

*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I)*

**Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
and Its Financial Subsidiaries**

Consolidated Financial Statements

As at and for the Year Ended

31 December 2013

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ

28 February 2014

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 111 pages.*

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

To the Board of Directors of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı:

We have audited the consolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") and its financial subsidiaries as at 31 December 2013 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information. The financial statements of a consolidated subsidiary which constitutes 1.88% of total assets and 0.73% of consolidated operating income for the year ended 31 December 2013, were audited by another auditor whose report has been furnished to us, and our audit report, in so far as it relates to the amounts included for this financial subsidiary is based solely on the report of the other auditor.

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

The Bank's Board of Directors is responsible for designing, implementing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette no. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other communiqués, disclosures and circulars on accounting and financial reporting principles issued by the Banking Regulation and Supervision Board and explanations by Banking Regulation and Supervision Agency.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no. 26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the consolidated financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and its financial subsidiaries as at 31 December 2013 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and circulars on accounting and financial reporting principles issued by the Banking Regulation and Supervision Board and explanations by Banking Regulation and Supervision Agency.

İstanbul,
28 February 2014

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Erdal Tıkmak
Partner

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

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The consolidated financial report as at and for the year ended 31 December 2013 prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE YEAR
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The subsidiaries and associates included in the consolidated financial report are as follows:

SUBSIDIARIES	ASSOCIATES
Güneş Sigorta AŞ	Kıbrıs Vakıflar Bankası Ltd.
Vakıf Emeklilik AŞ	Türkiye Sınai Kalkınma Bankası AŞ
Vakıf Finans Factoring Hizmetleri AŞ	
Vakıf Finansal Kiralama AŞ	
Vakıf Portföy Yönetimi AŞ	
Vakıf Yatırım Menkul Değerler AŞ	
Vakıfbank International AG	
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	
Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ	

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated financial statements are presented in thousands of Turkish Lira (“TL”).

28 February 2014

Ramazan GÜNDÜZ
Chairman of
Board of Directors

Sadık TILTAK
Board Member and
Audit Committee Member

Halim KANATCI
Board Member and
Audit Committee Member

Halil AYDOĞAN
General Manager and
Executive Board Member

Metin Recep ZAFER
Assistant General Manager

Murat KOYGUN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this consolidated financial report:

Name-Surname/Title : S. Buğra SÜRÜEL / Manager
Phone no : 0312 591 11 48
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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira (“TL”))

SECTION ONE

General Information

I. History of the Parent Bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“the Bank” or “the Parent Bank”) was established to operate as stated in the disclosure V of this section, under the authorization of a special law numbered 6219, called “the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on 11 January 1954 within the framework of the authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry (“The General Directorate of the Foundations”). The Bank’s statute has not been changed since its establishment.

II. The Parent Bank’s shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank’s risk group

The shareholder having control over the shares of the Parent Bank is the General Directorate of the Foundations.

As at 31 December 2013 and 2012, The Bank’s paid-in capital is TL 2,500,000, divided into 250.000.000.000 shares with each has a nominal value of 1 Kuruş.

The Parent Bank’s shareholders’ structure as at 31 December 2013 is stated below:

Shareholders	Number of Shares- 100 shares	Nominal Value of the Shares	Share Percentage (%)
Registered foundations represented by the General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Appendant foundations (Group B)	386.224.784	386,225	15.45
Other appendant foundations (Group B)	3.097.162	3,097	0.13
Other registered foundations (Group B)	1.453.085	1,453	0.06
Other real persons and legal entities (Group C)	1.536.104	1,536	0.06
Publicly traded (Group D)	630.077.559	630,077	25.20
Total	2.500.000.000	2,500,000	100.00

III. Information on the Parent Bank's board of directors chairman and members, audit committee members, general manager, assistant general managers and their shares in the Bank

