12.5 Other Provisions | | | 15,080 | - | 15,080 | 7,019 | - | 7,019 |
| XIII. TAX LIABILITIES | (5.II.8) | | 6,945 | - | 6,945 | 10,325 | - | 10,325 |
| 13.1 Current Tax Liability | | | 6,945 | - | 6,945 | 10,325 | - | 10,325 |
| 13.2 Deferred Tax Liability | | | - | - | - | - | - | - |
| XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS | (5.II.9) | | - | - | - | - | - | - |
| 14.1 Held For Sale | | | - | - | - | - | - | - |
| 14.2 Discontinued Operations | | | - | - | - | - | - | - |
| XV. SUBORDINATED LOANS | (5.II.10) | | - | - | - | - | - | - |
| XVI. SHAREHOLDERS' EQUITY | (5.II.11) | | 604,311 | (3) | 604,308 | 574,896 | 5 | 574,901 |
| 16.1 Paid-in Capital | | | 420,000 | - | 420,000 | 420,000 | - | 420,000 |
| 16.2 Supplementary Capital | | | 33,753 | (3) | 33,750 | 49,654 | 5 | 49,659 |
| 16.2.1 Share Premium | | | (814) | - | (814) | (814) | - | (814) |
| 16.2.2 Share Cancellation Profits | | | - | - | - | - | - | - |
| 16.2.3 Valuation Differences of Securities | | | 194 | (3) | 191 | 17,052 | 5 | 17,057 |
| 16.2.4 Revaluation Fund on Tangible Assets | | | 34,373 | - | 34,373 | 33,416 | - | 33,416 |
| 16.2.5 Revaluation Fund on Intangible Assets | | | - | - | - | - | - | - |
| 16.2.6 Revaluation Fund on Investment Property | | | - | - | - | - | - | - |
| 16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures | | | - | - | - | - | - | - |
| 16.2.8 Hedging Funds (Effective Portion) | | | - | - | - | - | - | - |
| 16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations | | | - | - | - | - | - | - |
| 16.2.10 Other Supplementary Capital | | | - | - | - | - | - | - |
| 16.3 Profit Reserves | | | 105,242 | - | 105,242 | 79,184 | - | 79,184 |
| 16.3.1 Legal Reserves | | | 8,531 | - | 8,531 | 7,110 | - | 7,110 |
| 16.3.2 Status Reserves | | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | | 96,711 | - | 96,711 | 72,074 | - | 72,074 |
| 16.3.4 Other Profit Reserves | | | - | - | - | - | - | - |
| 16.4 Profit or Loss | | | 45,316 | - | 45,316 | 26,058 | - | 26,058 |
| 16.4.1 Prior Periods' Profit or Loss | | | - | - | - | - | - | - |
| 16.4.2 Current Period Profit or Loss | | | 45,316 | - | 45,316 | 26,058 | - | 26,058 |
| 16.5 Minority Shares | | | - | - | - | - | - | - |
| TOTAL LIABILITIES AND EQUITY | | | 2,271,667 | 1,582,587 | 3,854,254 | 2,253,083 | 1,431,366 | 3,684,449 |

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

**Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I**

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS
AS AT 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

| | Footnotes (Section 5) | THOUSANDS OF TURKISH LIRA | | | | | |
|--|--------------------------|------------------------------|------------------|------------------|----------------------------|------------------|------------------|
| | | CURRENT PERIOD 31/12/2013 | | | PRIOR PERIOD 31/12/2012 | | |
| | | TL | FC | TOTAL | TL | FC | TOTAL |
| A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II-III) | | 1,283,414 | 1,827,497 | 3,110,911 | 1,360,737 | 1,709,057 | 3,069,794 |
| I. GUARANTEES | (5.IV.1) | 582,426 | 628,534 | 1,210,960 | 698,438 | 549,673 | 1,248,111 |
| 1.1 Letters of Guarantee | | 582,426 | 350,976 | 933,402 | 698,438 | 303,313 | 1,001,751 |
| 1.1.1 Guarantees Subject to State Tender Law | | - | - | - | - | - | - |
| 1.1.2 Guarantees Given for Foreign Trade Operations | | - | - | - | - | - | - |
| 1.1.3 Other Letters of Guarantee | | 582,426 | 350,976 | 933,402 | 698,438 | 303,313 | 1,001,751 |
| 1.2 Bank Acceptances | | - | 1,458 | 1,458 | - | 1,359 | 1,359 |
| 1.2.1 Import Letter of Acceptance | | - | 1,458 | 1,458 | - | 1,359 | 1,359 |
| 1.2.2 Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3 Letters of Credit | | - | 228,971 | 228,971 | - | 202,019 | 202,019 |
| 1.3.1 Documentary Letters of Credit | | - | 165,585 | 165,585 | - | 131,783 | 131,783 |
| 1.3.2 Other Letters of Credit | | - | 63,386 | 63,386 | - | 70,236 | 70,236 |
| 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 Purchase Guarantees for Securities Issued | | - | - | - | - | - | - |
| 1.7 Factoring Related Guarantees | | - | - | - | - | - | - |
| 1.8 Other Collaterals | | - | 47,129 | 47,129 | - | 42,982 | 42,982 |
| 1.9 Other Sureties | | - | - | - | - | - | - |
| II. COMMITMENTS | (5.IV.1) | 214,390 | 87,537 | 301,927 | 330,647 | 37,055 | 367,702 |
| 2.1 Irrevocable Commitments | | 214,390 | 87,537 | 301,927 | 330,647 | 37,055 | 367,702 |
| 2.1.1 Asset Purchase and Sale Commitments | | 6,622 | 87,537 | 94,159 | 1,697 | 37,055 | 38,752 |
| 2.1.2 Deposit Purchase and Sales Commitments | | - | - | - | - | - | - |
| 2.1.3 Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4 Loan Granting Commitments | | 44,375 | - | 44,375 | 42,711 | - | 42,711 |
| 2.1.5 Securities Issuance Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6 Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.7 Commitments for Cheque Payments | | 83,116 | - | 83,116 | 85,217 | - | 85,217 |
| 2.1.8 Tax and Fund Obligations from Export Commitments | | 3 | - | 3 | - | - | - |
| 2.1.9 Commitments for Credit Card Limits | | 79,889 | - | 79,889 | 200,544 | - | 200,544 |
| 2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services | | 385 | - | 385 | 478 | - | 478 |
| 2.1.11 Receivables from "Short" Sale Commitments On Securities | | - | - | - | - | - | - |
| 2.1.12 Payables for "Short" Sale Commitments On Securities | | - | - | - | - | - | - |
| 2.1.13 Other Irrevocable Commitments | | - | - | - | - | - | - |
| 2.2 Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1 Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| 2.2.2 Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (5.IV.3) | 486,598 | 1,111,426 | 1,598,024 | 331,652 | 1,122,329 | 1,453,981 |
| 3.1 Hedging Purpose Derivatives | | - | - | - | - | - | - |
| 3.1.1 Fair Value Hedge | | - | - | - | - | - | - |
| 3.1.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 3.1.3 Hedging of a Net Investment in Foreign Subsidiaries | | - | - | - | - | - | - |
| 3.2 Trading Purpose Derivatives | | 486,598 | 1,111,426 | 1,598,024 | 331,652 | 1,122,329 | 1,453,981 |
| 3.2.1 Forward Foreign Currency Purchases/Sales | | 90,001 | 151,802 | 241,803 | 22,699 | 100,588 | 123,287 |
| 3.2.1.1 Forward Foreign Currency Purchases | | 28,493 | 92,658 | 121,151 | 5,763 | 55,882 | 61,645 |
| 3.2.1.2 Forward Foreign Currency Sales | | 61,508 | 59,144 | 120,652 | 16,936 | 44,706 | 61,642 |
| 3.2.2 Currency and Interest Rate Swaps | | 336,025 | 804,391 | 1,140,416 | 240,795 | 917,657 | 1,158,452 |
| 3.2.2.1 Currency Swaps-Purchases | | 22,536 | 583,047 | 605,583 | 9,747 | 586,060 | 595,807 |
| 3.2.2.2 Currency Swaps-Sales | | 313,489 | 221,344 | 534,833 | 231,048 | 331,597 | 562,645 |
| 3.2.2.3 Interest Rate Swaps-Purchases | | - | - | - | - | - | - |
| 3.2.2.4 Interest Rate Swaps-Sales | | - | - | - | - | - | - |
| 3.2.3 Currency, Interest Rate and Security Options | | 60,572 | 93,519 | 154,091 | 67,800 | 72,037 | 139,837 |
| 3.2.3.1 Currency Options-Purchases | | 34,007 | 42,782 | 76,789 | 33,605 | 36,317 | 69,922 |
| 3.2.3.2 Currency Options-Sales | | 26,565 | 50,737 | 77,302 | 34,195 | 35,720 | 69,915 |
| 3.2.3.3 Interest Rate Options-Purchases | | - | - | - | - | - | - |
| 3.2.3.4 Interest Rate Options-Sales | | - | - | - | - | - | - |
| 3.2.3.5 Securities Options-Purchases | | - | - | - | - | - | - |
| 3.2.3.6 Securities Options-Sales | | - | - | - | - | - | - |
| 3.2.4 Currency Futures | | - | - | - | - | - | - |
| 3.2.4.1 Currency Futures-Purchases | | - | - | - | - | - | - |
| 3.2.4.2 Currency Futures-Sales | | - | - | - | - | - | - |
| 3.2.5 Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1 Interest Rate Futures-Purchases | | - | - | - | - | - | - |
| 3.2.5.2 Interest Rate Futures-Sales | | - | - | - | - | - | - |
| 3.2.6 Others | | - | 61,714 | 61,714 | 358 | 32,047 | 32,405 |
| B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI) | | 3,139,692 | 1,021,816 | 4,161,508 | 3,090,469 | 1,030,884 | 4,121,353 |
| IV. ITEMS HELD IN CUSTODY | | 241,582 | 31,088 | 272,670 | 269,471 | 57,901 | 327,372 |
| 4.1 Customers' Securities and Portfolios Held | | - | - | - | - | - | - |
| 4.2 Securities Held in Custody | | 155,514 | 10,251 | 165,765 | 139,629 | 9,382 | 149,011 |
| 4.3 Checks Received for Collection | | 64,656 | 7,152 | 71,808 | 83,670 | 3,586 | 87,256 |
| 4.4 Commercial Notes Received for Collection | | 12,666 | 6,931 | 19,597 | 24,474 | 22,720 | 47,194 |
| 4.5 Other Assets Received for Collection | | - | - | - | - | - | - |
| 4.6 Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7 Other Items under Custody | | - | - | - | - | - | - |
| 4.8 Custodians | | 369 | 130 | 499 | 475 | 41 | 516 |
| V. PLEDGED ITEMS | | 2,877,118 | 990,728 | 3,867,846 | 2,790,441 | 972,983 | 3,763,424 |
| 5.1 Securities | | 17,334 | - | 17,334 | 13,908 | - | 13,908 |
| 5.2 Guarantee Notes | | 8,945 | 38,138 | 47,083 | 3,155 | 23,393 | 26,548 |
| 5.3 Commodities | | 102,286 | 57,024 | 159,310 | 81,548 | 50,628 | 132,176 |
| 5.4 Warrants | | 469 | - | 469 | 947 | - | 947 |
| 5.5 Immovables | | 1,918,718 | 823,100 | 2,741,818 | 2,021,193 | 804,590 | 2,825,783 |
| 5.6 Other Pledged Items | | 829,366 | 72,466 | 901,832 | 669,690 | 94,372 | 764,062 |
| 5.7 Pledged Items-Depository | | - | - | - | - | - | - |
| VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES | | 20,992 | - | 20,992 | 30,557 | - | 30,557 |
| TOTAL OFF BALANCE SHEET ITEMS (A+B) | | 4,423,106 | 2,849,313 | 7,272,419 | 4,451,206 | 2,739,941 | 7,191,147 |

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

Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

| INCOME AND EXPENSE ITEMS | | Footnotes (Section 5) | THOUSANDS OF TURKISH LIRA | |
|--|------------|--------------------------|---|---|
| | | | CURRENT PERIOD (01/01/2013 - 31/12/2013) | PRIOR PERIOD (01/01/2012 - 31/12/2012) |
| I. INTEREST INCOME | (5.III.1) | | 295,606 | 341,799 |
| 1.1 Interest from Loans | | | 260,840 | 301,801 |
| 1.2 Interest from Reserve Deposits | | | - | - |
| 1.3 Interest from Banks | | | 1,591 | 1,294 |
| 1.4 Interest from Money Market Transactions | | | 25 | 255 |
| 1.5 Interest from Securities Portfolio | | | 32,454 | 37,860 |
| 1.5.1 Trading Securities | | | 21 | 20 |
| 1.5.2 Financial Assets at Fair Value Through Profit or Loss | | | - | - |
| 1.5.3 Available for Sale Securities | | | 32,433 | 37,840 |
| 1.5.4 Held to Maturity Securities | | | - | - |
| 1.6 Interest from Financial Leases | | | - | - |
| 1.7 Other Interest Income | | | 696 | 589 |
| II. INTEREST EXPENSE | (5.III.2) | | 151,939 | 188,196 |
| 2.1 Interest on Deposits | | | 130,065 | 168,096 |
| 2.2 Interest on Funds Borrowed | | | 10,422 | 9,588 |
| 2.3 Interest on Money Market Transactions | | | 9,799 | 10,459 |
| 2.4 Interest on Securities Issued | | | - | - |
| 2.5 Other Interest Expense | | | 1,653 | 53 |
| III. NET INTEREST INCOME (I - II) | | | 143,667 | 153,603 |
| IV. NET FEE AND COMMISSION INCOME | | | 16,655 | 17,898 |
| 4.1 Fees and Commissions Received | | | 20,929 | 22,285 |
| 4.1.1 Non-Cash Loans | | | 10,646 | 11,027 |
| 4.1.2 Other | | | 10,283 | 11,258 |
| 4.2 Fees and Commissions Paid | | | 4,274 | 4,387 |
| 4.2.1 Non-Cash Loans | | | 400 | 291 |
| 4.2.2 Other | | | 3,874 | 4,096 |
| V. DIVIDEND INCOME | (5.III.3) | | - | 2 |
| VI. TRADING INCOME/LOSS (Net) | (5.III.4) | | (5,815) | 14 |
| 6.1 Profit / Loss on Capital Market Transactions | | | 7,008 | 10,792 |
| 6.2 Derivative Instruments Gain / Loss | | | 76,294 | (83,558) |
| 6.3 Foreign Exchange Gain / Loss | | | (89,117) | 72,780 |
| VII. OTHER OPERATING INCOME | (5.III.5) | | 70,830 | 16,337 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | | 225,337 | 187,854 |
| IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-) | (5.III.6) | | 57,616 | 41,051 |
| X. OTHER OPERATING EXPENSES (-) | (5.III.7) | | 118,630 | 113,399 |
| XI. NET OPERATING PROFIT/LOSS (VIII-IX-X) | | | 49,091 | 33,404 |
| XII. NEGATIVE GOODWILL | | | - | - |
| XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS | | | - | - |
| XIV. GAIN/LOSS ON NET MONETARY POSITION | | | - | - |
| XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV) | (5.III.8) | | 49,091 | 33,404 |
| XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±) | (5.III.9) | | (3,775) | (7,346) |
| 16.1 Current Tax Provision | | | (4,643) | (5,094) |
| 16.2 Deferred Tax Provision | | | 868 | (2,252) |
| XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI) | (5.III.10) | | 45,316 | 26,058 |
| XVIII. PROFIT FROM DISCONTINUED OPERATIONS | | | - | - |
| 18.1 Assets Held for Sale | | | - | - |
| 18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures | | | - | - |
| 18.3 Others | | | - | - |
| XIX. LOSS FROM DISCONTINUED OPERATIONS (-) | | | - | - |
| 19.1 Assets Held for Sale | | | - | - |
| 19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures | | | - | - |
| 19.3 Others | | | - | - |
| XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX) | (5.III.8) | | - | - |
| XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±) | (5.III.9) | | - | - |
| 21.1 Current Tax Provision | | | - | - |
| 21.2 Deferred Tax Provision | | | - | - |
| XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI) | (5.III.10) | | - | - |
| XXIII. NET PROFIT/LOSS (XVII+XXII) | (5.III.11) | | 45,316 | 26,058 |
| 23.1 Group's Profit / Loss | | | 45,316 | 26,058 |
| 23.2 Minority Shares | | | - | - |
| Earnings / Losses per Share (Full TL) | | | 0.0108 | 0.0062 |

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

Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE UNDER EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

| PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY | THOUSANDS OF TURKISH LIRA | |
|---|---|---|
| | CURRENT PERIOD (01/01/2013 - 31/12/2013) | PRIOR PERIOD (01/01/2012 - 31/12/2012) |
| I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS | (21,081) | 20,589 |
| II. REVALUATION ON TANGIBLE ASSETS | 1,007 | 15,344 |
| III. REVALUATION ON INTANGIBLE ASSETS | - | - |
| IV. FOREIGN EXCHANGE DIFFERENCES | - | - |
| V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion) | - | - |
| VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion) | - | - |
| VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS | - | - |
| VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS | - | - |
| IX. DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES | 4,165 | (4,880) |
| X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX) | (15,909) | 31,053 |
| XI. CURRENT PERIOD PROFIT/LOSS | 45,316 | 26,058 |
| 11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss) | 978 | 141 |
| 11.2 Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges | - | - |
| 11.3 Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries | - | - |
| 11.4 Others | 44,338 | 25,917 |
| XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI) | 29,407 | 57,111 |

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

Convenience translation of consolidated financial statements originally issued in Turkish, See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

| CHANGES IN SHAREHOLDERS' EQUITY | Footnotes (Section 5) | THOUSANDS OF TURKISH LIRA | | | | | | | | | | | | | | | | | |
|---|--------------------------|---------------------------|---|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|---|---|---|--|---|----------------|---|---|----------------------------------|----------------------------------|
| | | Paid-in Capital | Capital Reserves from Inflation Adjustments to Paid-in Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit / (Loss) | Prior Period Net Profit / (Loss) | Valuation Differences of Securities | Revaluation Fund on Tangible Assets | Securities Value Increase Fund | Hedge Funds | Revaluation Fund on Assets Held for Sale and Discontinued Operations | Total Equity Attributable to Equity Holders of the Parent | Non- controlling Interests | Total Shareholders' Equity |
| PRIOR PERIOD 31/12/2012 | | | | | | | | | | | | | | | | | | | |
| I. Balances at the Beginning of Period - 01/01/2012 | | 420,000 | - | (814) | - | 5,830 | - | 48,728 | - | 24,626 | - | 581 | 18,839 | - | - | - | 517,790 | - | 517,790 |
| II. Corrections According to Turkish Accounting Standard No.8 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Corrections of Errors | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Changes in Accounting Policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted Beginning Balance (I + II) | | 420,000 | - | (814) | - | 5,830 | - | 48,728 | - | 24,626 | - | 581 | 18,839 | - | - | - | 517,790 | - | 517,790 |
| Changes in the Period | | | | | | | | | | | | | | | | | | | |
| IV. Increase / Decrease Related to Mergers | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Valuation Difference of Available-for-Sale Securities | (5.V.1) | - | - | - | - | - | - | - | - | - | - | 16,476 | - | - | - | - | 16,476 | - | 16,476 |
| VI. Hedging Transactions (Effective Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.1 Cash Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.2 Hedging of a Net Investment in Foreign Subsidiaries | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Revaluation fund on tangible assets | (5.V.2) | - | - | - | - | - | - | - | - | - | - | - | 14,577 | - | - | - | 14,577 | - | 14,577 |
| VIII. Revaluation fund on intangible assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Capital Bonus of Associates, Subsidiaries and Joint Ventures | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Changes Related to Sale of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. Changes Related to Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. Effect of Changes in Equities of Associates | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Capital Increase | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.1 Cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.2 Domestic sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Issuances of Share Certificates | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Abolition profit of Share Certificates | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. Others | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIX. Current Period Net Profit / Loss | | - | - | - | - | - | - | - | - | 26,058 | - | - | - | - | - | - | 26,058 | - | 26,058 |
| XX. Profit Distribution | | - | - | - | - | 1,280 | - | 23,346 | - | (24,626) | - | - | - | - | - | - | - | - | - |
| 20.1 Dividends | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.2 Transferred to Reserves | (5.V.4) | - | - | - | - | 1,280 | - | 23,346 | - | (24,626) | - | - | - | - | - | - | - | - | - |
| 20.3 Others | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 31/12/2012 | | 420,000 | - | (814) | - | 7,110 | - | 72,074 | - | 26,058 | - | 17,057 | 33,416 | - | - | - | 574,901 | - | 574,901 |

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

Convenience translation of consolidated financial statements originally issued in Turkish, See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

| CHANGES IN SHAREHOLDERS' EQUITY | Footnotes (Section 5) | THOUSANDS OF TURKISH LIRA | | | | | | | | | | | | | | | | | Total Equity Attributable to Holders of the Parent | Non- controlling Interests | Total Shareholders' Equity |
|---|--------------------------|---------------------------|--|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|---|---|---|--|---|----------------|---|----------|---|---|----------------------------------|----------------------------------|
| | | Paid-in Capital | Capital Reserves from Inflation Adjustments to Paid-in Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit / (Loss) | Prior Period Net Profit / (Loss) | Valuation Differences of Securities | Revaluation Fund on Tangible Assets | Securities Value Increase Fund | Hedge Funds | Revaluation Fund on Assets Held for Sale and Discontinued Operations | | | | | |
| CURRENT PERIOD 31/12/2013 | | | | | | | | | | | | | | | | | | | | | |
| I. Balances at the Beginning of Period - 01/01/2013 | | 420,000 | - | (814) | - | 7,110 | - | 72,074 | - | 26,058 | - | 17,057 | 33,416 | - | - | - | 574,901 | - | 574,901 | | |
| Changes in the Period | | | | | | | | | | | | | | | | | | | | | |
| II. Increase / Decrease Related to Mergers | (5.V.1) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| III. Valuation Difference of Available-for-Sale Securities | | - | - | - | - | - | - | - | - | - | - | (16,866) | - | - | - | - | (16,866) | - | (16,866) | | |
| IV. Hedging Transactions (Effective Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| 4.1 Cash Flow Hedge | (5.V.2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| 4.2 Hedging of a Net Investment in Foreign Subsidiaries | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| V. Revaluation fund on tangible assets | | - | - | - | - | - | - | - | - | - | - | - | 957 | - | - | - | 957 | - | 957 | | |
| VI. Revaluation fund on intangible assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| VII. Capital Bonus of Associates, Subsidiaries and Joint Ventures | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| VIII. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| IX. Changes Related to Sale of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| X. Changes Related to Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| XI. Effect of Changes in Equities of Associates | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| XII. Capital Increase | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| 12.1 Cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| 12.2 Domestic sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| XIII. Issuances of Share Certificates | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| XIV. Abolition profit of Share Certificates | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| XV. Capital Reserves from Inflation Adjustments to Paid-In Capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| XVI. Others | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| XVII. Current Period Net Profit / Loss | | - | - | - | - | - | - | - | - | 45,316 | - | - | - | - | - | - | - | - | - | | |
| XVIII. Profit Distribution | | - | - | - | - | - | - | - | - | (26,058) | - | - | - | - | - | - | - | - | - | | |
| 18.1 Dividends | (5.V.4) | - | - | - | - | 1,421 | - | 24,637 | - | - | - | - | - | - | - | - | - | - | - | | |
| 18.2 Transferred to Reserves | | - | - | - | - | 1,421 | - | 24,637 | - | - | - | - | - | - | - | - | - | - | - | | |
| 18.3 Others | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII) - 31/12/2013 | | 420,000 | - | (814) | - | 8,531 | - | 96,711 | - | 45,316 | - | 191 | 34,373 | - | - | - | 604,308 | - | 604,308 | | |