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	35 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	30 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	36 years
İsmail ALPTEKİN	Member	6 April 2009	University	15 years
Halim KANATCI	Member	28 April 2009	University	40 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	25 years
Sadık TILTAK	Member	30 March 2012	University	25 years
<u>Audit Committee</u>				
Sadık TILTAK	Member	5 April 2013	University	25 years
Halim KANATCI	Member	12 February 2014	University	40 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	36 years
Yunus ARINCI	Auditor	19 March 2010	Master	16 years
<u>Assistant Managers</u>				
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant	13 June 2006	PHD	18 years
Hasan ECESÖY	Treasury	18 June 2010	PHD	20 years
Serdar SATOĞLU	Private Banking, Subsidiaries	2 July 2010	PHD	18 years
Ali Engin EROĞLU	Application Development Departments, System Management, IT Operations and Support, IT Services Planning Department, IT Process Management and Compliance Directorate, Project Management Directorate, Information Security Directorate	18 August 2010	Master	17 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	University	23 years
Yıldırım EROĞLU	Retail Banking, Payment Systems, Payment System Operations	6 December 2011	University	21 years
Numan BEK	International Relations and Investor Relations, Coordination of Foreign Branches	18 July 2012	University	23 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	18 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels	28 October 2013	University	20 years
Mehmet Emin KARAAĞAÇ	Loans and Risk Follow-up, Legal Affairs	8 November 2013	University	24 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

As per 3 January 2013 dated resolution of the Board of Directors, Ramazan Gündüz has been assigned as Audit Committee member and Halim Kanatçı has been resigned this duty. As per 5 April 2013 dated resolution of the Board of Directors, Sadık Tiltak has been assigned as Audit Committee member and Ramazan Gündüz has resigned this duty.

As at 29 March 2013, Halil Aydoğan has been assigned as Genel Manager and Süleyman Kalkan has been resigned this duty.

As per 29 March 2013 dated resolution of the Board of Directors, Ramazan Gündüz has been assigned as Chairman of the Board of Directors. As at the same date, Mehmet Emin Özcan has been assigned as Deputy Chairman of the Board of Directors.

As per 3 October 2013 dated resolution of the Board of Directors, Assistant Manager İbrahim Bilgiç has been assigned to the headquarters' order of service. The termination of employment contract of Assistant Manager Ömer Elmas has been decided.

As per 4 October 2013 dated resolution of the Board of Directors, the employment contracts of Assistant Managers Şahin Uğur and Feyzi Özcan has been terminated regarding their retirement status. Assistant Manager Mehmet Cantekin has been assigned to the headquarters' order of service. Director of Retail Banking Muhammet Lütfü Çelebi has been assigned as Assistant Manager responsible for Commercial and Corporate Banking, SME Banking, Cash Management Affairs Directorates and Bank Insurance Management.

As per 7 October 2013 dated resolution of the Board of Directors, Head of Internal Audit Department, Mustafa Saydam has been assigned as Assistant Manager responsible for Human Resources, Support Services and Distribution Channels Directorates.

As per 25 October 2013 dated resolution of the Board of Directors, Assistant Manager Mitat Şahin has been assigned to the headquarters' order of service. The Bank's Chief Legal Counsel, Mehmet Emin Karaağaç has been assigned as Assistant Manager.

As per 8 November 2013 dated resolution of the Board of Directors, Mehmet Emin Karaağaç has been assigned as Assistant Manager responsible for Loans and Risk Follow-up and Legal Affairs Directorates.

As at 4 December 2013, Ahmet Candan has resigned from his duty as a member of Board of Directors.

As at 7 February 2014, Ali Fuat Taşkesenlioğlu has resigned from his duty as a member of Board of Directors.

As per 12 February 2014 dated resolution of the Board of Directors, Halim Kanatçı has been assigned as Audit Committee member.

İsmail Alptekin, Member of the Board, holds non-publicly traded share of the Bank amounting to TL 59. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

IV. Information on individuals and entities who have qualified share in the Parent Bank

The shareholder holding control over the Bank is the General Directorate of the Registered Foundations and Appendant Foundations represented by the General Directorate of the Foundations having 58.45% of the Bank's outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Bank.