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

| | Footnotes (Section 5) | THOUSANDS OF TURKISH LIRA | |
|---|--------------------------|--|--|
| | | CURRENT PERIOD (01/01/2013 - 31/12/2013) | PRIOR PERIOD (01/01/2012 - 31/12/2012) |
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating Profit before Changes in Operating Assets and Liabilities | | 40,790 | 93,157 |
| 1.1.1 Interest Received | | 286,443 | 329,872 |
| 1.1.2 Interest Paid | | (152,469) | (196,725) |
| 1.1.3 Dividend Received | | - | 2 |
| 1.1.4 Fees And Commissions Received | | 15,569 | 20,166 |
| 1.1.5 Other Income | | (21,057) | 3,109 |
| 1.1.6 Collections from Non-performing Loans | | 34,639 | 53,381 |
| 1.1.7 Payments to Personnel and Service Suppliers | | (72,802) | (69,743) |
| 1.1.8 Taxes Paid | | (15,490) | (15,542) |
| 1.1.9 Other | (5.VI.3) | (34,043) | (31,363) |
| 1.2 Changes in Operating Assets and Liabilities | | (131,594) | (59,075) |
| 1.2.1 Net (Increase) Decrease in Trading Securities | | 363 | (307) |
| 1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV | | - | - |
| 1.2.3 Net (Increase) Decrease in Banks | | (58,430) | 8,804 |
| 1.2.4 Net (Increase) Decrease in Loans | | (246,231) | (240,664) |
| 1.2.5 Net (Increase) Decrease in Other Assets | (5.VI.3) | 35,950 | 25,527 |
| 1.2.6 Net Increase (Decrease) in Bank Deposits | | (53,498) | 53,345 |
| 1.2.7 Net Increase (Decrease) in Other Deposits | | (134,481) | 207,390 |
| 1.2.8 Net Increase (Decrease) in Funds Borrowed | | 339,584 | (106,419) |
| 1.2.9 Net Increase (Decrease) in Due Payables | | - | - |
| 1.2.10 Net Increase (Decrease) in Other Liabilities | (5.VI.3) | (14,851) | (6,751) |
| I. Net Cash Provided by / (Used in) Banking Operations | | (90,804) | 34,082 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net Cash Provided by / (Used in) Investing Activities | | 56,968 | 47,441 |
| 2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries | | - | - |
| 2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries | | - | 37 |
| 2.3 Fixed Assets Purchases | | (769) | (2,543) |
| 2.4 Fixed Assets Sales | | 125,302 | 1,156 |
| 2.5 Cash Paid for Purchase of Investments Available for Sale | | (140,714) | (210,875) |
| 2.6 Cash Obtained From Sale of Investments Available for Sale | | 73,899 | 260,026 |
| 2.7 Cash Paid for Purchase of Investment Securities | | - | - |
| 2.8 Cash Obtained from Sale of Investment Securities | | - | - |
| 2.9 Other | (5.VI.3) | (750) | (360) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net Cash Provided by / (Used in) Financing Activities | | - | - |
| 3.1 Cash Obtained from Funds Borrowed and Securities Issued | | - | - |
| 3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued | | - | - |
| 3.3 Capital Increase | | - | - |
| 3.4 Dividends Paid | | - | - |
| 3.5 Payments for Finance Leases | | - | - |
| 3.6 Other | | - | - |
| IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents | (5.VI.3) | 18,713 | (623) |
| V. Net Increase in Cash and Cash Equivalents (I+II+III+IV) | | (15,123) | 80,900 |
| VI. Cash and Cash Equivalents at the Beginning of Period | (5.VI.1,2) | 393,703 | 312,803 |
| VII. Cash and Cash Equivalents at the End of Period (V+VI) | (5.VI.1,2) | 378,580 | 393,703 |

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
STATEMENTS OF PROFIT DISTRIBUTION
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

| | THOUSANDS OF TURKISH LIRA | |
|---|---|---|
| | Current Period (01/01/2013-31/12/2013) | Prior Period (01/01/2012-31/12/2012) |
| I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS) (**) | | |
| 1.1 CURRENT YEAR INCOME/(LOSS) | 47,188 | 33,678 |
| 1.2 TAXES AND DUTIES PAYABLE (-) | 3,375 | 6,854 |
| 1.2.1 Corporate tax (Income tax) | - | 4,648 |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties | 3,375 | 2,206 |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 43,813(*) | 26,824 |
| 1.3 PRIOR YEARS' LOSSES (-) | - | - |
| 1.4 FIRST LEGAL RESERVES (-) | - | 1,341 |
| 1.5 OTHER STATUTORY RESERVES (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] | - | 25,483 |
| 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 | - | 25,483 |
| 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 | 0.0104(*) | 0.0064 |
| 3.2 TO OWNERS OF ORDINARY SHARES (%) | 10.4(*) | 6.4 |
| 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 authorised body of the Bank for the distribution of the current period's profit is the General Assembly. The Bank's annual ordinary General Assembly meeting had not been held as of the date on which these financial statements were prepared. There is 1,155 TL amounted deferred tax asset income in the net income of the year which is arising from tax loss.

(**) Statement of Profit Distribution above belongs to the Parent Bank..

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks:

The consolidated financial statements have been prepared in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” published in the Official Gazette no.26333 dated 1 November 2006 with regard to Banking Law No. 5411, in accordance with “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the “Public Oversight Accounting and Auditing Standards Authority” and additional explanations and notes related to them (all “Turkish Accounting Standards” or “TAS”) and other decrees, notes and explanations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Unless stated otherwise, the consolidated financial statements and balances in related disclosures are presented in thousands of Turkish Lira.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain accounting estimates and assumptions by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being audited regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective, have no impact on the accounting policies, financial condition and performance of the Group. The Group assess the impact of TFRS 9 Financial Instruments standard.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which 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.

Accounting policies and valuation principles used in the preparation of the consolidated financial statements:

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are explained in footnotes II through XXVII in the following pages.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Strategy for the use of financial instruments and the foreign currency operations

Strategy for the use of financial instruments:

The Parent Bank’s main area of activities consist corporate, commercial and retail banking, fund management transactions and international banking services. The Parent Bank gives loans mainly to domestic customers by external sources of funds comprised mainly of domestic deposits and foreign borrowings and invests in marketable securities and banks placements to maintain liquidity.

The liability side of the balance sheet is intensively composed of short-term deposits and medium/long term borrowings in line with the general trend in the banking sector. Foreign currency borrowings are predominately floating rate and thus, the Parent Bank aims to minimize the effects of fluctuations in currency and interest rates in the market. Deposits collected are fixed rate and balanced with fixed rate loans and other investments. The fundamental strategy to manage the liquidity risk is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The Parent Bank invests some of its resources to domestic government bonds and short-term placements to reduce liquidity risk.

In order to avoid currency risk, the Parent Bank aims to balance foreign currency assets and liabilities through currency swaps. Currency risk, interest rate risk and liquidity risk are monitored and measured instantly by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

The Parent Bank designates its loan strategy considering international and national economic data and expectations, market conditions, interest, liquidity, currency, credit and other risks. Loan portfolio of the Parent Bank is not concentrated on a specific segment and concentration risk is taken in consideration as much as possible.

Transactions denominated in foreign currencies:

Monetary assets and liabilities denominated in foreign currencies are translated by using currency exchange rates on the balance sheet date. The resulting exchange differences are recorded in the income statement as “Foreign Exchange Gain/Loss”.

As at 31 December 2013, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 2.1343 , Euro: TL 2.9365, JPY: TL 0.0202.

There is no goodwill related to the Parent Bank’s foreign operations.

III. Presentation of information regarding consolidated subsidiaries and associates

The Parent Bank has no consolidating associate.

Tekstil Yatırım which is financial subsidiary of the Bank is consolidated in the accompanying consolidated financial statements by using “Full Consolidation” method as at 31 December 2013 and 2012.

The Parent Bank and its consolidated subsidiary are named as “the Group”.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank’s returns.

The carrying amount of the Parent Bank’s investment in its subsidiary and the Parent Bank’s portion of equity of its subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiary and the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as at 31 December 2013 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Forward transactions, options and derivative instruments

The derivative transactions of the Group mainly consist of foreign currency swaps, foreign currency options and forward contracts. Spot currency buying-selling transactions and currency swaps with two days value date of the Group are classified under assets purchase and sale commitments.

Derivatives are classified as held for trading in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”. The Parent Bank does not have any embedded derivatives.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are initially recognized at fair value and measured at fair value subsequent to initial recognition and are presented in the “Positive Value of Trading Derivatives” under the “Financial Assets at Fair Value Through Profit or Loss” or “Negative Value of Trading Derivatives” items of the balance sheet depending on the resulting positive or negative amounts of the fair value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the consolidated income statement. Fair values of derivatives are determined using quoted market prices in active markets or using discounted cash flow techniques within current market interest rates.

Fair values of option agreements are calculated using option pricing models and unrealized profit and loss amounts are presented in income statement for the current period.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

V. Interest income and expense

Interest is recognized using the effective interest method (the effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability) defined in TAS 39. Interest income and expense computed by using internal rate of return are recognized on an accrual basis. In accordance with the related legislation, the Parent Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection.

VI. Fees and commissions

Fee and commission income and expenses are accounted on accrual or cash basis relatively, depending on the nature of the transaction. Upfront commissions from cash and non-cash loans are allocated to related periods. Upfront commissions from personal loans are discounted with effective interest rate method and allocated to related period’s income statement.

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VII. Financial assets

The Group categorizes its financial assets as “Fair value through profit/loss”, “Available for sale”, “Loans and receivables” or “Held to maturity”. Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the “Settlement dates”. The appropriate classification of financial assets of the Group is determined at the time of purchase by the Parent Bank’s management, taking into consideration the purpose of the investment.

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

Financial assets at fair value through profit or loss consist of “trading securities” and “financial assets designated at fair value”. The Group does not have any financial assets classified as “financial assets designated at fair value”.

Trading securities are financial assets acquired for generating a profit from short term fluctuations in price or in similar elements or which are part of a portfolio used for generating profit in the short term regardless of their reason of acquisition. Trading securities are recognized and derecognized on settlement date basis when purchased and disposed of. Trading securities are initially recognized at fair value and also evaluated at fair value subsequent to initial recognition. Gains and losses arising from evaluation of such assets are recognized in the income statement. Interest earned from trading securities is reported under interest income. Any profit or loss resulting from the disposal of those assets before their maturity dates is recognized within “Profit/loss on capital market transactions” account in the income statement.

b. Investment securities available-for-sale:

Available-for-sale assets are financial assets other than financial assets at fair value through profit or loss, loans and advances to banks and customers, or financial assets held to maturity.

Purchase and sale transactions of available-for-sale securities are recorded on settlement date. Such financial assets are measured at their fair values subsequently following the initial recognition. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “Valuation Differences of Securities” under the shareholders’ equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference inflation index at the issue date and the reference inflation index at the balance sheet date to reflect the effects of inflation.

c. Loans and receivables:

Loans and receivables arise when the Parent Bank provides money, goods or services directly to a debtor. Such assets are initially recognized at cost and are carried at amortized cost using the effective interest method. Duties paid, transaction expenditures and other similar expenses on assets received against such risks are not considered as a part of transaction cost and are recorded as expense.

Based on the regular reviews of the loan portfolio by the Parent Bank management, loans that are identified as being impaired are transferred to “loans under follow-up” accounts. Thereby, specific and general allowances are made against the carrying amount of these loans in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published on the Official Gazette no.26333 dated 1 November 2006. Provisions are deducted from the income of the current year. When collections are made on loans that have been provided for, they are credited to the income statement accounts “Impairment on Loan Losses or Other Receivables” if the provision was made in the current year, otherwise such collections are credited to “Other Operating Income” account with respect to allowances made in the prior years. Uncollectible receivables are written-off after all the legal procedures are finalized. The Bank’s general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law’s verdicts.

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VII. Financial assets (continued)

d. Investment securities held-to-maturity:

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Parent Bank has the intent and ability to hold until maturity, excluding loans and receivables. Investment securities held-to-maturity are initially recognized at cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Interest earned on held-to-maturity securities are recognized as interest income in the consolidated income statement.

VIII. Impairment of financial assets

Financial asset or a group of financial assets is audited at each balance sheet date to determine whether there is an objective indicator of impairment. If any such indicator exists, the Group estimates the amount of impairment.

Impairment loss incurs if, and only if, there is an objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Parent Bank provides specific and general allowances for loan and other receivables classified in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published on the Official Gazette no.26333 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

In accordance with “The Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published in the Official Gazette No. 27947 dated 28 May 2011; in case of changing the conditions of the payment plan of the loans which are followed under loans and receivables, the general loan loss provision ratio for standard (first group) loans and receivables should not be less than 5 times and for closely monitored (second group) loans and receivables should not be less than 2.5 times of the current effective rates.

As a consequence of the regulation published in the Official Gazette No. 27968 dated 18 June 2011 amending the “The Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside”, for the banks, of which the consumer loans exceed 20% of total loans, and of which the non-performing consumer loans (excluding housing and car loans) exceed 8% of performing consumer loans (excluding housing and car loans), general loan loss provision ratio is 4% for consumer loans which are followed under standard loans and receivables except for car and housing loans; and is 8% for consumer loans under close monitoring except for car and housing loans.

In accordance with “The Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published in the Official Gazette no. 28418 dated 21 September 2012, the Parent Bank has calculated general loan loss provisions with the rates stated in the first paragraph of Article 7 of the regulation.

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VIII. Impairment of financial assets (continued)

In the frame of the “The Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provision to be set aside” published in the Official Gazette no. 28789 (repeated) dated 8 October 2013 effective subsequent to publishment, consumer loans have been defined as overdraft accounts given to real persons based on their savings accounts and loans accounted for as consumer loans according to the uniform chart of accounts applied by the banks as well as loans given to real persons through credit cards for the purchase of goods or service or as cash. In the same regulation, the statement of “over twenty percent” for the ratio of the consumer loans mentioned in the previous paragraphs to total loans have been changed as “twenty-five percent” and the statement “banks may apply their general provision rates as zero percent for cash and non-cash export loans followed under first group, five per thousand for cash loans and one per thousand for non-cash loans given to small and medium sized enterprises” has been added.

As of 31 December 2013, the Parent Bank has calculated and recognized general loan provision over the rates provided in the regulation above in accordance with the terms specified in the provisional article of the same regulation.

IX. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

In cases where the fair values of securities quoted at the stock exchanges classified under trading and available-for-sale portfolios and subsidiaries are less than their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

The Group provides specific allowances for loans and other receivables under follow-up in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside”. The allowances are recorded under “loans” account as negative balances on the asset side.

Otherwise, the financial assets and liabilities are netted off only when there is a legal right to do so.

X. Sale and repurchase agreements and transactions related to the lending of securities

Securities sold under repurchase agreements (“repo”) are classified as “trading”, “available for sale” or “held to maturity” based on the Parent Bank management’s intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate method.

Securities purchased under resale agreements (“reverse repo”) are classified under “Receivables from Reverse Repurchase Agreements”. An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.

XI. Assets held for sale and discontinued operations

Assets held for sale consist of assets that have high sales probability, have been planned to be sold, and an active program has been started to complete the plan and determine the buyers. Asset should be marketed the price compatible with fair value. Furthermore, the sales, starting from the day of classifications as held for sale, should be expected to be completed at within a year and the necessary activities should demonstrate that the possibility of having significant change in the plan or the cancellation of the plan is low.

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

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XII. Goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements as at 31 December 2013 and 2012.

Intangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Intangibles are reflected in the consolidated balance sheet at cost less amortization and any accumulated impairment losses. Intangible assets are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets are amortized on amortization rates between 6.66% and 33.33%.

Intangible assets are amortized on a straight-line basis based on their estimated useful lives. Useful life of an asset is estimated by assessment of the expected life span of the asset and technical and technological wear outs of the asset. The amortization rates used approximate the useful lives of the assets.

XIII. Tangible assets

Tangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Tangible assets (except buildings as stated below) are reflected in the consolidated financial statements at cost less accumulated depreciation and any accumulated impairment.

Tangible assets are depreciated on a straight-line basis based on the in estimated useful lives. The estimated useful lives are as follows:

| | |
|------------------------|--------------|
| Buildings | 50 years |
| Furniture and fixtures | 3 – 50 years |
| Leasehold improvements | 3 – 5 years |

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

In cases where the expected future benefits of the assets are less than their book values, the book values of such assets are reduced to their net realizable values and impairment losses are recorded as expense.

Gains and losses on disposal of an item of assets are determined by deducting the carrying amount of the asset from the proceeds from disposal.

The regular maintenance and repair expenditures are accounted as expense. The investment expenditures, made to increase the future benefits of the asset by improving the capacity of the asset, are added to the cost of the asset. Investment expenditures comprised of the costs which increase the useful life of the asset, improve the capacity of the asset, increase the quality or decrease the cost of production.

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 “Property, Plant and Equipment”. For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in “Revaluation Fund on Tangible Assets” within the equity items. As at 31 December 2013, revaluation surplus on tangible assets amounts to TL 5,132 (31 December 2012: TL 35,175). TL 31,050 of the appreciation amounting to TL 35,175 in the financial statements as of 31 December 2012 is related to the headquarters building which was sold in 2013.

XIV. Leasing activities

Assets acquired by financial leasing are recorded by considering the lower of the fair value of the leased asset and the present value of leasing payments. Tangible assets acquired by way of financial leasing are recognized in tangible assets and depreciated in line with tangible assets group they relate to. In cases where leased assets are impaired or the expected future benefits of the assets are less than their book values, the book values of such leased assets are reduced to their net realizable values. The obligations under financial leases arising from the lease contracts are presented under “Financial Lease Payables” account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement. The Group does not enter into financial lease transactions by acting as the “lessor”.

In operating leases, the rent payments are charged to the income statement on an accrual basis.

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XV. Provisions and contingencies

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank management. Whenever the amount of such obligations cannot be measured, they are regarded as “Contingent”. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the notes to the consolidated financial statements.

XVI. Contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. Since recognizing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the consolidated financial statements. Developments related to the contingent assets are constantly evaluated to be reflected rightly in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs.

XVII. Obligations concerning employee rights

Obligations concerning employee severance indemnities and vacation pay are accounted for in accordance with the Turkish Accounting Standard 19 (“TAS 19”) “Employee Benefits”.

In accordance with existing legislation in Turkey, the Group have to make certain lump-sum payments to employees who has completed one year of service and whose employment is terminated due to retirement or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

XVIII. Taxation

a. Current taxes:

In Turkey, the corporate tax rate is 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 20%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance are deducted from the final corporate tax liability.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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XVIII. Taxation (continued)

b. Deferred taxes:

In accordance with TAS 12 “Income Taxes”, the Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are based on tax rates that have been enacted at the balance sheet date.

If transactions and other occurrences are accounted at profit or loss; tax effects which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts. Tax provision of items that are directly related to equity is offsetted with related equity accounts.

Deferred tax liabilities are recognized for all deductible temporary differences, however deferred tax assets composed of deductible temporary differences and tax losses are accounted with considering that it is probable that taxable profit will be available and such deductible temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities of the Parent Bank have been offset in the Parent Bank’s financial statements. Net deferred tax assets or liabilities of the entities in the Group which are calculated individually have not been offset.

The Group has calculated deferred tax based on the principles above and reflected to the consolidated financial statements.

c. Transfer pricing:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Corporate tax-payers required in “section 7.1 annual documentation” part of related communiqué, have to fill the “form relating to transfer pricing, controlled foreign companies and thin capitalization” as associated with purchasing and selling goods or services with related parties in an accounting period and send it to the tax office submitted as an appendix to the corporate tax return.

XIX. Additional explanations on borrowings

Financial liabilities held for trading and negative value of derivative instruments are carried at fair value and all other financial liabilities are carried at amortized cost using effective interest rate method.

XX. Issued stock

There is no issued stock in the current period.

XXI. Acceptances

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

XXII. Government grants

As at 31 December 2013 and 2012, the Group does not have any government grants.

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XXIII. Reserves and profit distribution

Retained earnings at statutory books are allowed for distribution except for the following clause on legal reserves.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

XXIV. Related parties

For the purpose of the consolidated financial statements, shareholders, members of board of directors, related companies managed by their own and families, associates and jointly controlled entities are accepted as related party in accordance with the article 49 of the Banking Law No.5411. Transactions regarding related parties are presented in Note VII of Section Five.

XXV. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and balances with central banks, deposits with banks and other financial institutions, other money market placements with an original maturity of three months or less and receivables from reverse repo. The reserve requirements blocked at the Central Bank of Turkey are not recognized as “cash equivalent assets” in the statements of cash flow.

XXVI. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment reporting is presented in Section Four, Note XIV.

XXVII. Reclassifications

In order to achieve convenience presentation of financial statements as at 31 December 2013, classification has been made on the statement of consolidated cash flows dated December 31, 2012. This classification includes the presentation of cash outflows related to the acquisition of intangible assets amounting to TL 360 under the “Other” line in the “Cash flows from investing activities” section in the statement of cash flows prepared in the current period which has been presented under the “Fixed assets purchases” line of the same section in the statement of cash flows prepared in the previous period.

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SECTION FOUR

CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Consolidated capital adequacy ratio

As at 31 December 2013, the Group’s consolidated capital adequacy ratio is 17.37%. (31 December 2012: 16.47)

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Capital Requirement Calculation for Market Risk of Options” published in the Official Gazette no. 28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no. 26333 dated 1 November 2006.

In the calculation of consolidated capital adequacy standard ratio, the accounts and transactions are evaluated by taking into account the relevant legislation. Accounts and transactions are classified in two separate portfolios as "trading accounts" and "banking accounts" and are used in the calculation of market and credit risks. Trading accounts and items deducted from the capital are not considered in the calculation of credit risks. In the calculation of risk weighted assets, amortized and impaired assets are accounted by net amounts after deducting the related amortization and provision amounts.

In the calculation of the amount subject to credit risk, the Parent Bank assesses its loans and receivables by taking the risk classes, rating notes and risk mitigation into consideration. “Simple financial collateral method” is used for banking accounts while “comprehensive financial collateral method” is used for trading accounts for taking risk mitigation elements under consideration.

Counterparty Credit Risk is calculated for derivative transactions, repo transactions, security-stock lending transactions, overdraft security transactions and long term trade transactions.

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I. Consolidated capital adequacy ratio (continued)

Consolidated Capital Adequacy Ratio:

31 December 2013

| | Risk Weights | | | | | | | |
|---|--------------|---------|---------|---------|-----------|--------|---------|------|
| | Parent Bank | | | | | | | |
| | %0 | %20 | %50 | %75 | %100 | %150 | %200 | %250 |
| Value at Credit Risk | - | 51,761 | 268,493 | 206,351 | 2,375,822 | 59,286 | 285,996 | 61 |
| Risk Classifications | | | | | | | | |
| Contingent and Non-Contingent Claims on Sovereigns and Central Bank | 792,670 | - | - | - | 56 | - | - | - |
| Contingent and Non-Contingent Claims on Regional Governments and Local Authorities | - | - | - | - | - | - | - | - |
| Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises | - | - | - | - | 900 | - | - | - |
| Contingent and Non-Contingent Claims on Multilateral Development Banks | - | - | - | - | - | - | - | - |
| Contingent and Non-Contingent Claims on International Organizations | - | - | - | - | - | - | - | - |
| Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary | 16 | 87,684 | 25,119 | - | 40,447 | - | - | - |
| Contingent and Non-Contingent Claims on Corporate Receivables | 31,402 | 169,537 | 24,822 | - | 2,052,187 | - | - | - |
| Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios | 3,712 | 727 | - | 275,135 | 7,561 | - | - | - |
| Contingent and Non-Contingent Claims Secured by Residential Property | 355 | 345 | 484,118 | - | 142,562 | - | - | - |
| Non-performing Receivables | - | - | 2,926 | - | 43,014 | 243 | - | - |
| Higher-Risk Categories Defined by Agency | 4,261 | 510 | - | - | - | 39,281 | 142,998 | 25 |
| Mortgage Collateralized Marketable Securities | - | - | - | - | - | - | - | - |
| Securitization Exposures | - | - | - | - | - | - | - | - |
| Short-Term Claims on Banks and Intermediary Institutions and Corporate Receivables | - | - | - | - | - | - | - | - |
| Undertakings for Collective Investments in Transferable Securities | - | - | - | - | - | - | - | - |
| Other Receivables | 49,191 | - | - | - | 89,095 | - | - | - |

31 December 2013

| | Risk Weights | | | | | | | |
|---|--------------|---------|---------|---------|-----------|--------|---------|------|
| | Consolidated | | | | | | | |
| | %0 | %20 | %50 | %75 | %100 | %150 | %200 | %250 |
| Value at Credit Risk | - | 51,761 | 269,051 | 210,923 | 2,372,245 | 59,286 | 285,996 | 61 |
| Risk Classifications | | | | | | | | |
| Contingent and Non-Contingent Claims on Sovereigns and Central Bank | 792,849 | - | - | - | 56 | - | - | - |
| Contingent and Non-Contingent Claims on Regional Governments and Local Authorities | - | - | - | - | - | - | - | - |
| Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises | - | - | - | - | 900 | - | - | - |
| Contingent and Non-Contingent Claims on Multilateral Development Banks | - | - | - | - | - | - | - | - |
| Contingent and Non-Contingent Claims on International Organizations | - | - | - | - | - | - | - | - |
| Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary | 9 | 87,684 | 26,235 | - | 40,447 | - | - | - |
| Contingent and Non-Contingent Claims on Corporate Receivables | 31,402 | 169,537 | 24,822 | - | 2,058,581 | - | - | - |
| Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios | 3,712 | 727 | - | 281,230 | 7,561 | - | - | - |
| Contingent and Non-Contingent Claims Secured by Residential Property | 355 | 345 | 484,118 | - | 142,562 | - | - | - |
| Non-performing Receivables | - | - | 2,926 | - | 43,014 | 243 | - | - |
| Higher-Risk Categories Defined by Agency | 4,261 | 510 | - | - | - | 39,281 | 142,998 | 25 |
| Mortgage Collateralized Marketable Securities | - | - | - | - | - | - | - | - |
| Securitization Exposures | - | - | - | - | - | - | - | - |
| Short-Term Claims on Banks and Intermediary Institutions and Corporate Receivables | - | - | - | - | - | - | - | - |
| Undertakings for Collective Investments in Transferable Securities | - | - | - | - | - | - | - | - |
| Other Receivables | 49,191 | - | - | - | 79,124 | - | - | - |

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I. Consolidated capital adequacy ratio (continued)

Summary information related to consolidated and unconsolidated capital adequacy ratios:

| | Parent Bank | | Consolidated | |
|--|--------------------|--------------------|---------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2013 | 2012 | 2013 | 2012 |
| Capital Requirement for Credit Risk (VaCR*0.08) (CRCR) | 259,822 | 252,001 | 259,946 | 251,938 |
| Capital Requirement for Market Risk (CRMR) | 2,275 | 507 | 2,584 | 889 |
| Capital Requirement for Operational Risk (CROR) | 20,916 | 21,093 | 22,363 | 22,419 |
| Shareholders' Equity | 614,749 | 564,195 | 618,550 | 566,494 |
| Shareholders' Equity/((CRCR+CRMR+CROR) *12.5)*100 | 17.38 | 16.50 | 17.37 | 16.47 |

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I. Consolidated capital adequacy ratio (continued)

Components of shareholders' equity:

| | 31 December 2013 | 31 December 2012 |
|---|---------------------|---------------------|
| CORE CAPITAL | | |
| Paid-In Capital | 420,000 | 420,000 |
| Nominal Capital | 420,000 | 420,000 |
| Capital Commitments (-) | - | - |
| Capital Reserves Arising From Inflation Adjustments to Paid-in Capital | - | - |
| Share Premium | (814) | (814) |
| Share Cancellation Profits | - | - |
| Reserves | 105,242 | 79,184 |
| Inflation Adjustment on Reserves | - | - |
| Profit | 45,316 | 26,058 |
| Current Period Profit | 45,316 | 26,058 |
| Prior Years' Profit | - | - |
| Provision for Possible Losses up to 25% of the Core Capital | - | - |
| Gain on Sale of Associates, Subsidiaries and Real Estates | 29,497 | - |
| Primary Subordinated Loans | - | - |
| Minority Shares | - | - |
| Losses Excess of Reserves (-) | - | - |
| Current Period Loss | - | - |
| Prior Periods' Loss | - | - |
| Leasehold Improvements (-) | 447 | 529 |
| Intangible Assets (-) | 1,902 | 1,625 |
| Deferred Tax Asset excess of 10% of the Core Capital (-) | - | - |
| Excess Amount of Article 56/3 of the Law (-) | - | - |
| Consolidation Goodwill (Net) (-) | - | - |
| Total Core Capital | 596,892 | 522,274 |
| SUPPLEMENTARY CAPITAL | | |
| General Loan Loss Provision | 23,736 | 24,590 |
| 45% of Revaluation Fund of Movables | - | - |
| 45% of Revaluation Fund of Real Estate | 2,194 | 15,037 |
| Bonus Shares Obtained from Associates, Subsidiaries and Entities Under Common Control (Joint Ventures) | - | - |
| Amount of Primary Subordinated Loans Not Accounted in the Calculation of the Core Capital | - | - |
| Secondary Subordinated Loans | - | - |
| 45% of Revaluation Surplus of Marketable Securities and Investment Securities (100% if deficit) | 86 | 7,676 |
| Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves) | - | - |
| Minority Shares | - | - |
| Total Supplementary Capital | 26,016 | 47,303 |
| CAPITAL | 622,908 | 569,577 |
| DEDUCTIONS FROM THE CAPITAL | 4,358 | 3,083 |
| Investments in Unconsolidated Banks and Financial Institutions | - | - |
| Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements in Securities of These Entities That Possess the Nature of Their Primary or Secondary Subordinated Debt | - | - |
| Investments in Banks and Financial Institutions, to which Equity Method has been applied but whose Assets and Liabilities are Unconsolidated | - | - |
| Loan Granted in Violation of the Articles 50 and 51 of the Law | - | - |
| The Net Book Value of Properties Exceeding Fifty Percent of Equity and Net Book Value of Properties and Commodity Acquired in Exchange of Loans and Receivables and should be disposed of according to the Article 57 of the Banking Law which have not been Disposed since 5 Years After Foreclosure | 4,358 | 3,083 |
| Securitization Positions Deducted – preferably – from Equity | - | - |
| Others | - | - |
| TOTAL SHAREHOLDERS' EQUITY | 618,550 | 566,494 |

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I. Consolidated capital adequacy ratio (continued)

Information on Internal Capital Adequacy Assessment Process:

The Parent Bank follows up capital requirements according to the Capital Adequacy Regulation and determines capital requirements according to legal limits. The Parent Bank have not need internal assessment of capital requirements in consideration of magnitude and transaction volume.

II. Consolidated credit risk

1. Credit risk represents the risk generating from the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

In the Parent Bank, Credit Allocation Department and Credit Follow-up and Control Department is responsible for managing the credit risk. The Group determines credit limits to counter parties and does not allocate loans more than these limits so as to subject credit risk to risk limitation. Credit limits are determined individually for each customer, company, company groups and risk groups. The Group assesses several criteria such as financial power of customers, business capacity, industry, geographical segment and equity structure when determining credit limits. The review of financial position of the customers is based on financial statements obtained in accordance with relevant legislation and other information. The geographical distribution of credit customers is appropriate to branch network, country, industry, trade and service activities allocation. The credibility of the debtors is assessed periodically with taking notice of the financial statements of the debtors obtained thoroughly to be audited in accordance with the relevant legislation.

The Group gives importance to credit guarantees. Guarantees are generally in form of real estate and movable mortgages, commercial enterprise pledges, secured investment securities, letters of guarantee of other banks and sureties.

The Parent Bank assesses loans as past due loans that are classified in 2nd group loans in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" and whose principal or interest payments are not paid at relevant maturity dates. The loans are assessed as impaired if the principal or interest payments of loans are not paid over 90 days since their maturities or payment dates or if the Parent Bank assesses that the loan is impaired due to the loss of credibility of the debtor.

General loan loss provision is calculated for past due loans and specific provision is calculated for impaired loans in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"

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II. Consolidated credit risk (continued)

Information related to total amount of exposures after offsetting transactions but before applying risk mitigations and the average exposure amounts that are classified in different risk groups and types:

| Risk Classifications | Current Period Risk Amount (*) | Average Risk Amount |
|---|---|--------------------------------|
| Claims on sovereigns and Central Banks | 792,586 | 729,001 |
| Claims on regional governments or local authorities | - | - |
| Claims on administrative bodies and other non-commercial undertakings | 900 | 1,107 |
| Claims on multilateral development banks | - | - |
| Claims on international organizations | - | - |
| Claims on banks and intermediary institutions | 154,166 | 190,943 |
| Claims on corporate receivables | 2,277,692 | 1,877,615 |
| Claims included in the regulatory retail portfolios | 295,438 | 468,781 |
| Claims secured by residential property | 630,508 | 701,461 |
| Past due loans | 46,183 | 57,460 |
| Higher risk categories decided by the Board | 188,917 | 156,020 |
| Secured by mortgages | - | - |
| Securitization positions | - | - |
| Short-term claims on banks and intermediary institutions and short-term corporate receivables | - | - |
| Undertakings for collective investments in mutual funds | - | - |
| Other receivables | 128,315 | 190,779 |

(*) Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

2. The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with other potential risks resulting from market fluctuations.
3. Regarding forward transactions, if it is required, reverse positions of the current positions are purchased to minimize the risk.
4. Indemnified non-cash loans are treated as non-performing loans in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published at Official Gazette no.26333 dated 1 November 2006. Standard loans, restructured and rescheduled loans are followed-up in accordance with the monitoring methods defined by banking regulations.
5. There is a risk evaluation structure within the Parent Bank for foreign funding transactions, where the countries and their market risks are analyzed although the Group's credit portfolio does not include significant foreign operations and credit transactions yet. When the international interbank credit transactions of the Group are assessed, there is no significant international credit risk concentration.
- 6.a) As at 31 December 2013, the share of the top 100 and 200 cash loan customers constitutes 48% and 59% of the total cash loans portfolio (31 December 2012: 46% and 55%), respectively.
- b) As at 31 December 2013, the share of the top 100 and 200 non-cash loan customers constitute 76% and 86% of the total non-cash loans portfolio (31 December 2012: 72% and 84%), respectively.
- c) As at 31 December 2013, the Group's total cash and non-cash loans from its top 100 and 200 loan customers comprise 17 % and 21% of the aggregate of total assets and off-balance sheet items (31 December 2012: 16% and 20%), respectively.
7. As at 31 December 2013, the Group's general loan loss provision amounts to TL 23,736 (31 December 2012: TL 24,590).

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II. Consolidated credit risk (continued)

8.a) Profile of Significant Exposures in Major Regions:

| 31 December 2013 (****) | Risk Classifications (*) | | | | | | | | | | | | | | | | Total |
|--|---------------------------------|----------|------------|----------|----------|----------------|------------------|----------------|----------------|---------------|----------------|----------|----------|----------|----------|----------------|------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | |
| Domestic | 792,586 | - | 900 | - | - | 135,266 | 2,260,990 | 295,262 | 630,508 | 46,183 | 188,868 | - | - | - | - | 117,905 | 4,468,468 |
| European Union Countries | - | - | - | - | - | 12,468 | 15,133 | 1 | - | - | 49 | - | - | - | - | 8,816 | 36,467 |
| OECD Countries(**) | - | - | - | - | - | 329 | - | - | - | - | - | - | - | - | - | - | 329 |
| Off-Shore Banking Regions | - | - | - | - | - | - | 67 | 11 | - | - | - | - | - | - | - | - | 78 |
| USA, Canada | - | - | - | - | - | 3,827 | - | 80 | - | - | - | - | - | - | - | 1,594 | 5,501 |
| Other Countries | - | - | - | - | - | 2,276 | 1,502 | 84 | - | - | - | - | - | - | - | - | 3,862 |
| Investments and associates, subsidiaries and joint ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Undistributed Assets/Liabilities(***) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 792,586 | - | 900 | - | - | 154,166 | 2,277,692 | 295,438 | 630,508 | 46,183 | 188,917 | - | - | - | - | 128,315 | 4,514,705 |

| 31 December 2012 (****) | Risk Classifications (*) | | | | | | | | | | | | | | | | Total |
|--|---------------------------------|----------|--------------|----------|----------|----------------|------------------|----------------|----------------|---------------|----------------|----------|----------|----------|----------|----------------|------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | |
| Domestic | 653,420 | - | 1,019 | - | - | 219,319 | 1,669,965 | 611,155 | 790,490 | 42,204 | 136,888 | - | - | - | - | 217,489 | 4,341,949 |
| European Union Countries | - | - | - | - | - | 15,497 | 12,706 | 5 | - | - | 53 | - | - | - | - | 3,638 | 31,899 |
| OECD Countries(**) | - | - | - | - | - | 506 | - | - | - | - | - | - | - | - | - | - | 506 |
| Off-Shore Banking Regions | - | - | - | - | - | - | - | 15 | - | - | - | - | - | - | - | - | 15 |
| USA, Canada | - | - | - | - | - | 9,136 | - | 136 | - | - | - | - | - | - | - | - | 9,272 |
| Other Countries | - | - | - | - | - | 767 | 1,575 | 21 | - | - | - | - | - | - | - | - | 2,363 |
| Investments and associates, subsidiaries and joint ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Undistributed Assets/Liabilities(***) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 653,420 | - | 1,019 | - | - | 245,225 | 1,684,246 | 611,332 | 790,490 | 42,204 | 136,941 | - | - | - | - | 221,127 | 4,386,004 |

(*) Risk classifications in the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” have been used

1. Claims on sovereigns and Central Banks
2. Claims on regional governments or local authorities
3. Claims on administrative bodies and other non-commercial undertakings
4. Claims on multilateral development banks
5. Claims on international organizations
6. Claims on banks and intermediary institutions
7. Claims on corporate
8. Claims included in the regulatory retail portfolios
9. Claims secured by residential property
10. Past due loans
11. Higher risk categories decided by the Board
12. Secured by mortgages
13. Securitization positions
14. Short-term claims on banks and intermediary institutions and short-term corporate receivables
15. Undertakings for collective investments in mutual funds
16. Other receivables

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

(***) Includes asset and liability items that cannot be allocated on a consistent basis

(****) Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

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II. Consolidated credit risk (continued)

8.b) Risk profile by industries or counterparties:

| Current Period (**) | Risk Classifications (*) | | | | | | | | | | | | | | | | TL | FC | Total |
|--------------------------------------|--------------------------|-------|-----|---|----------|-----------|-----------|---------|---------|---------|---------|----|----|----|----|----------|-----------|-----------|-----------|
| Industries/Counterparties | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | | | |
| Agriculture | - | - | - | - | - | - | 90,565 | 13,820 | 23,814 | 748 | 2 | - | - | - | - | - | 90,046 | 38,903 | 128,949 |
| Farming and Stockbreeding | - | - | - | - | - | - | 63,854 | 9,398 | 22,733 | 741 | 1 | - | - | - | - | - | 66,106 | 30,621 | 96,727 |
| Forestry | - | - | - | - | - | - | 21,003 | 3,274 | 1,035 | - | - | - | - | - | - | - | 17,030 | 8,282 | 25,312 |
| Fishery | - | - | - | - | - | - | 5,708 | 1,148 | 46 | 7 | 1 | - | - | - | - | - | 6,910 | - | 6,910 |
| Manufacturing | - | - | 899 | - | - | - | 1,044,223 | 105,435 | 162,632 | 21,946 | 92 | - | - | - | - | - | 720,161 | 615,066 | 1,335,227 |
| Mining and Quarrying | - | - | - | - | - | - | 160,670 | 2,563 | 2,694 | 715 | - | - | - | - | - | - | 25,610 | 141,032 | 166,642 |
| Production | - | - | 899 | - | - | - | 839,224 | 102,016 | 159,938 | 21,231 | 92 | - | - | - | - | - | 683,929 | 439,471 | 1,123,400 |
| Electric, Gas and Water | - | - | - | - | - | - | 44,329 | 856 | - | - | - | - | - | - | - | - | 10,622 | 34,563 | 45,185 |
| Construction | - | - | - | - | - | - | 417,690 | 19,463 | 215,367 | 12,987 | 12 | - | - | - | - | - | 444,446 | 221,073 | 665,519 |
| Services | 792,586 | - | 1 | - | - | -154,166 | 659,852 | 44,408 | 104,752 | 4,851 | 8 | - | - | - | - | -10,432 | 1,121,821 | 649,235 | 1,771,056 |
| Wholesale and Retail Trade | - | - | - | - | - | - | 213,104 | 22,543 | 12,610 | 846 | 2 | - | - | - | - | - | 176,035 | 73,070 | 249,105 |
| Hotel, Food and Beverage Services | - | - | - | - | - | - | 60,108 | 2,475 | 53,798 | 810 | - | - | - | - | - | - | 14,921 | 102,270 | 117,191 |
| Transportation and Telecommunication | - | - | - | - | - | - | 67,972 | 4,194 | 6,634 | - | - | - | - | - | - | - | 64,141 | 14,659 | 78,800 |
| Financial Institutions | 792,586 | - | - | - | - | -154,166 | 202,567 | 71 | 250 | 193 | 1 | - | - | - | - | -10,432 | 739,385 | 420,881 | 1,160,266 |
| Real Estate and Rental Services | - | - | - | - | - | - | 5,948 | 18 | 8,655 | 235 | - | - | - | - | - | - | 1,949 | 12,907 | 14,856 |
| Professional Services | - | - | 1 | - | - | - | 90,074 | 13,267 | 20,216 | 2,767 | 5 | - | - | - | - | - | 101,477 | 24,853 | 126,330 |
| Educational Services | - | - | - | - | - | - | 387 | 38 | 2,492 | - | - | - | - | - | - | - | 2,917 | - | 2,917 |
| Health and Social Services | - | - | - | - | - | - | 19,692 | 1,802 | 97 | - | - | - | - | - | - | - | 20,996 | 595 | 21,591 |
| Other | - | - | - | - | - | - | 65,362 | 112,312 | 123,943 | 5,651 | 188,803 | - | - | - | - | -117,883 | 572,083 | 41,871 | 613,954 |
| Total | 792,586 | - 900 | - | - | -154,166 | 2,277,692 | 295,438 | 630,508 | 46,183 | 188,917 | - | - | - | - | - | -128,315 | 2,948,557 | 1,566,148 | 4,514,705 |

(*) Risk classifications in the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” have been used.