V. Information about the services and nature of activities of the Parent Bank

The Bank was established under the authorization of special law numbered 6219, called “the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on 11 January 1954 within the framework of the authority granted to The General Directorate of the Foundations. Operational activities of the Bank as stated at its Articles of Association are as follows:

- Lending loans by granting securities and real estates against,
- Establishing or participating in all kinds of insurance corporations already established,
- Trading real estates,
- Servicing all banking operations and services,
- Operating real estates and participating in industrial sectors for corporations handed over by foundations and General Directorate of the Foundations in line with conditions stipulated by agreements if signed.
- The Bank is established to render banking services to the foundations and carry out cashier transactions of the General Directorate of Foundations in compliance with the agreements signed by General Directorate of the Foundations.

As at 31 December 2013, the Parent Bank has 856 domestic, 3 foreign, in total 859 branches (31 December 2012: 741 domestic, 3 foreign, in total 744 branches). As at 31 December 2013, the Parent Bank has 14,943 employees (31 December 2012: 13,463 employees).

VI. 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

As at and for the year ended 31 December 2013, the financial statements of T. Vakıflar Bankası TAO, Vakıf International AG, Vakıf Finansal Kiralama AŞ, Güneş Sigorta AŞ, Vakıf Emeklilik AŞ, Vakıf Finans Factoring Hizmetleri AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Portföy Yönetimi AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

As at and for the year ended 31 December 2013, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

İstanbul Takas ve Saklama Bankası AŞ and Kredi Garanti Fonu AŞ have not been consolidated since their total assets and net operating profit/(loss) individually or as a whole, do not comprise a material portion within the consolidated totals. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonal AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements.

Vakıf Enerji ve Madencilik AŞ, Taksim Otelcilik AŞ, Vakıf Pazarlama Sanayi ve Ticaret AŞ and Vakıf Gayrimenkul Değerleme AŞ have not been consolidated since they are not among the financial subsidiaries of the Bank. Therefore, the subsidiaries are reflected in the consolidated financial statements at their fair values.

VII. The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities

The transfer of equities between the Bank and its subsidiaries is not immediate. Distribution of profits within equity as dividends complies with respective regulations. There are not any actual or foreseen juristical obstacles against the Bank and its subsidiaries on repayments of debts in between.

SECTION TWO – CONSOLIDATED FINANCIAL STATEMENTS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position)

Convenience Translation of the Consolidated Financial Statements

As at 31 December 2013

and Related Disclosures and Footnotes

(Currency: Thousands of Turkish Lira ("TL"))