- | | |
|---|--|
| 1 Claims on sovereigns and Central Banks | 9 Claims secured by residential property |
| 2 Claims on regional governments or local authorities | 10 Past due loans |
| 3 Claims on administrative bodies and other non-commercial undertakings | 11 Higher risk categories decided by the Board |
| 4 Claims on multilateral development banks | 12 Secured by mortgages |
| 5 Claims on international organizations | 13 Securitization positions |
| 6 Claims on banks and intermediary institutions | 14 Short-term claims on banks and intermediary institutions and short-term corporate receivables |
| 7 Claims on corporate | 15 Undertakings for collective investments in mutual funds |
| 8 Claims included in the regulatory retail portfolios | 16 Other receivables |

(**) Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

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II. Consolidated credit risk (continued)

8.c) Analysis of maturity-bearing exposures according to remaining maturities:

| | Term to Maturity | | | | |
|---|------------------|----------------|----------------|----------------|------------------|
| | Up to 1 month | 1-3 months | 3-6 months | 6-12 months | Over 1 Year |
| Risk Classifications (*) | | | | | |
| Claims on sovereigns and Central Banks | 15,507 | 32,841 | 21,261 | 83,147 | 236,054 |
| Claims on regional governments or local authorities | - | - | - | - | - |
| Claims on administrative bodies and other non-commercial undertakings | - | - | - | - | - |
| Claims on multilateral development banks | - | - | - | - | - |
| Claims on international organizations | - | - | - | - | - |
| Claims on banks and intermediary institutions | 108,922 | 28 | 625 | 304 | 4,533 |
| Claims on corporate | 332,457 | 302,878 | 346,415 | 558,468 | 436,936 |
| Claims included in the regulatory retail portfolios | 53,950 | 41,282 | 56,571 | 64,395 | 34,671 |
| Claims secured by residential property | 68,347 | 36,681 | 65,837 | 71,384 | 322,487 |
| Past due loans (*) | - | - | - | - | - |
| Higher risk categories decided by the Board | 1,510 | 6 | - | - | 187,376 |
| Secured by mortgages | - | - | - | - | - |
| Securitization positions | - | - | - | - | - |
| Short-term claims on banks and intermediary institutions and short-term corporate receivables | - | - | - | - | - |
| Undertakings for collective investments in mutual funds | - | - | - | - | - |
| Other receivables | - | - | - | - | - |
| TOTAL (**) | 580,693 | 413,716 | 490,709 | 777,698 | 1,222,057 |

(*) Risk figures present amounts before credit risk mitigation, after credit conversion rate process.

(**) Net impaired loans amounting to TL 46,183 and other risk amounts not bearing maturity exposures amounting to TL 983,649 are not included.

9. Information related to Credit Ratings:

While determining the risk classifications explained in the article No. 6 of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, ratings given by authorized rating companies are not used.

Exposures by Risk Weights

| Risk Weights | 0% | 10% | 20% | 50% | 75% | 100% | 150% | 200% | 1250% | Deducted From Equity (*) |
|-------------------------|---------|-----|---------|---------|---------|-----------|--------|---------|-------|--------------------------|
| Exposures Before Credit | | | | | | | | | | |
| Risk Mitigation | 841,728 | - | 247,301 | 538,642 | 287,837 | 2,410,035 | 42,066 | 147,071 | 25 | 6,707 |
| Exposures After Credit | | | | | | | | | | |
| Risk Mitigation | 881,779 | - | 258,803 | 538,101 | 281,230 | 2,372,245 | 39,524 | 142,998 | 25 | 6,707 |

(*) Includes the amounts deducted from core capital.

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II. Consolidated credit risk (continued)

10. Information of major industries or type of counterparties:

Impaired and past due loans and value adjustments and methods related to provisions are explained at Section Four, article no. 1 of Footnote II.

| Major Industries/Counterparties | Loans (*) | | | |
|--------------------------------------|----------------|----------------|-------------------|----------------|
| | Impaired Loans | Past Due Loans | Value Adjustments | Provisions |
| Agriculture | 15,749 | 260 | 5 | 15,001 |
| Farming and Stockbreeding | 15,091 | 260 | 5 | 14,350 |
| Forestry | 647 | - | - | 647 |
| Fishery | 11 | - | - | 4 |
| Manufacturing | 65,379 | 5,601 | 112 | 43,433 |
| Mining and Quarrying | 1,652 | - | - | 937 |
| Production | 63,535 | 5,601 | 112 | 42,304 |
| Electricity, Gas and Water | 192 | - | - | 192 |
| Construction | 36,146 | 303 | 6 | 23,159 |
| Services | 26,274 | 679 | 14 | 21,423 |
| Wholesale and Retail Trade | 13,556 | 235 | 5 | 12,710 |
| Accommodation and Dining | 1,941 | - | - | 1,131 |
| Transportation and Telecommunication | 333 | 18 | - | 333 |
| Financial Institutions | 343 | - | - | 150 |
| Real Estate and Rental Services. | 560 | - | - | 325 |
| Professional Services | 9,405 | 426 | 9 | 6,638 |
| Educational Services | 30 | - | - | 30 |
| Health and Social Services | 106 | - | - | 106 |
| Others | 36,252 | 18,486 | 370 | 30,601 |
| Total | 179,800 | 25,329 | 507 | 133,617 |

(*) Includes information relating to cash loans.

Information related with value adjustments and loan loss provisions:

| | Opening Balance | Provision for the Period | Provision Reversals | Other Adjustments (*) | Closing Balance |
|------------------------------|-----------------|--------------------------|---------------------|-----------------------|-----------------|
| Specific Provisions (**) | 92,969 | 47,198 | (6,347) | (203) | 133,617 |
| General Loan Loss Provisions | 24,590 | - | (854) | - | 23,736 |

(*) Other adjustments in specific provisions include amounts related to loans that are written-off.

(**) Includes information relating to cash loan.

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III. Consolidated market risk

Consolidated market risk is the potential risk of loss on the assets and liabilities of the Parent Bank’s on and off balance sheet items, arising from changes in interest rates, foreign currency exchange rates and equity prices.

The capital requirement for general market risk and for specific risks are calculated in accordance with “Method of Market Risk Calculation with Standard Method” in 2nd Section of “Calculation of Market Risk” of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” published in Official Gazette no. 28337 dated 28 June 2012 and “Regulation on Capital Requirement Calculation for Market Risk of Options” and reported by Parent Bank on monthly basis.

Market risk is calculated by employing the Standard Method and internal risk measurement models using value at risk (VaR) methodology. VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

The internal models used by the Parent Bank are Parametric Method, Historical Simulation and Monte Carlo Simulation. In calculating VaR, a one-tailed 99% confidence level is used regarding one-day holding period. In scope of internal management of market risk and determination of limits are based on historic VAR results, the other two calculation methods are used for comparison and monitoring. Back tests are performed to test the reliability of the VAR model. In order VAR calculations to reflect market fluctuations, stress tests and scenario analyzes are also applied.

In addition to VAR limits, in order to limit market risk, limits approved by the Board of Directors for the trading portfolio are present.

a) Consolidated market risk

| | Amount |
|--|---------------|
| (I) Capital Requirement to be Employed for General Market Risk - Standard Method | 602 |
| (II) Capital Requirement to be Employed for Specific Risk - Standard Method | 202 |
| Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method | - |
| (III) Capital Requirement to be Employed for Currency Risk - Standard Method | 699 |
| (IV) Capital Requirement to be Employed for Commodity Risk - Standard Method | - |
| (V) Capital Requirement to be Employed for Settlement Risk - Standard Method | - |
| (VI) Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method | 307 |
| (VII) Capital Requirement for Counterparty Credit Risk - Standard Method | 774 |
| (VIII) Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model | - |
| (IX) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII) (*) | 2,584 |
| (X) Value at Market Risk (12.5 x VIII) or (12.5 x IX) | 32,300 |

(*) For the purpose of the capital adequacy ratio calculation, 8% of total amount of TL 32,300, which is TL 2,584 was used for the market risk. TL 2,584 also represents the minimum capital amount to eliminate the related market risk.

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III. Consolidated market risk (continued)

b) Average market risk presentation of quarterly calculated market risks:

| Current Period | 31 December 2013 | | |
|----------------------------------|-------------------------|---------------|---------------|
| | Average | Maximum | Minimum |
| Interest Rate Risk | 848 | 1,449 | 462 |
| Common Stock Risk (*) | 375 | 468 | 324 |
| Currency Risk | 719 | 1,161 | 264 |
| Commodity Risk | - | - | - |
| Settlement Risk | - | - | - |
| Option Risk | 425 | 541 | 307 |
| Counter Party Credit Risk(**) | 753 | 1,106 | 320 |
| Total Value-At-Risk (***) | 38,991 | 57,763 | 26,563 |
| Prior Period | 31 December 2012 (****) | | |
| | Average | Maximum | Minimum |
| Interest Rate Risk | 70 | 79 | 60 |
| Common Stock Risk (*) | 274 | 462 | 85 |
| Currency Risk | 278 | 425 | 131 |
| Commodity Risk | - | - | - |
| Settlement Risk | - | - | - |
| Option Risk | 1,057 | 2,114 | - |
| Counter Party Credit Risk(**) | 188 | 267 | 109 |
| Total Value-At-Risk (***) | 23,681 | 35,538 | 11,113 |

(*) Includes capital requirements amount that is calculated for specific risk and market risk related to mutual funds positions.

(**) Represents counterparty credit risk related to trading books.

(***) The minimum and maximum values of total VaR represent the minimum and maximum values among month-end's total calculated VaRs, and are not related to the total of the components stated in the table.

(****) In accordance with temporary article no:1 of the “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof”, information related to prior period that is mentioned on the communiqué, have not been filled for one year period beginning on 1 July 2012.

Information related with counterparty credit risk:

Counterparty risk arising from repurchase agreements and derivative transactions recorded on trading books is calculated. Counterparty credit risk is recalculated within the scope of Valuation Method According to the Fair Value described in Annex-2 of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”. In this context, total counterparty credit risk consists of the sum of replacement cost of derivative transactions and potential risk amount. Replacement costs are included in the recalculation but only contracts with a positive fair value are taken into account. Potential credit risk amount is recalculated by the multiplication of the contract amount with the credit turnover ratios described in Valuation Method According to the Fair Value in Annex-2 of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”. Within trading books there is no conservation which has been purchased by way of credit derivatives.

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III. Consolidated market risk (continued)

Quantitative information related with counter party risk:

| | Amount |
|---------------------------------|--------|
| Interest Rate Contracts | - |
| Foreign Exchange Rate Contracts | 8,079 |
| Commodity Contracts | - |
| Equity Shares Related Contracts | - |
| Other | - |
| Gross Positive Fair Values | 15,724 |
| Net-off Benefits | - |
| Net-off Current Risk Amount | - |
| Collaterals Received | - |
| Net Derivative Position (*) | 23,803 |

(*) Includes amounts related with only trading books.

Required disclosures in case the capital requirement of the Parent Bank is calculated by a risk measurement model permitted by BRSA:

The Parent Bank does not use any risk measurement model for capital requirements.

IV. Consolidated operational risk

The Group used the “Basic Indicators Approach” in computation of its operational risk. In accordance with the 3rd section ‘Computation of the Operational Risk’ of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, published in the Official Gazette no. 28337 dated 28 June 2012, operational risk is computed using the gross income of the Group for the years ended 2012, 2011 and 2010. Operational risk used in computation of capital adequacy ratio per article I of this section is 8% of TL 279,541 which is TL 22,363. TL 22,363 represents also the minimum capital amount to eliminate the operational risk.

Information related with operational risk that is calculated with Basic Indicator Approach

| | 2 PP Amount | 1 PP Amount | CP Amount | Total/No of years of positive gross | Rate(%) | Total |
|---|----------------|----------------|--------------|---|---------|---------|
| Gross Income | 132,556 | 148,632 | 166,078 | 3 | 15 | 22,363 |
| Value at Operational Risk (Total*12.5) | | | | | | 279,541 |

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V. Consolidated foreign currency exchange rate risk

Foreign currency risk indicates the possibilities of the potential losses that banks are subject to due to adverse movements between currencies. The Parent Bank monitors foreign currency exchange rate risk in currency/TL and parity basis and uses different risk methods and tools for each. The Parent Bank hedges parity risks through spot/arbitrage and future transactions.

The Parent Bank’s foreign currency exchange rate risk is measured by Standard Method and Value at Risk Method.

The Group considers all foreign currency assets and liabilities and currency forward transactions in measuring capital obligation against currency risk. Net short and long positions of TL equivalents of all types of currencies are calculated. Position with the higher absolute value, which is the basis for the capital obligation, is used measuring the capital obligation for currency risk.

The Parent Bank’s Board of Directors determines the Parent Bank’s limits, within regulatory limitations, related to short/long positions at any period. The Treasury Department of the Parent Bank is responsible from the management of price and liquidity risks on Turkish Lira or foreign currency in the domestic and international markets. Risk Management Department exercises continuous control on risks in the money markets and transactions creating these risks and reports to the Asset-Liability Committee of the Parent Bank weekly.

The Parent Bank’s spot foreign exchange bid rates as at the balance sheet date and for each of the five days prior to that date (TL full).

| | 24/12/13 | 25/12/13 | 26/12/13 | 27/12/13 | 30/12/13 | 31/12/13 |
|-------------|----------|----------|----------|----------|----------|----------|
| USD | 2.0877 | 2.0812 | 2.0710 | 2.0957 | 2.1604 | 2.1343 |
| GBP | 3.4091 | 3.3978 | 3.3735 | 3.4286 | 3.5601 | 3.5114 |
| EURO | 2.8573 | 2.8466 | 2.8353 | 2.8693 | 2.9844 | 2.9365 |
| JPY | 0.0200 | 0.0199 | 0.0198 | 0.0200 | 0.0206 | 0.0202 |

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirty one days ending 31 December 2013 (TL full):

| | Monthly Average FC Exchange Bid Rates |
|-------------|---|
| USD | 2.0572 |
| GBP | 3.3627 |
| EURO | 2.8160 |
| JPY | 0.0199 |

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V. Consolidated foreign currency exchange rate risk (continued)

Information on consolidated foreign currency exchange rate risk:

| 31 December 2013 | EURO | USD | OTHER FC | TOTAL |
|---|------------------|------------------|-----------------|------------------|
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (*) | 11,096 | 313,184 | 43,355 | 367,635 |
| Banks | 6,860 | 25,383 | 843 | 33,086 |
| Financial Assets at Fair Value Through Profit or Loss (**) | 64 | 329 | - | 393 |
| Interbank Money Market Placements | - | - | - | - |
| Investment Securities Available-for-Sale | 31 | 6,650 | - | 6,681 |
| Loans (***) | 264,415 | 559,580 | 4,980 | 828,975 |
| Investments in Subsidiaries and Associates | - | - | - | - |
| Investment Securities Held-to-Maturity | - | - | - | - |
| Hedging Purpose Financial Derivatives | - | - | - | - |
| Tangible Assets | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Other Assets (**) | 188 | 17,214 | 11 | 17,413 |
| Total Assets | 282,654 | 922,340 | 49,189 | 1,254,183 |
| Liabilities | | | | |
| Bank Deposits | - | 11 | - | 11 |
| Foreign Currency Deposits | 353,741 | 909,863 | 8,275 | 1,271,879 |
| Interbank Money Markets | - | - | - | - |
| Funds Borrowed from Other Financial Institutions | 105,023 | 195,364 | 882 | 301,269 |
| Marketable Securities Issued | - | - | - | - |
| Miscellaneous Payables | 1,040 | 865 | - | 1,905 |
| Hedging Purpose Financial Derivatives | - | - | - | - |
| Other Liabilities (**) (*****) | 1,926 | 4,793 | 311 | 7,030 |
| Total Liabilities (**) (*****) | 461,730 | 1,110,896 | 9,468 | 1,582,094 |
| Net On Balance Sheet Position | (179,076) | (188,556) | 39,721 | (327,911) |
| Net Off Balance Sheet Position | 171,608 | 188,138 | (38,815) | 320,931 |
| Financial Derivatives (Assets) (*****) | 220,277 | 478,784 | 60,886 | 759,947 |
| Financial Derivatives (Liabilities) (*****) | 48,669 | 290,646 | 99,701 | 439,016 |
| Non-cash Loans (*****) | 116,021 | 506,848 | 5,665 | 628,534 |
| 31 December 2012 | | | | |
| Total Assets (**) (***) | 250,752 | 883,506 | 63,253 | 1,197,511 |
| Total Liabilities (**) (*****) | 513,648 | 908,143 | 8,768 | 1,430,559 |
| Net On Balance Sheet Position | (262,896) | (24,637) | 54,485 | (233,048) |
| Net Off Balance Sheet Position | 262,688 | 24,967 | (54,165) | 233,490 |
| Financial Derivatives (Assets) (*****) | 285,620 | 376,130 | 34,687 | 696,437 |
| Financial Derivatives (Liabilities) (*****) | 22,932 | 351,163 | 88,852 | 462,947 |
| Non-cash Loans (*****) | 142,132 | 403,004 | 4,537 | 549,673 |

(*) As at 31 December 2013 precious metals balance in the Central Bank accounts amounting to TL 41,143 is included in other FC (31 December 2012: TL 32,048).

(**) As at 31 December 2013, accrual differences of derivative transactions presented in “Financial Assets At Fair Value Through Profit or Loss” and “Negative Value of Trading Derivatives” amounting to TL 3,165 and TL 436, respectively, (31 December 2012: TL 3,008 and TL 802) and accrual differences of value dated transactions presented under assets in “Other Assets” and “Other External Resources” amounting to TL 138 and TL 60 (31 December 2012: TL 103 in Other Assets) are not included in the table, respectively.

(***) As at 31 December 2013, “Loans” balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 243,203 (31 December 2012: TL 215,787).

(****) Has no effect on net off balance sheet position.

(*****) As at 31 December 2013, value dated FX buying and FX selling transactions amounting to TL 41,460 and TL 46,077, respectively, presented under “Asset Purchase and Sale Commitments” of off-balance sheet items are included (31 December 2012: TL 18,178 and TL 18,877). As at 31 December 2013 precious metal swap sales amounting to TL 61,714 in “Other” item of Derivatives Financial Instruments section of off-balance sheet items is included in Other FC column (31 December 2012: TL 32,047).

(*****) “Valuation Differences of Securities” amounting to TL (3) (31 December 2012: TL 5) classified under Equity as of 31 December 2013 is not included.

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V. Consolidated foreign currency exchange rate risk (continued)

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 31 December 2013 and 2012 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

| | 31 December 2013 | | | | 31 December 2012 | | | |
|---------------------------------|------------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|
| | Income Statement | | Equity (*) | | Income Statement | | Equity (*) | |
| Change in foreign currency rate | 10% increase | 10% decrease | 10% increase | 10% decrease | 10% increase | 10% decrease | 10% increase | 10% decrease |
| USD | (42) | 42 | (42) | 42 | 33 | (33) | 33 | (33) |
| EURO | (747) | 747 | (747) | 747 | (21) | 21 | (21) | 21 |
| Other FC | 91 | (91) | 91 | (91) | 32 | (32) | 32 | (32) |
| Total, net | (698) | 698 | (698) | 698 | 44 | (44) | 44 | (44) |

(*) Equity effect includes income statement effect in the table.

VI. Consolidated interest rate risk

Consolidated interest rate risk is the probability of loss due to changes in interest rates depending on the Group's position regarding the interest bearing financial instruments.

Interest rate risk arises as a result of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and, unexpected changes in the shape and slope of yield curves. Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities.

Interest rate risk is a key component of the Parent Bank's market risk and asset and liability management.

As part of asset and liability management, duration and sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet. The Parent Bank's management daily monitors interest rate movements in the market and revises the Parent Bank's interest rates.

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VI. Consolidated interest rate risk (continued)

Interest sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates):

| | Up to 1 Month | 1 – 3 Months | 3 – 12 Months | 1 – 5 Years | 5 Years and Over | Non-Interest Bearing (*) | Total |
|---|------------------|------------------|------------------|----------------|---------------------|-----------------------------|------------------|
| 31 December 2013 | | | | | | | |
| Assets | | | | | | | |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | - | - | 450,273 | 450,273 |
| Banks | 64,549 | - | - | - | - | 11,854 | 76,403 |
| Financial Assets at Fair Value Through Profit or Loss | 10,167 | 3,908 | 303 | 193 | 191 | 1,088 | 15,850 |
| Interbank Money Market Placements | - | - | - | - | - | - | - |
| Investment Securities Av.-for-Sale | 95,320 | 114,547 | 157,996 | 17,904 | 3,021 | 160 | 388,948 |
| Loans | 1,131,882 | 215,117 | 540,827 | 747,669 | 150,486 | 46,183 | 2,832,164 |
| Investment Securities Held-to-Mat. | - | - | - | - | - | - | - |
| Other Assets | 210 | - | - | - | - | 90,406 | 90,616 |
| Total Assets | 1,302,128 | 333,572 | 699,126 | 765,766 | 153,698 | 599,964 | 3,854,254 |
| Liabilities | | | | | | | |
| Bank Deposits | - | - | - | - | - | 19 | 19 |
| Other Deposits | 1,802,914 | 514,011 | 24,204 | - | - | 180,665 | 2,521,794 |
| Interbank Money Market Borrowings | 258,597 | - | - | - | - | - | 258,597 |
| Miscellaneous Payables | - | - | - | - | - | 14,143 | 14,143 |
| Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed from Other Fin.Inst. | 31,934 | 88,638 | 216,688 | 3,740 | - | - | 341,000 |
| Other Liabilities | 4,173 | 2,895 | 630 | - | - | 711,003 | 718,701 |
| Total Liabilities | 2,097,618 | 605,544 | 241,522 | 3,740 | - | 905,830 | 3,854,254 |
| Balance Sheet Long Position | - | - | 457,604 | 762,026 | 153,698 | - | 1,373,328 |
| Balance Sheet Short Position | (795,490) | (271,972) | - | - | - | (305,866) | (1,373,328) |
| Off Balance Sheet Long Position | - | - | - | - | - | - | - |
| Off Balance Sheet Short Position | - | - | - | - | - | - | - |
| Total Interest Sensitivity Gap | (795,490) | (271,972) | 457,604 | 762,026 | 153,698 | (305,866) | - |

(*) Tangible and intangible assets amounting to TL 18,342 tax assets amounting to TL 5,829 and other assets amounting to TL 66,230 are presented within other assets as non-interest bearing; provisions amounting to TL 48,010, tax liability amounting to TL 6,945 other liabilities amounting to TL 51,740 and equity amounting to TL 604,308 are presented within other liabilities as non-interest bearing.

Interest rates applied to monetary financial instruments:

| | EURO % | USD % | JPY % | TL % |
|---|-----------|----------|----------|---------|
| 31 December 2013 (*) | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | - |
| Banks | - | 0.67 | - | 9.03 |
| Financial Assets at Fair Value Through Profit or Loss | 2.20 | 4.46 | - | - |
| Interbank Money Market Placements | - | - | - | - |
| Investment Securities Available-for-Sale | 4.77 | 6.00 | - | 4.90 |
| Loans | 5.68 | 6.24 | 5.73 | 11.23 |
| Investment Securities Held-to-Maturity | - | - | - | - |
| Liabilities | | | | |
| Bank Deposits | - | - | - | - |
| Other Deposits | 3.15 | 3.26 | - | 9.35 |
| Interbank Money Market Borrowings | - | - | - | 7.26 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | - | - | - | - |
| Funds Borrowed from Other Financial Institutions | 2.45 | 2.02 | - | 5.88 |

(*) Stated at compound interest rates.

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VI. Consolidated interest rate risk (continued)

| | Up to 1 Month | 1 – 3 Months | 3 –12 Months | 1 – 5 Years | 5 Years and Over | Non-Interest Bearing (*) | Total |
|---|------------------|------------------|-----------------|----------------|---------------------|-----------------------------|------------------|
| 31 December 2012 | | | | | | | |
| Assets | | | | | | | |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | - | - | 362,834 | 362,834 |
| Banks | 102,913 | - | - | - | - | 14,623 | 117,536 |
| Financial Assets at Fair Value Through Profit or Loss | 3,250 | 262 | 158 | 174 | 193 | 1,678 | 5,715 |
| Interbank Money Market Placements | 3,000 | - | - | - | - | - | 3,000 |
| Investment Securities Av.-for-Sale | 101,900 | 116,229 | 88,766 | 22,478 | 29 | - | 329,402 |
| Loans | 1,315,923 | 166,383 | 450,425 | 545,432 | 148,751 | 42,204 | 2,669,118 |
| Investment Securities Held-to-Mat. | - | - | - | - | - | - | - |
| Other Assets | 188 | - | - | - | - | 196,656 | 196,844 |
| Total Assets | 1,527,174 | 282,874 | 539,349 | 568,084 | 148,973 | 617,995 | 3,684,449 |
| Liabilities | | | | | | | |
| Bank Deposits | 53,530 | - | - | - | - | 39 | 53,569 |
| Other Deposits | 1,728,889 | 547,524 | 127,916 | 33 | - | 252,147 | 2,656,509 |
| Interbank Money Market Borrowings | 11,156 | - | - | - | - | - | 11,156 |
| Miscellaneous Payables | - | - | - | - | - | 14,125 | 14,125 |
| Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed from Other Fin.Inst. | 42,784 | 27,351 | 176,108 | 2,858 | - | - | 249,101 |
| Other Liabilities | 3,497 | 306 | 72 | - | - | 696,114 | 699,989 |
| Total Liabilities | 1,839,856 | 575,181 | 304,096 | 2,891 | - | 962,425 | 3,684,449 |
| Balance Sheet Long Position | - | - | 235,253 | 565,193 | 148,973 | - | 949,419 |
| Balance Sheet Short Position | (312,682) | (292,307) | - | - | - | (344,430) | (949,419) |
| Off Balance Sheet Long Position | - | - | - | - | - | - | - |
| Off Balance Sheet Short Position | - | - | - | - | - | - | - |
| Total Interest Sensitivity Gap | (312,682) | (292,307) | 235,253 | 565,193 | 148,973 | (344,430) | - |

(*) Tangible and intangible assets amounting to TL 95,841, tax assets amounting to TL 1,869 and other assets amounting to TL 98,946 are presented within other assets as non-interest bearing; provisions amounting to TL 40,227, tax liability amounting to TL 10,325, other liabilities amounting to TL 70,661 and equity amounting to TL 574,901 are presented within other liabilities as non-interest bearing.

Interest rates applied to monetary financial instruments:

| | EURO % | USD % | JPY % | TL % |
|---|-----------|----------|----------|---------|
| 31 December 2012 (*) | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | - |
| Banks | 0.78 | 0.48 | - | 7.25 |
| Financial Assets at Fair Value Through Profit or Loss | 2.12 | 2.84 | - | - |
| Interbank Money Market Placements | - | - | - | 5.87 |
| Investment Securities Available-for-Sale | 4.76 | 6.33 | - | 5.24 |
| Loans | 6.88 | 7.39 | 8.35 | 13.02 |
| Investment Securities Held-to-Maturity | - | - | - | - |
| Liabilities | | | | |
| Bank Deposits | - | 2.38 | - | - |
| Other Deposits | 3.65 | 3.63 | 0.25 | 8.80 |
| Interbank Money Market Borrowings | - | - | - | 5.13 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | - | - | - | - |
| Funds Borrowed from Other Financial Institutions | 3.20 | 3.00 | - | 8.01 |

(*) Stated at compound interest rates.

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VI. Consolidated interest rate risk (continued)

The interest rate risk of the banking book items:

The interest rate risk of the banking book items is prepared via the cash flow of interest sensitive balance sheet and off-balance sheet positions for bank accounts, over the maturity for fixed interest rate instruments and over the re-pricing period for variable interest rate instruments.

Present values of the net positions obtained over related cash flows are calculated by yield curves formed by using market interest rates. The proportion of the differences arising from implementation of positive and negative standard shocks to equity is followed.

For products with non-specified maturities, maturity is determined based on interest rate setting frequency and customer behaviors. These results are supported by periodical sensitivity and scenario analysis against prospective fluctuations in the market.

The interest rate risk of the banking book items is measured legally in accordance with the “Regulation on Measurement and Evaluation of Interest Rate Risk Arising from Banking Accounts via Standard Shock Method”, published in the Official Gazette no. 28034 dated 23 August 2011, and this legal limit is monitored and reported monthly, based on this measurement.

The interest rate risks of financial instruments on trading portfolio are considered within the scope of the market risk.

In accordance with the “Regulation on Measurement and Evaluation of Interest Rate Risk Arising from Banking Accounts via Standard Shock Method”, economic valuation differences of Parent Bank arising from fluctuations on interest rates, in different currencies, are presented in the table below (excluding tax effect) as at 31 December 2013.

| Type of Currency | Shocks Applied (+/- basis points) | Gains/Losses | Gains/Equity- Losses/Equity |
|-----------------------------------|--|---------------------|--|
| TL | 500 | (48,318) | (%7.9) |
| | (400) | 44,245 | %7.2 |
| EURO | 200 | (1,671) | (%0.3) |
| | (200) | 1,090 | %0.2 |
| USD | 200 | (12,570) | (%2.0) |
| | (200) | 9,934 | %1.6 |
| Total (of negative shocks) | | 55,269 | %9.0 |
| Total (of positive shocks) | | (62,559) | (%10.2) |

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VII. Consolidated position risk of equity securities of banking accounts

None.

VIII. Consolidated liquidity risk

Liquidity risk occurs when there is an insufficient amount of cash or cash inflows to fulfill the cash outflows in full and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when there is an inadequate market penetration and the open positions cannot be closed on a timely basis with an appropriate price and sufficient amount due to barriers and break-ups at the markets.

The Parent Bank monitors the liquidity position on a daily basis. Cash flow projections are examined and accordingly appropriate amounts of positions are determined in the weekly Asset-Liability Commission meetings. Alternative strategies are evaluated in case of a liquidity shortage. The available free lines in the BIST Settlement and Custody Bank's Stock Exchange Money Market, Interbank and secondary market are monitored frequently. Regarding maturity mismatch risk in the balance sheet, the maximum limits have been set by the Board of Directors.

Major part of the liquidity has been maintained by the deposits in the Parent Bank. Additionally, the volume of deposits has retained a stable path during the period. On the contrary, the Parent Bank executes the strategy of increasing long-term loans from international markets rather than loans from domestic secondary market.

Presentation of assets and liabilities according to their residual maturities:

| 31 December 2013 | Demand | Up to 1 month | 1-3 months | 3-12 Months | 1-5 Years | 5 years and Over | Undist. (*) | Total |
|---|----------------|--------------------------|-----------------------|------------------------|----------------------|-----------------------------|--------------------|------------------|
| Assets | | | | | | | | |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 450,273 | - | - | - | - | - | - | 450,273 |
| Banks | 11,854 | 64,549 | - | - | - | - | - | 76,403 |
| Financial Assets at Fair Value Through Profit or Loss | 1,088 | 10,167 | 3,908 | 303 | 193 | 191 | - | 15,850 |
| Interbank Money Market Placements | - | - | - | - | - | - | - | - |
| Investment Securities Available-for-Sale | 160 | 8,111 | 32,840 | 105,157 | 167,122 | 75,558 | - | 388,948 |
| Loans | - | 523,957 | 340,521 | 991,932 | 779,085 | 150,486 | 46,183 | 2,832,164 |
| Investment Securities Held-to-Maturity | - | - | - | - | - | - | - | - |
| Other Assets | - | 53,334 | 3,134 | 5,474 | - | 2,695 | 25,979 | 90,116 |
| Total Assets | 463,375 | 660,118 | 380,403 | 1,102,866 | 946,400 | 228,930 | 72,162 | 3,854,254 |
| Liabilities | | | | | | | | |
| Bank Deposits | 19 | - | - | - | - | - | - | 19 |
| Other Deposits | 180,665 | 1,802,914 | 514,000 | 24,199 | 16 | - | - | 2,521,794 |
| Funds Borrowed from Other Financial Institutions | - | 31,934 | 88,638 | 216,688 | 3,740 | - | - | 341,000 |
| Interbank Money Markets | - | 258,597 | - | - | - | - | - | 258,597 |
| Marketable Securities Issued | - | - | - | - | - | - | - | - |
| Miscellaneous Payables | 13,060 | 1,083 | - | - | - | - | - | 14,143 |
| Other Liabilities | - | 58,378 | 4,401 | 3,604 | - | - | 652,318 | 718,701 |
| Total Liabilities | 193,744 | 2,152,906 | 607,039 | 244,491 | 3,756 | - | 652,318 | 3,854,254 |
| Net Liquidity Gap | 269,631 | (1,492,788) | (226,636) | 858,375 | 942,644 | 228,930 | (580,156) | - |
| 31 December 2012 | | | | | | | | |
| Total Assets | 379,135 | 798,414 | 326,246 | 974,889 | 781,698 | 273,539 | 150,528 | 3,684,449 |
| Total Liabilities | 327,388 | 1,850,135 | 579,863 | 309,005 | 2,930 | - | 615,128 | 3,684,449 |
| Net Liquidity Gap | 51,747 | (1,051,721) | (253,617) | 665,884 | 778,768 | 273,539 | (464,600) | - |

(*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 18,347, stationary supplies amounting to TL 316, assets to be disposed of amounting to TL 7,316, loans in follow-up amounting to TL 46,183 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 48,010 and equity amounting to TL 604,308 are included here.

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VIII. Consolidated liquidity risk (continued)

As per the BRSA regulation dated 1 November 2006 and became effective starting from 1 January 2007, the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Parent Bank's liquidity ratios for 2013 are as follows:

| Liquidity Ratios | First Maturity Bracket | | Second Maturity Bracket | |
|------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
| | FC Liquidity Adequacy Ratio | Total Liquidity Adequacy Ratio | FC Liquidity Adequacy Ratio | Total Liquidity Adequacy Ratio |
| 31 December 2013 | 238.4 | 196.6 | 150.8 | 129.1 |
| Average (%) | 259.3 | 212.8 | 142.0 | 127.7 |
| Max. (%) | 441.7 | 287.4 | 169.2 | 141.7 |
| Min. (%) | 113.3 | 171.1 | 115.0 | 117.7 |

The undiscounted cash outflows of the residual contractual maturities of the Group's financial liabilities are shown below.

Financial liabilities by remaining contractual maturities:

| 31 December 2013 | Carrying Value | Gross | | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and more |
|-------------------------|------------------|------------------|----------------|------------------|----------------|----------------|--------------|------------------|
| | | Nominal Outflow | Demand | | | | | |
| Bank Deposits | 19 | 19 | 19 | - | - | - | - | - |
| Deposits from Customers | 2,521,794 | 2,529,937 | 180,665 | 1,807,564 | 516,493 | 25,195 | 20 | - |
| Due to Money Markets | 258,597 | 258,654 | - | 258,654 | - | - | - | - |
| Funds Borrowed | 341,000 | 345,366 | - | 31,950 | 88,941 | 220,569 | 3,906 | - |
| Total | 3,121,410 | 3,133,976 | 180,684 | 2,098,168 | 605,434 | 245,764 | 3,926 | - |

| 31 December 2012 | Carrying Value | Gross | | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and more |
|-------------------------|------------------|------------------|----------------|------------------|----------------|----------------|--------------|------------------|
| | | Nominal Outflow | Demand | | | | | |
| Bank Deposits | 53,569 | 53,624 | 39 | 53,585 | - | - | - | - |
| Deposits from Customers | 2,656,509 | 2,668,472 | 252,147 | 1,733,721 | 551,444 | 131,079 | 81 | - |
| Due to Money Markets | 11,156 | 11,156 | - | 11,156 | - | - | - | - |
| Funds Borrowed | 249,101 | 252,660 | - | 42,788 | 27,540 | 179,292 | 3,040 | - |
| Total | 2,970,335 | 2,985,912 | 252,186 | 1,841,250 | 578,984 | 310,371 | 3,121 | - |

IX. Information related to consolidated securitization positions

None.

X. Information related to consolidated credit risk mitigation techniques

The Parent Bank applies simple financial collateral method for credit risk mitigation in accordance with 33rd article of "Communiqué on Credit Risk Mitigation Techniques". Cash or other debt securities with high credit quality are used on credit risk mitigation. Financial collaterals are valued according to market value and evaluated in the scope of credit assignment and monitoring policy of the Parent Bank. Net-off is not available.

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X. Information related to consolidated credit risk mitigation techniques (continued)

Collaterals according to risk classifications:

| Risk Classifications | Amount (**) | Financial Collaterals | Other/ Physical Collaterals | Guaranties and Credit Derivatives |
|--|--------------------|------------------------------|------------------------------------|--|
| Claims on sovereigns and Central Banks | 792,586 | - | - | - |
| Claims on regional governments or local authorities | - | - | - | - |
| Claims on administrative bodies and other non-commercial enterprises | 900 | - | - | - |
| Claims on multilateral development banks | - | - | - | - |
| Claims on international organizations | - | - | - | - |
| Claims on banks and capital market intermediary | 154,166 | 3 | - | - |
| Claims on corporate receivables | 2,277,692 | 51,178 | - | 359 |
| Claims included in the regulatory retail portfolios | 295,438 | 9,156 | - | 319 |
| Claims secured by residential property (*) | 630,508 | 4,045 | - | - |
| Non-performing receivables | 46,183 | - | - | - |
| Higher risk categories decided by Agency | 188,917 | 6,614 | - | - |
| Mortgage collateralized marketable securities | - | - | - | - |
| Securitization exposures | - | - | - | - |
| Short-term claims on banks and intermediary institutions and corporate receivables | - | - | - | - |
| Undertakings for collective investments in transferable securities | - | - | - | - |
| Other receivables | 128,315 | - | - | - |
| Total | 4,514,705 | 70,996 | - | 678 |

(*) As per the Article 6 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" the mortgages considered for determination of the risk classes are not considered as collateral.

(**) Risk figures present amounts before credit risk mitigation, after credit conversion rate process.

XI. Information related to consolidated risk management target and policies

Risk Management contains all processes of identifying, measuring, monitoring, limit determination, identifying the areas of risk concentration and reporting the risks the Parent Bank is or will be exposed to due to its facilities.

Risk Management organization constituted to systematically manage the risks the Parent Bank is or will be exposed to, consists of the Independent Audit Committee connected directly to the Board of Directors, Risk Management Department fulfilling the responsibilities to Board of Directors via this committee and certain individual risk management committees including senior management or relevant processes.

Risk Management Department consists of market risk unit and credit and operational risk unit, business continuity is covered under operational risk. Risk management committees are market risk committee, credit risk committee, operational risk committee and business continuity committee.

Necessary manners are identified to update, adjust for changing circumstances, implement and manage the policies determined to identify and manage the risks the Parent Bank is exposed to. These risks are measured and managed with accepted international procedures and procedures complied with international and local regulations, policies and procedures of the Parent Bank.

The Parent Bank data and market data are monitored regularly in order to manage the risk. To restrain the risks, certain in-bank limits are determined besides the legal limits. Probable economic changes and risks confronted under tough conditions are taken into consideration.

Reporting units that are responsible for all risks, the frequency and the address of reporting is determined separately in policy documents including each risk management process. Additionally, Risk Management Department regularly reports the risk analysis of the Parent Bank, periodical progress and limit usage of risks and state of chanciness to Asset-Liability Committee and Audit Committee.

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XII. Presentation of financial assets and liabilities at their fair value

In the current period, the investment securities include only the available for sale securities. Estimated fair value of investment securities available for sale are determined by their listed market prices or prices of instruments with similar interest rates, maturities and other variables, in case an active market is not available.

The estimated fair value of the demand deposits is the amount payable on demand. The fair values of the floating rate placements and overnight deposits are considered to approximate the carrying values due to short maturities. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities. The estimated fair values of loans are calculated by using discounted cash flows with current market rates. The fair value of miscellaneous payables represents its book value because of short term maturity.

In the table below; fair values and carrying values of some of the financial assets and liabilities are presented.

| | Carrying value | | Fair value | |
|--|------------------|------------------|------------------|------------------|
| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| Financial Assets | 3,251,332 | 3,076,852 | 3,248,285 | 3,072,600 |
| Interbank money market placements | - | 3,000 | - | 3,000 |
| Banks | 76,403 | 117,536 | 76,403 | 117,536 |
| Investment securities available-for-sale (Net) | 388,948 | 329,402 | 388,948 | 329,402 |
| Investment securities held-to-maturity (Net) | - | - | - | - |
| Loans (*) | 2,785,981 | 2,626,914 | 2,782,934 | 2,622,662 |
| Financial Liabilities | 2,876,956 | 2,973,304 | 2,879,631 | 2,977,280 |
| Bank deposits | 19 | 53,569 | 19 | 53,569 |
| Other deposits | 2,521,794 | 2,656,509 | 2,523,427 | 2,659,333 |
| Funds borrowed from other financial institutions | 341,000 | 249,101 | 342,042 | 250,253 |
| Securities issued (Net) | - | - | - | - |
| Miscellaneous payables | 14,143 | 14,125 | 14,143 | 14,125 |

(*) Loans under follow up and specific provisions are not included.

“TFRS 7: Financial Instruments-Disclosures” describes classifications of valuation techniques based on observability of data used in valuation techniques which are basis for fair value measurements. Classification of fair values is defined as follows.

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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XII. Presentation of financial assets and liabilities at their fair value (continued)

The table below presents the classification of fair values of financial instruments carried at fair value:

| 31 December 2013 | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|----------------|
| Financial Assets | 382,593 | 15,420 | 6,785 | 404,798 |
| Financial Assets. At Fair Value Through Profit or Loss | 430 | 15,420 | - | 15,850 |
| Share Certificates | 37 | - | - | 37 |
| Public Sector Debt Securities | 393 | - | - | 393 |
| Trading Derivatives | - | 14,369 | - | 14,369 |
| Other Securities | - | 1,051 | - | 1,051 |
| Investment Securities Available for Sale | 382,163 | - | 6,785 | 388,948 |
| Share Certificates | - | - | 160 | 160 |
| Public Sector Debt Securities | 381,414 | - | - | 381,414 |
| Other Securities | 749 | - | 6,625 | 7,374 |
| Financial Liabilities | - | 6,119 | - | 6,119 |
| Trading Derivatives | - | 6,119 | - | 6,119 |
| 31 December 2012 | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | 322,817 | 4,920 | 7,380 | 335,117 |
| Financial Assets. At Fair Value Through Profit or Loss | 795 | 4,920 | - | 5,715 |
| Share Certificates | 428 | - | - | 428 |
| Public Sector Debt Securities | 367 | - | - | 367 |
| Trading Derivatives | - | 3,670 | - | 3,670 |
| Other Securities | - | 1,250 | - | 1,250 |
| Investment Securities Available for Sale | 322,022 | - | 7,380 | 329,402 |
| Public Sector Debt Securities | 321,054 | - | - | 321,054 |
| Other Securities | 968 | - | 7,380 | 8,348 |
| Financial Liabilities | - | 2,488 | - | 2,488 |
| Trading Derivatives | - | 2,488 | - | 2,488 |

XIII. Activities carried out on behalf and account of other persons

The Group performs sales, purchase, management, consultancy and custody services on behalf and account of others. The Group is not involved in fiduciary activities.

XIV. Consolidated segment reporting

The Group performs activities in areas of retail banking, corporate banking and investment banking including treasury transactions.

Corporate banking offers TL and foreign currency loans, corporate deposit operations, cash management, foreign currency purchases and sales, non-cash transactions (letters of credit, letters of guarantee, prefinancing, bills of exchange) and custody services.

Treasury department is consisted of Balance Sheet Management and Sales units. The Balance Sheet Management unit follows up the Parent Bank's cash flows, liquidity management, marketable securities portfolio and transfer pricing activities. Sales unit is responsible for marketing all types of bills and bonds, foreign exchange transactions and derivative products including forwards and options to its customers. Tekstil Yatırım gives agency services in capital markets products and provides investment fund and portfolio management services.

Servicing the middle-upper segment of retail customers who require sophisticated banking and investment services falls within the scope of retail banking. Credit card services are also within the activities of retail banking.

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XIV. Consolidated segment reporting (continued)

Information related to the segments of the Group:

Segment reporting is prepared according to the 28th article of the BRSA’s “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof”, which is published in the Official Gazette no. 26333 dated 1 November 2006.

| 31 December 2013 | Retail Banking | Corporate Banking | Investment Banking and Others | Total Operations |
|--------------------------------|---------------------------|------------------------------|--|-----------------------------|
| Operating Income | 22,513 | 85,080 | 117,744 | 225,337 |
| Operating profit of segment | (7,079) | (27,789) | 83,959 | 49,091 |
| Costs not distributed | - | - | - | - |
| Operating profit | (7,079) | (27,789) | 83,959 | 49,091 |
| Income from subsidiaries | - | - | - | - |
| Profit before tax | (7,079) | (27,789) | 83,959 | 49,091 |
| Tax provision | - | - | 3,775 | 3,775 |
| Profit after tax | (7,079) | (27,789) | 80,184 | 45,316 |
| Non-controlling rights | - | - | - | - |
| Net Profit | (7,079) | (27,789) | 80,184 | 45,316 |
| Segment assets (*) | 398,313 | 2,457,533 | 998,408 | 3,854,254 |
| Investments in subsidiaries | - | - | - | - |
| Total Assets | 398,313 | 2,457,533 | 998,408 | 3,854,254 |
| Segment liabilities (*) | 1,482,589 | 1,117,878 | 649,479 | 3,249,946 |
| Equity | - | - | 604,308 | 604,308 |
| Total Liabilities | 1,482,589 | 1,117,878 | 1,253,787 | 3,854,254 |
| Other Segment Items | 231 | 549 | 3,309 | 4,089 |
| Capital expenditure | - | - | 1,519 | 1,519 |
| Depreciation and amortization | 231 | 549 | 1,552 | 2,332 |
| Impairment losses (**) | - | - | 238 | 238 |
| Other non-cash income-expenses | - | - | - | - |
| Restructuring costs | - | - | - | - |

(*) Assets in others column contain tangible assets, intangible assets, assets held for sale, deferred tax assets and assets not distributed. Liabilities in others column contain general provisions, reserve for employee benefits, current tax liabilities and liabilities not distributed.

(**) Includes loss in value of marketable securities, fixed assets and associates.

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 64% for corporate banking, 10% for retail banking, 26% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and others segment as 38%, 10%, and 52%, respectively.

Explanations on business segments are prepared on the basis of data obtained from Parent Bank Management Reporting System.

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SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Information and disclosures related to consolidated assets

1. Information related to cash and balances with the Central Bank of Turkey:

a) Cash and balances with the Central Bank of Turkey:

| | 31 December 2013 | | 31 December 2012 | |
|-----------------------------------|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Cash | 15,324 | 33,867 | 17,356 | 13,112 |
| Central Bank of Turkey (CBRT) (*) | 67,314 | 333,768 | 79,616 | 252,750 |
| Others | - | - | - | - |
| Total | 82,638 | 367,635 | 96,972 | 265,862 |

b) Balances with the Central Bank of Turkey:

| | 31 December 2013 | | 31 December 2012 | |
|----------------------------------|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits (*) | 67,314 | 185,685 | 79,616 | 163,097 |
| Unrestricted Time Deposits | - | - | - | - |
| Restricted Time Deposits | - | 148,083 | - | 89,653 |
| Total | 67,314 | 333,768 | 79,616 | 252,750 |

(*) As at 31 December 2013, the Parent Bank keeps precious metals amounting to TL 41,143 as reserve deposits at Central Bank of Turkey (31 December 2012: TL 32,048).

c) Explanation related to reserve deposits:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1”, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. The reserve rates for TL liabilities vary between 5% and 11.5% due their maturity profile as of 31 December 2013 (31 December 2012: between 5% and 11%); the reserve rates for foreign currency liabilities vary between 6% and 13% (31 December 2012: 6% and 11.5% for all foreign currency liabilities).

2. Financial assets at fair value through profit or loss (net):

a) Financial assets at fair value through profit or loss given as collateral/blocked and subject to repurchase agreements:

As at 31 December 2013 and 2012, the financial assets at fair value through profit or loss are kept under unrestricted account.

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I. Information and disclosures related to consolidated assets (continued)

b) Positive value of trading derivatives:

| | 31 December 2013 | | 31 December 2012 | |
|----------------------|------------------|--------------|------------------|--------------|
| | TL | FC | TL | FC |
| Forward transactions | 1,170 | 131 | 53 | 347 |
| Swap transactions | 7,537 | 2,927 | 69 | 2,660 |
| Futures | - | - | - | - |
| Options | 2,497 | 107 | 540 | 1 |
| Other | - | - | - | - |
| Total | 11,204 | 3,165 | 662 | 3,008 |

3. Information on banks:

a) Information on banks:

| | 31 December 2013 | | 31 December 2012 | |
|------------------|------------------|---------------|------------------|----------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 43,317 | 21,238 | 7,507 | 95,411 |
| Foreign | - | 11,848 | - | 14,618 |
| Foreign branches | - | - | - | - |
| Total | 43,317 | 33,086 | 7,507 | 110,029 |

b) Foreign banks:

| | Unrestricted Amount | | Restricted Amount | |
|--------------------|---------------------|------------------|-------------------|------------------|
| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| EU Countries | 7,719 | 5,003 | - | - |
| USA, Canada | 3,800 | 9,109 | - | - |
| OECD Countries (*) | 329 | 506 | - | - |
| Off shore zones | - | - | - | - |
| Other | - | - | - | - |
| Total | 11,848 | 14,618 | - | - |

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

4. Information on investment securities available-for-sale (net):

a) Investment securities available-for-sale given as collateral or blocked:

| | 31 December 2013 | | 31 December 2012 | |
|----------------------------------|------------------|----------|------------------|----------|
| | TL | FC | TL | FC |
| Given as collateral or blocked | 17,054 | - | 9,256 | - |
| Subject to repurchase agreements | 270,193 | - | 11,462 | - |
| Total | 287,247 | - | 20,718 | - |

As at 31 December 2013, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 101,701 are unrestricted (31 December 2012: TL 308,684).

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I. Information and disclosures related to consolidated assets (continued)

b) Available-for-sale securities:

| | 31 December 2013 | 31 December 2012 |
|--------------------------|---------------------|---------------------|
| Debt instruments | 390,125 | 330,477 |
| Listed | 383,500 | 323,097 |
| Unlisted | 6,625 | 7,380 |
| Equity instruments | 160 | - |
| Listed | - | - |
| Unlisted | 160 | - |
| Impairment provision (-) | (1,337) | (1,075) |
| Total | 388,948 | 329,402 |

5. Information related to loans:

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

| | 31 December 2013 | | 31 December 2012 | |
|--|------------------|------------|------------------|------------|
| | Cash | Non-Cash | Cash | Non-Cash |
| Direct loans granted to shareholders | 18,976 | - | 49 | - |
| Corporate shareholders | 18,976 | - | 49 | - |
| Individual shareholders | - | - | - | - |
| Indirect loans granted to shareholders | 1,473 | 364 | 430 | 688 |
| Loans granted to employees | 1,548 | - | 1,613 | - |
| Total | 21,997 | 364 | 2,092 | 688 |

b) Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled:

| | Standard Loans and Other Receivables | | | Loans and Other Receivables Under Close Monitoring | | |
|---------------------------------|--------------------------------------|---|----------|--|---|----------|
| | Loans and Other Receivables | Conditions of Contracts Amended | | Loans and Other Receivables | Conditions of Contracts Amended | |
| | | Amendments related to the extension of the payment plan | Other | | Amendments related to the extension of the payment plan | Other |
| Cash Loans | | | | | | |
| Non-specialized loans | 2,685,144 | 2,019 | - | 56,648 | 19,265 | - |
| Enterprise loans | - | - | - | - | - | - |
| Export loans | 229,023 | - | - | 7,047 | - | - |
| Import loans | - | - | - | - | - | - |
| Loans given to financial sector | 225,328 | - | - | - | - | - |
| Consumer loans | 316,224 | 2,019 | - | 17,774 | 596 | - |
| Credit cards | 32,471 | - | - | 2,677 | - | - |
| Other | 1,882,098 | - | - | 29,150 | 18,669 | - |
| Specialized loans | 21,769 | 70 | - | 1,066 | - | - |
| Other receivables | - | - | - | - | - | - |
| Total | 2,706,913 | 2,089 | - | 57,714 | 19,265 | - |

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I. Information and disclosures related to consolidated assets (continued)

Information about changes in the payment schedule and payment terms of loans classified in groups I and II and other receivables:

| Number of Amendments Related to the Extension of the Payment Plan | Standard Loans and Other Receivables | Loans and Other Receivables Under Close Monitoring |
|---|--------------------------------------|--|
| Extended by 1 or 2 Times | 2,034 | 19,265 |
| Extended by 3,4 or 5 Times | 55 | - |
| Extended by More than 5 Times | - | - |

| The Time Extended via the Amendment on Payment Plan | Standard Loans and Other Receivables | Loans and Other Receivables Under Close Monitoring |
|---|--------------------------------------|--|
| Up to 6 Months | 2 | - |
| 6 Months - 12 Months | 476 | 8 |
| 1-2 Years | 403 | 123 |
| 2-5 Years | 1,170 | 406 |
| 5 Years and Over | 38 | 18,728 |

c) Information on cash loans and other receivables according to maturity structure concentration

| Cash Loans | Standard Loans and Other Receivables | | Loans and Receivables Under Close Monitoring | |
|----------------------------|--------------------------------------|---------------------------------|--|---------------------------------|
| | Loans and other receivables | Conditions of Contracts Amended | Loans and other receivables | Conditions of Contracts Amended |
| Short term Loans | 1,651,481 | - | 23,494 | - |
| Non specialized Loans | 1,651,471 | - | 23,494 | - |
| Specialized Loans | 10 | - | - | - |
| Other Receivables | - | - | - | - |
| Middle and Long term Loans | 1,055,432 | 2,089 | 34,220 | 19,265 |
| Non specialized Loans | 1,033,673 | 2,019 | 33,154 | 19,265 |
| Specialized Loans | 21,759 | 70 | 1,066 | - |
| Other Receivables | - | - | - | - |
| Total | 2,706,913 | 2,089 | 57,714 | 19,265 |

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I. Information and disclosures related to consolidated assets (continued)

d) Information on consumer loans, credit cards, loans given to employees and employee credit cards:

| | Short Term | Medium or Long Term | Total |
|---|---------------|---------------------|----------------|
| Consumer Loans – TL | 20,781 | 298,160 | 318,941 |
| Real estate Loans | 873 | 121,424 | 122,297 |
| Automotive Loans | 130 | 4,071 | 4,201 |
| Consumer Loans | 19,740 | 171,748 | 191,488 |
| Other | 38 | 917 | 955 |
| Consumer Loans – Indexed to FC | 70 | 4,771 | 4,841 |
| Real estate Loans | 70 | 4,747 | 4,817 |
| Automotive Loans | - | - | - |
| Consumer Loans | - | 24 | 24 |
| Other | - | - | - |
| Consumer Loans – FC | - | 8,958 | 8,958 |
| Real estate Loans | - | 8,958 | 8,958 |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Credit Cards – TL | 30,272 | 25 | 30,297 |
| Installment | 11,610 | 25 | 11,635 |
| Non installment | 18,662 | - | 18,662 |
| Credit Cards – FC | 293 | - | 293 |
| Installment | - | - | - |
| Non Installment | 293 | - | 293 |
| Loans Given to Employees – TL | 112 | 539 | 651 |
| Real estate Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | 112 | 539 | 651 |
| Other | - | - | - |
| Loans Given to Employees – Indexed to FC | - | - | - |
| Real estate Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Loans Given to Employees – FC | - | - | - |
| Real estate Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Employee Credit Cards – TL | 894 | - | 894 |
| Installment | 379 | - | 379 |
| Non Installment | 515 | - | 515 |
| Employee Credit Cards – FC | 35 | - | 35 |
| Installment | - | - | - |
| Non Installment | 35 | - | 35 |
| Overdraft Account – TL (Individual) | 3,222 | - | 3,222 |
| Overdraft Account – FC (Individual) | - | - | - |
| Total | 55,679 | 312,453 | 368,132 |

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I. Information and disclosures related to consolidated assets (continued)

e) Information on installment corporate loans and corporate credit cards:

| | Short Term | Medium or Long Term | Total |
|--|---------------|---------------------|----------------|
| Installment Corporate Loans – TL | 40,659 | 246,119 | 286,778 |
| Business Residential Loans | - | 1,067 | 1,067 |
| Automotive Loans | 805 | 22,274 | 23,079 |
| Consumer Loans | 2,304 | - | 2,304 |
| Other | 37,550 | 222,778 | 260,328 |
| Installment Corporate Loans – Indexed to FC | 1,555 | 61,686 | 63,241 |
| Business Residential Loans | - | - | - |
| Automotive Loans | 177 | 10,804 | 10,981 |
| Consumer Loans | - | - | - |
| Other | 1,378 | 50,882 | 52,260 |
| Installment Corporate Loans – FC | - | - | - |
| Business Residential Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Corporate Credit Cards – TL | 3,575 | 1 | 3,576 |
| Installment | 1,708 | 1 | 1,709 |
| Non Installment | 1,867 | - | 1,867 |
| Corporate Credit Cards – FC | 53 | - | 53 |
| Installment | - | - | - |
| Non Installment | 53 | - | 53 |
| Overdraft Account – TL (Commercial) | 4,770 | - | 4,770 |
| Overdraft Account – FC (Commercial) | - | - | - |
| Total | 50,612 | 307,806 | 358,418 |

f) Loan concentration based on counterparties:

| | 31 December 2013 | 31 December 2012 |
|----------------|------------------|------------------|
| Public sector | - | - |
| Private sector | 2,785,981 | 2,626,914 |
| Total | 2,785,981 | 2,626,914 |

g) Domestic and foreign loans:

| | 31 December 2013 | 31 December 2012 |
|----------------|------------------|------------------|
| Domestic loans | 2,785,981 | 2,626,914 |
| Foreign loans | - | - |
| Total | 2,785,981 | 2,626,914 |

h) Loans granted to subsidiaries and associates: None.

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I. Information and disclosures related to consolidated assets (continued)

i) Specific provisions for loans:

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| Specific Provisions | | |
| Loans and Receivables with Limited Collectability | 1,886 | 2,075 |
| Loans and Receivables with Doubtful Collectability | 31,518 | 20,789 |
| Uncollectible Loans and Receivables | 100,213 | 70,105 |
| Total | 133,617 | 92,969 |

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

j.1) Information on non-performing loans and other receivables those are restructured or rescheduled: None.

j.2) Information on movements of non-performing loans:

| | Group III Loans and receivables with limited collectability | Group IV Loans and receivables with doubtful collectability | Group V Uncollectible loans and receivables |
|--|--|---|--|
| Balances at Beginning of Period | 9,774 | 30,238 | 95,161 |
| Additions (+) | 69,910 | 3,624 | 9,159 |
| Transfers from Other Categories of Non- Performing Loans (+) | - | 68,122 | 42,113 |
| Transfers to Other Categories of Non-Performing Loans (-) | 68,122 | 42,113 | - |
| Collections (-) | 6,646 | 21,293 | 9,924 |
| Write-offs (-) | 1 | 31 | 171 |
| Corporate and Commercial Loans | - | - | - |
| Retail Loans | - | 24 | 108 |
| Credit Cards | 1 | 7 | 63 |
| Other | - | - | - |
| Balances at End of the Period | 4,915 | 38,547 | 136,338 |
| Specific Provisions (-) | 1,886 | 31,518 | 100,213 |
| Net Balance on Balance Sheet | 3,029 | 7,029 | 36,125 |

j.3) Information on non-performing loans in foreign currencies: None.

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I. Information and disclosures related to consolidated assets (continued)

j.4) Information on non-performing loans according to beneficiary group:

| | Group III Loans and receivables with limited collectability | Group IV Loans and receivables with doubtful collectability | Group V Uncollectible loans and receivables |
|--|--|---|--|
| 31 December 2013 (Net) | 3,029 | 7,029 | 36,125 |
| Loans Allowed to Real Persons and Corporate Bodies (Gross) | 4,915 | 38,547 | 136,338 |
| Specific provision (-) | 1,886 | 31,518 | 100,213 |
| Loans Allowed to Real Persons and Corporate Bodies (Net) | 3,029 | 7,029 | 36,125 |
| Banks (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loan and Receivables (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Other Loan and Receivables (Net) | - | - | - |
| 31 December 2012 (Net) | 7,699 | 9,449 | 25,056 |
| Loans Allowed to Real Persons and Corporate Bodies (Gross) | 9,774 | 30,238 | 95,161 |
| Specific provision (-) | 2,075 | 20,789 | 70,105 |
| Loans Allowed to Real Persons and Corporate Bodies (Net) | 7,699 | 9,449 | 25,056 |
| Banks (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loan and Receivables (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Other Loan and Receivables (Net) | - | - | - |

k) Liquidation policy for uncollectible loans and other receivables:

Uncollectible loans and other receivables are collected through legal follow up and liquidation of collaterals.

l) Information on write-off from assets policy:

The Group's general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law's verdicts.

6. Information on investment securities held-to-maturity (net)

a) Information on subject to repurchase agreement and given as collateral or blocked:

As at 31 December 2013 and 2012, there are no financial assets held-to-maturity.

b) Information on accounts in which government securities held-to-maturity are reflected :

As at 31 December 2013 and 2012, there are no financial assets held-to-maturity.

c) Information on investment securities held-to-maturity:

As at 31 December 2013 and 2012, there are no financial assets held-to-maturity.

d) Information on the movement of investment securities held-to-maturity during the period:

As at 31 December 2013 and 2012, there are no financial assets held-to-maturity.

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I. Information and disclosures related to consolidated assets (continued)

7. Investments in associates (net):

None.

8. Investments in subsidiaries (net):

As at 31 December 2013, the Parent Bank has subsidiary as Tekstil Yatırım Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfills the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

- a) Information on subsidiaries not consolidated: None.
- b) Information on subsidiaries not consolidated according to information above: None.
- c) Movement of subsidiaries not consolidated:

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| Balance at the Beginning of the Period | - | 41 |
| Movements during the Period | - | (41) |
| Purchases | - | - |
| Bonus shares received | - | - |
| Dividends from Current Year Profit | - | - |
| Sales | - | (41) |
| Revaluation Increase | - | - |
| Impairment Provision | - | - |
| Balance at the End of the Period | - | - |
| Capital Commitments | - | - |
| Share Percentage at the end of Period (%) | - | - |

- d) Industrial distribution of subsidiaries not consolidated:

As at 31 December 2013, the Parent Bank has no non-consolidated subsidiary.

- e) Information on consolidated subsidiaries:

| Description | Address (City/Country) | Bank's share percentage- If different from voting percentage | Banks Risk Group Share Percentage (%) |
|--|---------------------------|--|---|
| Tekstil Yatırım Menkul Değerler A.Ş. (Tekstil Yatırım) | İstanbul/Turkey | 99.92 | 100.00 |

- f) Information on consolidated subsidiaries according to information above:

| Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Trading Income | Current Period Profit / Loss | Prior Period Profit / Loss | Fair value |
|--------------|-------------------------|-----------------------|--------------------|-------------------|------------------------------------|-------------------------------|------------|
| 24,366 | 19,512 | 109 | 3,307 | 5,356 | 1,503 | 1,841 | - |

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I. Information and disclosures related to consolidated assets (continued)

g) Movement of consolidated subsidiaries:

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| Balance at the Beginning of the Period | 15,693 | 13,086 |
| Movements during the Period | - | 2,607 |
| Purchases | - | - |
| Bonus Shares Received | - | - |
| Dividends from Current Year Profit | - | - |
| Sales | - | - |
| Revaluation Increase | - | - |
| Impairment Provision (*) | - | 2,607 |
| Revaluation Increase/(Decrease) due Effect of F/X Difference | - | - |
| Balance at the End of the Period | 15,693 | 15,693 |
| Capital Commitments | - | - |
| Share Percentage at the end of Period (%) | - | - |

(*) Provision for impairment amounting to TL 2,607 recognized in the prior periods for the subsidiary of the Parent Bank, Tekstil Yatırım, has been reversed after evaluating the improved operation results of the subsidiary and the valuation report of an independent valuation company in the prior period.

h) Sectoral distribution of consolidated subsidiaries:

| | 31 December 2013 | 31 December 2012 |
|----------------------------------|------------------|------------------|
| Subsidiaries | | |
| Banks | - | - |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Finance Companies | - | - |
| Other Financial Subsidiaries | 15,693 | 15,693 |
| Other Non Financial Subsidiaries | - | - |
| Total | 15,693 | 15,693 |

i) Listed subsidiaries: None.

j) Subsidiaries disposed of during the current period: None.

k) Subsidiaries purchased in the current period: None.

9. Information on joint ventures (net):

None.

10. Information on financial lease receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

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I. Information and disclosures related to consolidated assets (continued)

12. Information on tangible assets (net):

| Current Period | Properties (*) | Tangible assets under finance lease | Vehicles | Other tangible assets | Total |
|---|-----------------------|--|-----------------|------------------------------|---------------|
| Prior Period End: 31/12/2012 | | | | | |
| Cost | 107,749 | 6,444 | 467 | 28,683 | 143,343 |
| Accumulated Depreciation (-) | 18,829 | 6,410 | 440 | 23,448 | 49,127 |
| Net Book Value | 88,920 | 34 | 27 | 5,235 | 94,216 |
| Current Period End: 31/12/2013 | | | | | |
| Net Book Value at the Beginning of the Period | 88,920 | 34 | 27 | 5,235 | 94,216 |
| Additions | - | - | - | 769 | 769 |
| Disposals, net (-) (**) | 78,000 | - | - | 31 | 78,031 |
| Revaluation / (Impairment) (*) | 1,007 | - | - | - | 1,007 |
| Depreciation (-) | 197 | 13 | 9 | 1,297 | 1,516 |
| Cost at year end | 14,755 | 6,375 | 105 | 26,835 | 48,070 |
| Accumulated Depreciation at year end (-) | 3,025 | 6,354 | 87 | 22,159 | 31,625 |
| Closing Net Book Value | 11,730 | 21 | 18 | 4,676 | 16,445 |

| Prior Period | Properties (*) | Tangible assets under finance lease | Vehicles | Other tangible assets | Total |
|---|-----------------------|--|-----------------|------------------------------|---------------|
| Prior Period End: 31/12/2011 | | | | | |
| Cost | 93,170 | 6,694 | 684 | 27,390 | 127,938 |
| Accumulated Depreciation (-) | 17,740 | 6,575 | 648 | 22,962 | 47,925 |
| Net Book Value | 75,430 | 119 | 36 | 4,428 | 80,013 |
| Current Period End : 31/12/2012 | | | | | |
| Net Book Value at the Beginning of the Period | 75,430 | 119 | 36 | 4,428 | 80,013 |
| Additions | - | - | - | 2,543 | 2,543 |
| Disposals, net (-) | 390 | - | - | 79 | 469 |
| Revaluation / (Impairment) | 15,344 | - | - | - | 15,344 |
| Depreciation (-) | 1,464 | 85 | 9 | 1,657 | 3,215 |
| Cost at year end | 107,749 | 6,444 | 467 | 28,683 | 143,343 |
| Accumulated Depreciation at year end (-) | 18,829 | 6,410 | 440 | 23,448 | 49,127 |
| Closing Net Book Value | 88,920 | 34 | 27 | 5,235 | 94,216 |

(*) As a result of the change in the fair values of the fixed assets determined by real estate valuation companies, there is a surplus amounting to TL 5,132 as of 31 December 2013 (31 December 2012: TL 35,175). The part amounting to TL 31,050 of the surplus TL 35,175 as of 31 December 2012 is related to headquarters building sold in the current period.

(**) The cost and accumulated depreciation of assets disposed is as follows:

| Current Period | Properties | Tangible assets under finance lease | Vehicles | Other tangible assets | Total |
|------------------------------|-------------------|--|-----------------|------------------------------|---------------|
| Cost | 94,001 | 69 | 362 | 2,617 | 97,049 |
| Accumulated Depreciation (-) | 16,001 | 69 | 362 | 2,586 | 19,018 |
| Net disposal amount | 78,000 | - | - | 31 | 78,031 |

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I. Information and disclosures related to consolidated assets (continued)

13. Intangible assets (net):

- a) The gross book value and accumulated amortization amounts at the beginning and at the end of the period:

| | 31 December 2013 | 31 December 2012 |
|------------------------------|------------------|------------------|
| Gross Book Value | 18,553 | 17,902 |
| Accumulated Amortization (-) | 16,651 | 16,277 |
| Total | 1,902 | 1,625 |

- b) Movement of intangible assets:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Beginning of the period | 1,625 | 1,532 |
| Additions Resulting from Merger and Acquisitions | 750 | 360 |
| Disposals (-) | - | - |
| Accumulated Amortization (-) | 473 | 267 |
| Period End | 1,902 | 1,625 |

14. Information on investment properties (net):

None.

15. Information on deferred tax assets:

- a) Amount of deferred tax asset recognized in the balance sheet in respect of each type of deductible temporary differences, unused tax credits:

As of 31 December 2013, the deferred tax asset arising from the deductible temporary differences except for general loan provisions and financial losses are amounting to TL 1,540 (31 December 2012: TL 1,869) and TL 1,155 (31 December 2012: None), respectively. As of 31 December 2013, total net deferred tax asset is amounting to TL 2,695 (31 December 2012: TL 1,869).

In case of book value and retable value differences of assets are subject of deferred tax relating to equities accounts, deferred tax asset or liability net off with accounts in this group.

- b) Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in the balance sheet: None.

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I. Information and disclosures related to consolidated assets (continued)

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

The Parent Bank has no asset held for sale and discontinued operation as at 31 December 2013 and 2012.

17. Information on other assets:

As at 31 December 2013, the Group has property and real estate acquired against non performing loans and recorded under assets to be disposed of account and presented under other assets amounting TL 7,316 (31 December 2012: TL 12,156).

As of 31 December 2012, the receivables recognized in other assets amounting to TL 30,811 paid to the office of execution for the collection of debts regarding a non-performing loan has been collected from the office of execution in 2013.

Other assets, other than assets to be disposed of, amounting to TL 59,124 (31 December 2012: TL 86,978), do not exceed 10% of total assets.

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II. Information and disclosures related to consolidated liabilities

1. Information on deposits:

a) Information on maturity profile of deposits:

Tables below are prepared according to the original maturity of deposits.

The Parent Bank does not have any deposits callable in 7 days.

a.1) 31 December 2013:

| | Demand | Up to 1 month | 1-3 Months | 3-6 Months | 6 Months- 1 Year | 1 Year and Over | Cumulative Deposits | Total |
|---------------------------|----------------|------------------|------------------|---------------|---------------------|-----------------------|------------------------|------------------|
| Saving Deposits | 13,481 | 17,675 | 792,662 | 23,487 | 4,570 | 1,748 | 37 | 853,660 |
| Foreign Currency Deposits | 69,839 | 19,428 | 1,137,212 | 20,394 | 19,622 | 5,368 | 16 | 1,271,879 |
| Residents in Turkey | 64,332 | 18,827 | 1,066,642 | 15,159 | 11,845 | 1,985 | 16 | 1,178,806 |
| Residents Abroad | 5,507 | 601 | 70,570 | 5,235 | 7,777 | 3,383 | - | 93,073 |
| Public Sector Deposits | 11,586 | - | - | - | - | - | - | 11,586 |
| Commercial Deposits | 84,314 | 37,461 | 215,685 | 3,428 | - | 3,002 | - | 343,890 |
| Other Ins. Deposits | 1,445 | 108 | 39,186 | 19 | 19 | 2 | - | 40,779 |
| Precious Metal Deposits | - | - | - | - | - | - | - | - |
| Bank Deposits | 19 | - | - | - | - | - | - | 19 |
| Central Bank | - | - | - | - | - | - | - | - |
| Domestic Banks | 19 | - | - | - | - | - | - | 19 |
| Foreign Banks | - | - | - | - | - | - | - | - |
| Participation Banks | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total | 180,684 | 74,672 | 2,184,745 | 47,328 | 24,211 | 10,120 | 53 | 2,521,813 |

a.2) 31 December 2012:

| | Demand | Up to 1 month | 1-3 Months | 3-6 Months | 6 Months- 1 Year | 1 Year and Over | Cumulative Deposits | Total |
|---------------------------|----------------|------------------|------------------|---------------|---------------------|-----------------------|------------------------|------------------|
| Saving Deposits | 12,444 | 16,761 | 925,202 | 9,535 | 7,009 | 577 | 31 | 971,559 |
| Foreign Currency Deposits | 155,200 | 35,032 | 824,398 | 17,568 | 115,548 | 4,438 | 10 | 1,152,194 |
| Residents in Turkey | 148,253 | 29,899 | 789,383 | 14,254 | 107,715 | 1,576 | 10 | 1,091,090 |
| Residents Abroad | 6,947 | 5,133 | 35,015 | 3,314 | 7,833 | 2,862 | - | 61,104 |
| Public Sector Deposits | 11,416 | - | - | - | - | - | - | 11,416 |
| Commercial Deposits | 71,599 | 60,591 | 366,084 | 11,628 | 903 | - | - | 510,805 |
| Other Ins. Deposits | 1,488 | 220 | 8,793 | 14 | 18 | 2 | - | 10,535 |
| Precious Metal Deposits | - | - | - | - | - | - | - | - |
| Bank Deposits | 39 | 53,530 | - | - | - | - | - | 53,569 |
| Central Bank | - | - | - | - | - | - | - | - |
| Domestic Banks | 39 | 53,530 | - | - | - | - | - | 53,569 |
| Foreign Banks | - | - | - | - | - | - | - | - |
| Participation Banks | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total | 252,186 | 166,134 | 2,124,477 | 38,745 | 123,478 | 5,017 | 41 | 2,710,078 |

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b) Information on Deposit Insurance:

b.1) Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit:

| Saving Deposits | Covered by Deposit Insurance Fund | Covered by Deposit Insurance Fund | Exceeding the Deposit Insurance Limit | Exceeding the Deposit Insurance Limit |
|--|---|---|---|---|
| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| Saving Deposits | 418,249 | 295,480 | 427,693 | 667,048 |
| Foreign Currency Savings Deposits | 132,843 | 87,694 | 459,887 | 460,660 |
| Other Saving Deposits | - | - | - | - |
| Foreign branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |
| Off-Shore Deposits Under Foreign Insurance Coverage | - | - | - | - |
| Total | 551,092 | 383,174 | 887,580 | 1,127,708 |

b.2) Savings deposits in Turkey are not covered under insurance in another country since the Headquarter of the Group is not located abroad: None.

b.3) Saving deposits not covered by deposit insurance: TL 45,528 (31 December 2012: TL 25,875).

Saving deposits that are not covered under the guarantee of deposit insurance fund:

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| Deposits and Other Accounts at Foreign Branches | - | - |
| Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship | 30,846 | 12,959 |
| Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship | 14,682 | 12,916 |
| Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004 | - | - |
| Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey. | - | - |

2. Information on derivative financial liabilities held for trading:

Negative difference on derivatives held for trading:

| | 31 December 2013 | | 31 December 2012 | |
|--------------|------------------|------------|------------------|------------|
| | TL | FC | TL | FC |
| Forwards | 1,668 | 40 | 125 | 190 |
| Swaps | 773 | 267 | 1,015 | 611 |
| Futures | - | - | - | - |
| Options | 3,242 | 129 | 546 | 1 |
| Other | - | - | - | - |
| Total | 5,683 | 436 | 1,686 | 802 |

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II. Information and disclosures related to consolidated liabilities (continued)

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

| | 31 December 2013 | | 31 December 2012 | |
|---------------------------------------|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Central Bank of Turkey | - | - | - | - |
| Domestic Banks and Institutions | 39,731 | 51,715 | 33,943 | 46,696 |
| Foreign Banks, Institutions and Funds | - | 249,554 | - | 168,462 |
| Total | 39,731 | 301,269 | 33,943 | 215,158 |

b) Contractual maturities of funds borrowed:

| | 31 December 2013 | | 31 December 2012 | |
|----------------------|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Short-Term | 23,831 | 296,238 | 28,642 | 207,261 |
| Medium and Long-Term | 15,900 | 5,031 | 5,301 | 7,897 |
| Total | 39,731 | 301,269 | 33,943 | 215,158 |

- c) Additional information on concentrations of the Bank's liabilities: The Parent Bank diversifies its funding resources with customer deposits and funds borrowed from foreign banks. The Parent Bank makes concentration analysis for the customers providing funds in branch basis and takes long and short term actions to generalize the customers in these branches. Funds borrowed consist of funds with different characteristics and maturity-interest structures like export financing, money market, post-finance funding and are provided from different institutions. There is no risk of concentration in the Parent Bank's funding sources.

4. Information on other external resources:

Other external resources are amounting to TL 53,319 (31 December 2012: TL 72,048) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Obligations under financial leases:

Lease rent payments are determined according to related asset's cost, market interest rates and lease term. The Parent Bank does not have significant obligations regarding financial lease agreements.

As at 31 December 2013 and 2012, the Group does not have financial lease liabilities.

As at 31 December 2013 and 2012, the Group does not have any obligations from operational lease agreements.

6. Information on liabilities arising from hedging purpose derivatives:

None.

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II. Information and disclosures related to consolidated liabilities (continued)

7. Information on provisions:

a) Information on general provisions:

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| General Provisions | | |
| Provision for Group I Loans and Receivables | 20,137 | 20,507 |
| <i>Additional Provision for Loans and Receivables with Extended Maturities</i> | <i>134</i> | <i>77</i> |
| Provision for Group II Loans and Receivables | 1,288 | 1,765 |
| <i>Additional Provision for Loans and Receivables with Extended Maturities</i> | <i>971</i> | <i>3</i> |
| Provision for Non-cash Loans | 2,205 | 2,241 |
| Other | 106 | 77 |
| Total | 23,736 | 24,590 |

b) Information on reserve for employee rights:

In accordance with existing legislation in Turkey, the Parent Bank and its subsidiary in Turkey have to make certain lump-sum payments to employees who has completed one year of service with the Parent Bank, who has complete 25 working years (20 years for women) and whose employment is terminated due to retirement (retirement age for women and men are 58 and 60, respectively) or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

Such payments are calculated on the basis of 30 days' pay, as at 31 December 2013, at ceiling amount of TL-full 3,254 (31 December 2012: TL-full 3,034), per year of employment at the rate of pay applicable at the date of retirement of termination. The liability is not funded, since there is no funding requirement.

The Parent Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in accordance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits". The major actuarial assumptions used in the calculation of the total liability are as follows.

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| Discount Ratio (%) | 10.77 | 7.00 |
| Expected Salary/ETI Liability Ceiling Increase Rate (%) | 6.00 | 5.00 |

The basic assumption, which is to be paid severance pay for each year of service, or an estimated salary increase cap will increase in the rate of inflation each year. The discount rate is shows the expected real rate after adjusting for the effects of inflation.

Movement of ETI liability is below:

| | 31 December 2013 | 31 December 2012 |
|--------------------------------------|------------------|------------------|
| Balance at Prior Period End | 5,260 | 3,283 |
| Current year provisions | 999 | 3,377 |
| Paid in current year | (744) | (1,400) |
| Balance at Current Period End | 5,515 | 5,260 |

The Group also has vacation pay liability amounting TL 3,679 (31 December 2012: TL 3,358) as at 31 December 2013.

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II. Information and disclosures related to consolidated liabilities (continued)

c) Provision for foreign exchange gain/loss on foreign currency indexed loans:

As at 31 December 2013, foreign exchange differences on foreign currency indexed loans amounting TL 8 (31 December 2012: TL 1,513) are netted with loans on the asset side.

d) Specific provisions for non cash loans that are not indemnified and not converted into cash:

As at 31 December 2013, the Group has provision amounting to TL 7,256 (31 December 2012: TL 4,419) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 14,420 (31 December 2012: TL 11,276).

e) Information on other provisions:

e.1) Information on provision for possible risks: None.

e.2) Information on provision for promotions related with banking services:

As at 31 December 2013, the Parent Bank has provision for credit card service promotions amounting TL 178 (31 December 2012: TL 196).

e.3) Information on other provisions:

As of 31 December 2013, as disclosed in article 4 of Note IV in Section Five, provision has been reserved for lawsuits filed against the group totally amounting to TL 5,382 (31 December 2012: TL 2,404); TL 3,521 of which is for a lawsuit filed against the Parent Bank and TL 1,861 of which is for other various lawsuits filed against the Parent Bank and its subsidiary.

As of 31 December 2013, in accordance with conservatism principle, other provision amounting to TL 2,264 (31 December 2012: None) has been reserved for certain loan customers who are not classified in the follow-up section but who are likely to have payment problems in future.

8. Taxation:

a) Current tax liability: As at 31 December 2013, corporate taxes payable of the Group after deductions of prepaid taxes is TL 109 (31 December 2012: TL 3,319).

b) Information on taxes payable:

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| Corporate taxes payable | 109 | 3,319 |
| Taxation on securities | 1,818 | 2,036 |
| Capital gains tax on property | 195 | 122 |
| Banking Insurance Transaction Tax (BITT) | 1,997 | 2,406 |
| Taxes on foreign exchange transactions | - | - |
| Value added tax payable | 75 | 39 |
| Other | 1,541 | 1,314 |
| Total | 5,735 | 9,236 |

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II. Information and disclosures related to consolidated liabilities (continued)

c) Information on premiums payable:

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| Social security premiums- employee share | 512 | 475 |
| Social security premiums- employer share | 585 | 513 |
| Bank pension fund premium- employee share | - | - |
| Bank pension fund premium- employer share | - | - |
| Pension fund membership fees and provisions- employee share | - | - |
| Pension fund membership fees and provisions- employer share | - | - |
| Unemployment insurance- employee share | 36 | 33 |
| Unemployment insurance- employer share | 76 | 67 |
| Other | 1 | 1 |
| Total | 1,210 | 1,089 |

d) Information on deferred tax liabilities:

Deferred tax assets and liabilities of each consolidated entity calculated individually are netted at each individual financial statement. Net deferred tax assets and liabilities of consolidated entities are not netted off with each other during consolidation process.

9. Information on payables related to assets held for sale and discontinued operations (net):

None.

10. Information on subordinated loans:

None.

11. Information on shareholders' equity:

a) Paid in capital:

| | 31 December 2013 | 31 December 2012 |
|-----------------|------------------|------------------|
| Common Stock | 420,000 | 420,000 |
| Preferred Stock | - | - |

The paid-in share capital of the Parent Bank is represented by 4,200 million registered shares of one 0.1 Turkish Liras each.

- b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: Not applicable at the Parent Bank.
- c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments for current financial year and following period: None.
- f) Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.
- g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.

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II. Information and disclosures related to consolidated liabilities (continued)

h) Information on marketable securities valuation reserve:

| | 31 December 2013 | | 31 December 2012 | |
|--|-------------------------|------------|-------------------------|----------|
| | TL | FC | TL | FC |
| Associates, subsidiaries and joint ventures | - | - | - | - |
| Valuation gain/loss of available for sale securities | 194 | (3) | 17,052 | 5 |
| Translation gain/loss | - | - | - | - |
| Total | 194 | (3) | 17,052 | 5 |

Information on portion of marketable securities valuation reserve related to foreign currency securities:

Portion of marketable securities valuation reserve related to foreign currency securities is presented as difference between fair values and amortized costs of the government bonds classified as investment securities available-for-sale.

i) Disclosure on revaluation differences of plant, property and equipment:

The Parent Bank sold its headquarters building in 2013. Regarding this building, the revaluation fund in the “Revaluation fund on tangible assets” account under equity as of December 31, 2012, amounting to TL 29,497 remaining after deducting the tax effect of TL 1,553, was transferred to the “gain on sales of real estates” under equity in the bank’s records after the sale transaction and presented in the “Revaluation fund on tangible assets” account under equity since gain on sales of real estates item is not presented as a separate item in the financial statements.

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III. Information and disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

| | 2013 | | 2012 | |
|---|----------------|---------------|----------------|---------------|
| | TL | FC | TL | FC |
| Interest income received from loans (*) | | | | |
| Short Term Loans | 146,807 | 11,343 | 199,572 | 14,874 |
| Medium and Long Term Loans | 65,438 | 30,202 | 64,477 | 18,880 |
| Loans Under Follow-Up | 7,050 | - | 3,998 | - |
| Source Utilization Support Fund | - | - | - | - |
| Total | 219,295 | 41,545 | 268,047 | 33,754 |

(*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

| | 2013 | | 2012 | |
|------------------------|--------------|------------|-------------|------------|
| | TL | FC | TL | FC |
| Central Bank of Turkey | - | - | - | - |
| Domestic Banks | 1,130 | 331 | 694 | 465 |
| Foreign Banks | 111 | 19 | 35 | 100 |
| Foreign Branches | - | - | - | - |
| Total | 1,241 | 350 | 729 | 565 |

c) Information on interest income received from securities portfolio:

| | 2013 | | 2012 | |
|--|---------------|------------|---------------|------------|
| | TL | FC | TL | FC |
| Trading Securities | - | 21 | - | 20 |
| Financial Assets at Fair Value Through Profit or Loss | - | - | - | - |
| Investment Securities Available-for-Sale | 32,003 | 430 | 37,135 | 705 |
| Investment Securities Held-to-Maturity | - | - | - | - |
| Total | 32,003 | 451 | 37,135 | 725 |

d) Information on interest income received from associates and subsidiaries: None.

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III. Information and disclosures related to consolidated income statement (continued)

2. Interest expense:

a) Information on interest expense related to funds borrowed:

| | 2013 | | 2012 | |
|------------------------|--------------|--------------|--------------|--------------|
| | TL | FC | TL | FC |
| Banks (*) | 2,659 | 7,763 | 3,021 | 6,567 |
| Central Bank of Turkey | - | - | - | - |
| Domestic Banks | 2,643 | 1,465 | 3,011 | 1,731 |
| Foreign Banks | 16 | 6,298 | 10 | 4,836 |
| Foreign Branches | - | - | - | - |
| Other Institutions | - | - | - | - |
| Total | 2,659 | 7,763 | 3,021 | 6,567 |

(*) Includes fees and commission expenses related with funds borrowed.

b) Information on interest expense paid to associates and subsidiaries:

| | 2013 | 2012 |
|--|------|------|
| Interest paid to associates and subsidiaries | - | 1 |

c) Information on interest expense paid to securities issued : None.

d) Maturity structure of the interest expense on deposits:

The Group has no interest expense paid to deposits callable within 7 days.

| Account Name | Demand Deposits | Time Deposits | | | | | Cumulative Deposits | Total |
|-------------------------------|-----------------|---------------|----------------|----------------|--------------|-----------------|---------------------|----------------|
| | | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | 1 year and over | | |
| TL | | | | | | | | |
| Bank Deposits | - | 40 | - | - | - | - | - | 40 |
| Saving Deposits | - | 1,131 | 68,277 | 614 | 401 | 99 | 2 | 70,524 |
| Public Sector Deposits | - | - | - | - | - | - | - | - |
| Commercial Deposits | - | 2,469 | 22,463 | 165 | 14 | 133 | - | 25,244 |
| Other Deposits | - | 86 | 1,604 | 1 | 1 | 1 | - | 1,693 |
| Total Turkish Lira | - | 3,726 | 92,344 | 780 | 416 | 233 | 2 | 97,501 |
| Foreign Currency | | | | | | | | |
| Foreign Currency Deposits | - | 213 | 25,924 | 1,445 | 3,979 | 154 | - | 31,715 |
| Bank Deposits | - | 849 | - | - | - | - | - | 849 |
| Precious Metal Deposits | - | - | - | - | - | - | - | - |
| Total Foreign Currency | - | 1,062 | 25,924 | 1,445 | 3,979 | 154 | - | 32,564 |
| Total | - | 4,788 | 118,268 | 2,225 | 4,395 | 387 | 2 | 130,065 |

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III. Information and disclosures related to consolidated income statement (continued)

3. Information on dividend income:

The Group earned dividend income from share certificates held by its subsidiary “Tekstil Yatırım” amounting TL 2 in 2012.

4. Trading income / loss (net):

| | 2013 | 2012 |
|-------------------------|------------------|------------------|
| Profit | 397,670 | 336,743 |
| Capital Market Gains | 7,051 | 10,805 |
| Derivative Gains | 233,239 | 113,172 |
| Foreign Exchange Gains | 157,380 | 212,766 |
| Loss (-) | (403,485) | (336,729) |
| Capital Market Losses | (43) | (13) |
| Derivative Losses | (156,945) | (196,730) |
| Foreign Exchange Losses | (246,497) | (139,986) |

Net gain related to derivative transactions resulting from foreign currency rate changes is amounted to TL 89,775 (2012: TL 68,836 net loss).

5. Other operating income:

There is a sales revenue of TL 47,168 under “Other operational income” in the income statement as a result of the sale of the headquarter building of the Parent Bank within the current period. The “other operational income” item excluding this sales revenue basically consists of collections of receivables for which a provision was made in the previous periods.

6. Impairment on loans and other receivables:

| | 2013 | 2012 |
|---|---------------|---------------|
| Specific Provisions on Loans and Other Receivables: | 50,283 | 35,101 |
| Loans and Receivables in Group III | 2,119 | 2,075 |
| Loans and Receivables in Group IV | 25,045 | 15,562 |
| Loans and Receivables in Group V | 23,119 | 17,464 |
| General Provision Expenses | - | 4,399 |
| Provision for Possible Losses | - | - |
| Impairment Losses on Securities: | 238 | 1,027 |
| Trading securities | 226 | 3 |
| Investment Securities Available-for-Sale | 12 | 1,024 |
| Other Impairment Losses: | - | - |
| Associates | - | - |
| Subsidiaries | - | - |
| Joint Ventures | - | - |
| Investment Securities Held-to-Maturity | - | - |
| Other (*) | 7,095 | 524 |
| Total | 57,616 | 41,051 |

(*) Consists of provision for lawsuits filed against the Group and other provision expense.

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III. Information and disclosures related to consolidated income statement (continued)

7. Information related to other operational expenses:

| | 2013 | 2012 |
|--|----------------|----------------|
| Personnel Expenses | 72,802 | 69,743 |
| Reserve for Employee Termination Indemnities and Vacation Pay | 576 | 2,446 |
| Reserve for Bank's Social Aid Fund Deficit | - | - |
| Impairment of Tangible Assets | - | - |
| Depreciation Expenses of Tangible Assets | 1,516 | 3,215 |
| Impairment of Intangible Assets | - | - |
| Impairment of Goodwill | - | - |
| Amortization Expenses of Intangible Assets | 473 | 267 |
| Impairment of Investments in Associates | - | - |
| Impairment of Assets to be Disposed of | - | 20 |
| Depreciation of Assets to be Disposed of | 343 | 766 |
| Impairment of Assets Held for Sale and Discontinued Operations | - | - |
| Other Operating Expenses | 28,284 | 27,380 |
| Operational Leases | 12,287 | 11,128 |
| Repair and Maintenance | 1,684 | 1,586 |
| Advertising | 392 | 431 |
| Other Expenses | 13,921 | 14,235 |
| Loss on Sale of Assets | 67 | 22 |
| Other (*) | 14,569 | 9,540 |
| Total | 118,630 | 113,399 |

(*) Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.

8. Profit / loss before taxes for continued and discontinued operations:

Profit before taxes for continued operations is TL 49,091 (2012: TL 33,404). Profit before taxes consists of net interest income amounting to TL 143,667 (2012: TL 153,603), net fees and commission income amounting to TL 16,655 (2012: TL 17,898) and other operating expenses amounting to TL 118,630 (2012: TL 113,399).

9. Taxes on income from continued and discontinued operations:

a) Information on current tax income or expense and deferred tax income or expense:

The current tax expense for the period ended 31 December 2013 is TL 4,643 (2012: TL 5,094). As of 31 December 2013, the Parent Bank has no payable corporate tax provision; and its subsidiary Tekstil Yatırım has a current tax provision payable amounting to TL 436. The remaining TL 4,207 of the current tax provision of TL 4,643 in the income statement results from the change in the current tax effect recognized in the equity accounts.

There is a deferred tax income amounting to TL 868 (2012: deferred tax expense amounting to TL 2,252) for the period ended 31 December 2013.

b) Information on deferred tax charge arising from origination or reversal of temporary differences:

For the period ended 31 December 2013, the deferred tax expense arising from the origination of temporary differences amounts TL 287 (2012: TL 2,252 deferred tax expense).

Additionally, for the period ended 31 December 2013, the current and deferred tax effect amounting to TL 4,165 (2012: TL (4,880)) which are related to transactions recognized under equity is accounted for under equity accounts.

c) Information on deferred tax income or expense reflected on the income statement resulting from temporary differences, financial losses and tax deductions and exemptions:

For the period ended 31 December 2013, the deferred tax expense arising from the origination of temporary differences amounts TL 287 (2012: TL 2,252 deferred tax expense).

For the period ended 31 December 2013, the deferred tax income arising from financial losses is TL 1,155 (2012: None).

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III. Information and disclosures related to consolidated income statement (continued)

10. Information on continued and discontinued operations net profit/loss:

Net profit from continued operations is TL 45,316 (2012: TL 26,058).

11. Information on net profit and loss:

- a) Any further explanation on operating results needed for better understanding of the Parent Bank’s performance: None.
- b) Any changes in estimations that might have a material effect on current and subsequent period results: None.

12. Information related to the components of other items in the income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group:

In the consolidated income statement; the “Other” captions presented under “Fees and Commissions Received” and “Fees and Commissions Paid” accounts, which are included in “Net Fee and Commission Income”, consist of mainly income received and expenses paid to customers and third parties regarding banking activities.

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IV. Information and disclosures related to consolidated off-balance sheet items

1. Disclosures related to other contingent liabilities:

a) Type and amount of irrevocable commitments:

As at 31 December 2013, asset purchase and sale commitments amount to TL 94,159 (31 December 2012: TL 38,752), loan granting commitments amount to TL 44,375 (31 December 2012: TL 42,711), commitments for credit card limits amount to TL 79,889 (31 December 2012: TL 200,544) commitments for cheque payments amount to TL 83,116 (31 December 2012: TL 85,217) commitments for promotional operations of credit cards amount to TL 385 (31 December 2012: TL 478) and tax obligations from export commitments amount to TL 3 (31 December 2012: None).

b) Type and amount of possible losses and commitments from off-balance sheet items:

There is no possible loss arising from off-balance sheet items. Guarantees from off-balance sheet commitments are shown in off-balance sheet items statements.

As at 31 December 2013, the Group has letters of guarantee amounting to TL 933,402 (31 December 2012: TL 1,001,751), bills of exchange and acceptances amounting to TL 1,458 (31 December 2012: TL 1,359), letters of credit amounting to TL 228,971 (31 December 2012: TL 202,019) and other guarantees amounting to TL 47,129 (31 December 2012: TL 42,982).

c) Non-cash loans:

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| Non-Cash Loans Given for Cash Loan Risks | 27,982 | 34,305 |
| With Original Maturity of 1 Year or Less | 1,609 | 1,696 |
| With Original Maturity of More Than 1 Year | 26,373 | 32,609 |
| Other Non-Cash Loans | 1,182,978 | 1,213,806 |
| Total | 1,210,960 | 1,248,111 |

d) Sectoral risk concentration of non-cash loans:

| 31 December 2013 | TL | (%) | FC | (%) |
|--------------------------------------|----------------|---------------|----------------|---------------|
| Agricultural | 37,532 | 6.44 | 23,848 | 3.79 |
| Farming and raising livestock | 19,028 | 3.27 | 7,949 | 1.26 |
| Forestry | 18,360 | 3.15 | 15,899 | 2.53 |
| Fishing | 144 | 0.02 | - | - |
| Manufacturing | 152,802 | 26.24 | 283,960 | 45.18 |
| Mining | 9,624 | 1.65 | 1,989 | 0.32 |
| Production | 142,728 | 24.51 | 243,755 | 38.78 |
| Electric, gas and water | 450 | 0.08 | 38,216 | 6.08 |
| Construction | 274,829 | 47.19 | 198,584 | 31.59 |
| Services | 108,041 | 18.55 | 118,734 | 18.89 |
| Wholesale and retail trade | 41,935 | 7.20 | 33,067 | 5.26 |
| Hotel, food and beverage services | 4,819 | 0.83 | 751 | 0.12 |
| Transportation and telecommunication | 11,903 | 2.04 | 2,493 | 0.40 |
| Financial institutions | 13,864 | 2.38 | 70,731 | 11.25 |
| Real estate and renting services | 50 | 0.01 | - | - |
| Self-employment services | 28,759 | 4.94 | 10,501 | 1.67 |
| Education services | 36 | 0.01 | - | - |
| Health and social services | 6,675 | 1.15 | 1,191 | 0.19 |
| Other | 9,222 | 1.58 | 3,408 | 0.55 |
| Total | 582,426 | 100.00 | 628,534 | 100.00 |

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IV. Information and disclosures related to consolidated off-balance sheet items (continued)

e) Information on the first and second group non-cash loans:

| | I. Group | | II. Group | |
|-------------------------------------|----------------|----------------|--------------|------------|
| | TL | FC | TL | FC |
| Letters of guarantee | 566,280 | 348,495 | 5,257 | 461 |
| Bank acceptances | - | 1,458 | - | - |
| Letters of credit | - | 228,971 | - | - |
| Endorsements | - | - | - | - |
| Underwriting commitments | - | - | - | - |
| Factoring commitments | - | - | - | - |
| Other commitments and contingencies | - | 47,129 | - | - |
| Total | 566,280 | 626,053 | 5,257 | 461 |

The Group has provided provisions amounting to TL 5,942 (31 December 2012: TL 3,787) after considering the guarantees for the non-cash loans classified under group 3-4-5 loans amounting to TL 12,909 (31 December 2012: TL 10,309). The Group also provided provisions amounting to TL 1,314 (31 December 2012: TL 632) for the cheque commitments based on off-balance sheet transactions.

2. Mutual Funds:

The Parent Bank is the founder of B Type Liquid Fund, B Type Flexible Fund, A Type Share Fund and B Type Gold Fund. Tekstil Yatırım Menkul Değerler A.Ş. is the founder of A Type Flexible Fund. As at 31 December 2013, total value of funds that the Group has founded is TL 47,427 (31 December 2012: TL 55,696). These funds are registered in Merkezi Kayıt Kuruluşu A.Ş.

3. Information related to derivative financial instruments:

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| Types of trading transactions | | |
| Foreign currency related derivative transactions (I) | 1,536,310 | 1,421,576 |
| Forward FC Purchase and Sale Transactions | 241,803 | 123,287 |
| Currency Swap Purchase and Sale Transactions | 1,140,416 | 1,158,452 |
| Futures Transactions | - | - |
| Currency Options Purchase and Sale Transactions | 154,091 | 139,837 |
| Interest rate related derivative transactions (II) | - | - |
| Forward Purchase and Sale Transactions | - | - |
| Interest Rate Swap Purchase and Sale Transactions | - | - |
| Interest Rate Futures Transactions | - | - |
| Interest Rate Options Purchase and Sale Transactions | - | - |
| Other types of trading transactions (III) | 61,714 | 32,405 |
| A. Total trading transactions (I+II+III) | 1,598,024 | 1,453,981 |
| Hedging purpose derivative transactions | - | - |
| Fair Value Hedge Transactions | - | - |
| Cash Flow Hedge Transactions | - | - |
| Net Foreign Investment Hedge Transactions | - | - |
| B. Total Hedging Purpose Derivative Transactions | - | - |
| Total Derivative Transactions (A+B) | 1,598,024 | 1,453,981 |

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IV. Information and disclosures related to consolidated off-balance sheet items (continued)

Presentation of residual maturities of the notional amounts of derivative financial assets and liabilities is as follows:

| 31 December 2013 | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and more | Total |
|--|--------------------------|-----------------------|------------------------|------------------|-----------------------------|------------------|
| Currency Derivative Instruments (I) | 1,101,434 | 364,985 | 69,891 | - | - | 1,536,310 |
| Forward Foreign Currency Purchases | 40,943 | 77,855 | 2,353 | - | - | 121,151 |
| Forward Foreign Currency Sales | 40,773 | 77,529 | 2,350 | - | - | 120,652 |
| Currency Swaps-Purchases | 492,925 | 86,229 | 26,429 | - | - | 605,583 |
| Currency Swaps-Sales | 424,062 | 84,411 | 26,360 | - | - | 534,833 |
| Currency Futures-Purchases | - | - | - | - | - | - |
| Currency Futures-Sales | - | - | - | - | - | - |
| Currency Options-Purchases | 51,367 | 19,366 | 6,056 | - | - | 76,789 |
| Currency Options-Sales | 51,364 | 19,595 | 6,343 | - | - | 77,302 |
| Interest Rate Derivative Instruments (II) | - | - | - | - | - | - |
| Forward Purchases/Sales | - | - | - | - | - | - |
| Interest Rate Swaps-Purchases/Sales | - | - | - | - | - | - |
| Interest Rate Options-Purchases/Sales | - | - | - | - | - | - |
| Interest Rate Futures-Purchases/Sales | - | - | - | - | - | - |
| Others (III) | 61,714 | - | - | - | - | 61,714 |
| Total (I+II+III) | 1,163,148 | 364,985 | 69,891 | - | - | 1,598,024 |

As at 31 December 2013, spot foreign currency purchase and sale transactions with value date amounting to TL 47,119 and TL 47,040, respectively, are presented under "Asset Purchase and Sale Commitments" of off-balance sheet items (31 December 2012: TL 19,428 and TL 19,324).

4. Contingent assets and liabilities:

In 2001 a customer has sued the Parent Bank with the claim that his deposit money has been withdrawn from his account with forged documents. The amount is 1,229,213 Australian Dollars. The lawsuit was concluded and the Bank paid TL 3,521 to the counterparty as of 13 January 2014. A lawsuit provision of TL 3,521 has been reserved regarding this lawsuit in the financial statement prepared as of 31 December 2013.

5. Information on fiduciary services rendered on behalf of third parties:

The Group acts as an investment agent for banking transactions on behalf of its customers and provides custody, management and consultancy services.

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V. Information and disclosures related to consolidated statement of changes in shareholders’ equity

1. Information on differences in revaluation of financial assets available for sale:

As at 31 December 2013, valuation difference of TL 16,866 net off tax, related to the remeasurement of the fair values of available for sale investments (2012: TL 16,476, positive) is accounted under “Valuation Differences of Securities” account under equity.

In the current period, TL 978 gain was transferred to the income statement from Valuation Differences of Securities (2012: TL 141).

Information on cash flow hedge: None.

2. Differences arising on revaluation of tangible fixed assets:

Surplus amounting to TL 957 (2012: TL 14,577) that occurs after purged tax effect arise from revaluation of buildings fair value included tangible fixed assets of the Parent Bank is represented as period transaction of “Revaluation Fund on Tangible Assets” on statement of changes in equity.

3. Information on the foreign exchange differences: None.

4. Information on profit shares noticed after balance sheet date but previous to announcement of financial statements:

The Parent Bank does not have any noticed profit shares before announcement of financial statements. In the Ordinary General Assembly meeting dated 25 March 2013, it has been decided to distribute the Parent Bank’s 2012 profit as follows.

Profit distribution table for the year 2012

| | |
|---|--------|
| The Parent Bank’s profit for the period | 26,824 |
| A-First Legal Reserves (TCL 466/1) | 1,341 |
| B-Extraordinary Reserves | 25,483 |

Net profit per share for the period that has been suggested to be distributed to shareholders after balance sheet date:

As at the report date, there is no decision for the profit distribution of current year profit of the Parent Bank (2012 profit distribution is given above).

Amounts that has been transferred to contingency reserves by the Group:

| | 2013 | 2012 |
|---|--------|--------|
| Undistributed Profits to Legal Reserves | 1,421 | 1,280 |
| Undistributed Profits to Extraordinary Reserves | 24,637 | 23,346 |

5. Information on issue of shares: None.

6. Information on other share capital increase accounts in statements of changes in equity: None.

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VI. Information and disclosures related to consolidated cash flow statement

1. Information on cash and cash equivalents:

The components of cash and cash equivalents and the accounting policies used in the determination of these components:

Cash in vault, foreign currencies, cash in transit, cheques purchased, demand deposits in banks included demand deposit balances with the Central Bank of Turkey are described as “Cash”; interbank money market placements and time deposits in banks which have original maturities lower than three months are described as “Cash Equivalents”. The reserve requirement amounts within the Central Bank is not considered as “cash equivalent assets” in the statement of cash flows.

a) Cash and cash equivalents at the beginning of the period:

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| Cash | 287,804 | 210,292 |
| Cash in Vault, Foreign Currencies and Other | 30,468 | 28,358 |
| Demand Deposits at Banks | 257,336 | 181,934 |
| Cash Equivalents | 105,899 | 102,511 |
| Interbank Money Market Placements | 3,000 | - |
| Time Deposits at Banks | 102,899 | 102,511 |
| Investment Securities | - | - |
| Total Cash and Cash Equivalents | 393,703 | 312,803 |

b) Cash and cash equivalents at the end of the period:

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| Cash | 314,044 | 287,804 |
| Cash in Vault, Foreign Currencies and Other | 49,191 | 30,468 |
| Demand Deposits at Banks | 264,853 | 257,336 |
| Cash Equivalents | 64,536 | 105,899 |
| Interbank Money Market Placements | - | 3,000 |
| Time Deposits at Banks | 64,536 | 102,899 |
| Investment Securities | - | - |
| Total Cash and Cash Equivalents | 378,580 | 393,703 |

2. Information on cash and cash equivalent assets of the Group that are not available for free use due to legal restrictions or other reasons:

As mentioned in the first item above, the reserve requirement amounts held under blockage within the Central Bank is not considered as cash equivalent assets in the statement of cash flows.

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VI. Information and disclosures related to consolidated cash flow statement (continued)

3. Disclosures for “other” items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents:

As at 31 December 2013, “Other” item amounting to TL 34,043 (2012: TL 31,363) presented under “Operating Profit Before Changes in Operating Assets and Liabilities” comprise other operating expenses except personnel expenses and other taxes paid.

As at 31 December 2013 “Net Decrease in Other Liabilities” amounting to TL 14,851 (2012: TL 6,751 net decrease) presented under “Changes in Operating Assets and Liabilities” is comprised of changes in miscellaneous payables, other external resources and tax liabilities. “Net Decrease in Other Assets” amounting to TL 35,950 (2012: TL 25,527 net decrease) is comprised of miscellaneous receivables and other assets.

The cash outflow of TL 750 (2012: TL 360) presented in the “net cash flows from investments” as of 31 December 2013 results from the acquisition of intangible assets.

The effect of the change of foreign exchange rates on the cash and cash equivalents is TL 18,713 for the year 2013 (2012: TL (623)).

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VII. Information and disclosures related to the Parent Bank's risk group

1. Information on the volume of transactions with the Parent Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period:

a) 31 December 2013:

| Parent Bank's Risk Group (*) | Associates and Subsidiaries | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|---|-----------------------------|----------|---|----------|--------------------------------|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | - | - | 479 | 688 | 103 | 10 |
| Balance at the End of the Period | - | - | 20,449 | 364 | 94 | - |
| Interest and Commission Income Received | - | - | 1,187 | 7 | - | - |

(*) As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

The Parent Bank has TL 28,470 placements in its risk group banks as at 31 December 2013 (31 December 2012: TL 15,139). Also the Parent Bank has TL 1,510 irrevocable commitment in its risk group as at 31 December 2013 (31 December 2012: TL 1,287)

b) 31 December 2012:

| Parent Bank's Risk Group (*) | Associates and Subsidiaries | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|---|-----------------------------|----------|---|----------|--------------------------------|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | - | - | 45,905 | 4,460 | 28 | 76 |
| Balance at the End of the Period | - | - | 479 | 688 | 103 | 10 |
| Interest and Commission Income Received | - | - | 3,931 | 47 | - | 1 |

(*) As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

c) Information on deposits held by the Parent Bank's risk group:

| Parent Bank's Risk Group (*) | Associates and Subsidiaries | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--|-----------------------------|--------------|---|--------------|--------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposit | | | | | | |
| Balance at the beginning of the Period | - | 39 | 54,479 | 57,718 | 1,410 | 1,684 |
| Balance at the End of the Period | - | - | 56,769 | 54,479 | 893 | 1,410 |
| Interest on Deposits | - | - | 2,057 | 4,032 | 38 | 29 |

(*) As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group:

As at 31 December 2013, the Parent Bank has option purchase and sale transactions amounting to TL 4,629 and TL 3,780, respectively (31 December 2012: TL 3,565 and TL 3,630), with the Parent Bank's risk group.

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VII. Information and disclosures related to the Parent Bank’s risk group (continued)

2. The Parent Bank’s transactions with the risk group:

- a) Besides nature of the relationship, transaction type, amount and its proportion in total transaction amount, amounts of primary transactions and their proportions in total amount, pricing policy and other matters:

In the Group’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 31 December 2013, proportion of cash loans to risk group in total loans is 0.7% (31 December 2012: 0.02%), proportion of deposits from its risk group in total deposits is 2.3% (31 December 2012: 2.1%) and proportion of derivative transactions with its risk group in total derivative transactions is 0.5% (31 December 2012: 0.5%).

For the year ending 31 December 2013, other commission income from risk group is amounted to TL 48 (2012: TL 47), other operating income from risk group is amounted to TL 48 (2012: TL 41), other commission expense to risk group is amounted to TL 117 (2012: TL 93) and other operating expense to risk group is amounted to TL 1,080 (2012: TL 1,452)

In the consolidated basis, key management cost for the current period is amounted to TL 5,634 (2012: TL 5,051).

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VIII. Domestic, foreign and off-shore banking branches and foreign representatives

| | Number | Number of Employees | | | |
|------------------------|--------|------------------------|-----------------|-----------------------------|----------------------------|
| Domestic branches | 44 | 853 | | | |
| | | | | Country of Incorporation | |
| Foreign representation | 1 | 1 | Berlin, Germany | | |
| | | | | Total Assets | Statutory Share Capital |
| Foreign branch | - | - | - | - | - |
| Off-shore branches | - | - | - | - | - |

IX. Information and disclosure related to subsequent events

Subsequent events and transactions that have not been finalized and their effect on the consolidated financial statements, and in this content, convenient explanations on events mentioned in Accounting Standard for Subsequent Events”:

As mentioned in article 4 of Note IV in Section Five, TL 3,521 reserved for the lawsuit filed against the Bank was paid to the counterparty on 13 January 2014. The Court of Appeals process of the lawsuit is still ongoing.

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SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

I. Other explanations related to the Group’s operations

None.

SECTION SEVEN

INDEPENDENT AUDITORS’ REPORT

I. Information on the independent auditors’ report

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the year ended 31 December 2013 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited)) and the independent auditors’ report dated 27 February 2014 is presented in the introduction of this report.

II. Information and disclosures prepared by the independent auditors

None.