Originally Issued in Turkish, See Section 3 Note I

		Audited Current Year 31 December 2013			Audited Previous Year 31 December 2012		
ASSETS	Notes	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	1,802,876	17,172,306	18,975,182	2,249,946	10,081,548	12,331,494
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	557,634	97,985	655,619	213,829	82,661	296,490
2.1 Financial assets held for trading purpose		557,634	97,985	655,619	213,829	82,661	296,490
2.1.1 Debt securities issued by the governments		113,279	15,740	129,019	121,695	14,820	136,515
2.1.2 Equity securities		3,023	-	3,023	2,709	-	2,709
2.1.3 Derivative financial assets held for trading purpose		356,150	82,245	438,395	21,584	67,841	89,425
2.1.4 Other securities		85,182	-	85,182	67,841	-	67,841
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Debt securities issued by the governments		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	V-I-3	379,923	2,778,428	3,158,351	740,354	1,916,136	2,656,490
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		5,095	-	5,095	6,645	-	6,645
4.1 Interbank money market placements		-	-	-	2,928	-	2,928
4.2 Istanbul Stock Exchange money market placements		4,095	-	4,095	-	-	-
4.3 Receivables from reverse repurchase agreements		1,000	-	1,000	3,717	-	3,717
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,556,285	4,101,124	16,657,409	10,277,762	4,057,019	14,334,781
5.1 Equity securities		15	13,360	13,375	-	12,246	12,246
5.2 Debt securities issued by the governments		12,551,950	3,914,264	16,466,214	10,275,713	3,937,935	14,213,648
5.3 Other securities		4,320	173,500	177,820	2,049	106,838	108,887
VI. LOANS AND RECEIVABLES	V-I-5	65,199,842	23,473,216	88,673,058	51,358,116	17,958,583	69,316,699
6.1 Performing loans and receivables		64,833,644	23,470,402	88,304,046	51,052,492	17,956,408	69,008,900
6.1.1 Loans provided to the same risk group	V-VII-1	10,828	15,287	26,115	2,006	7,366	9,372
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		64,822,816	23,455,115	88,277,931	51,050,486	17,949,042	68,999,528
6.2 Loans under follow-up		3,713,718	22,747	3,736,465	2,803,919	12,908	2,816,827
6.3 Specific provisions (-)		3,347,520	19,933	3,367,453	2,498,295	10,733	2,509,028
VII. FACTORING RECEIVABLES		125,616	6,826	132,442	167,927	17,870	185,797
VIII. HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	5,358,742	54,429	5,413,171	4,198,301	62,759	4,261,060
8.1 Debt securities issued by the governments		5,358,742	11,590	5,370,332	4,198,301	9,312	4,207,613
8.2 Other securities		-	42,839	42,839	-	53,447	53,447
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	224,199	3	224,202	197,977	3	197,980
9.1 Associates, consolidated per equity method		179,121	-	179,121	170,692	-	170,692
9.2 Unconsolidated associates		45,078	3	45,081	27,285	3	27,288
9.2.1 Financial associates		32,745	-	32,745	14,952	-	14,952
9.2.2 Non-Financial associates		12,333	3	12,336	12,333	3	12,336
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	213,899	-	213,899	165,521	-	165,521
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		213,899	-	213,899	165,521	-	165,521
XI. INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES	V-I-10	135,691	764,532	900,223	95,702	581,217	676,919
12.1 Finance lease receivables		172,335	856,604	1,028,939	121,044	655,648	776,692
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		36,644	92,072	128,716	25,342	74,431	99,773
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	V-I-12	1,440,990	3,727	1,444,717	1,351,514	3,574	1,355,088
XV. INTANGIBLE ASSETS (Net)	V-I-13	127,873	196	128,069	99,837	199	100,036
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		127,873	196	128,069	99,837	199	100,036
XVI. INVESTMENT PROPERTIES (Net)	V-I-14	20,829	-	20,829	19,646	-	19,646
XVII. TAX ASSETS		158,970	5,557	164,527	208,167	-	208,167
17.1 Current tax assets		2,384	4,507	6,891	-	-	-
17.2 Deferred tax assets	V-I-15	156,586	1,050	157,636	208,167	-	208,167
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-16	2,169	-	2,169	2,093	-	2,093
18.1 Assets held for sale		2,169	-	2,169	2,093	-	2,093
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-17	2,060,437	958,183	3,018,620	1,595,908	328,598	1,924,506
TOTAL ASSETS		90,371,070	49,416,512	139,787,582	72,949,245	35,090,167	108,039,412

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position)

As at 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

*Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes*

Originally Issued in Turkish, See Section 3 Note 1

		Audited Current Year 31 December 2013			Audited Previous Year 31 December 2012			
LIABILITIES AND EQUITY		Notes	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	58,946,981	24,092,418	83,039,399	49,467,915	18,918,889	68,386,804
1.1	Deposits of the same risk group	V-VII-1	1,268,031	167,281	1,435,312	746,250	590,694	1,336,944
1.2	Other deposits		57,678,950	23,925,137	81,604,087	48,721,665	18,328,195	67,049,860
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	131,338	88,142	219,480	7,165	192,527	199,692
III.	FUNDS BORROWED	V-II-3	412,222	11,873,439	12,285,661	271,385	7,829,596	8,100,981
IV.	INTERBANK MONEY MARKET		8,209,702	6,565,686	14,775,388	2,298,496	6,384,324	8,682,820
4.1	Interbank Money Market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		195,043	-	195,043	191,929	-	191,929
4.3	Obligations under repurchase agreements		8,014,659	6,565,686	14,580,345	2,106,567	6,384,324	8,490,891
V.	SECURITIES ISSUED (Net)	V-II-3	2,301,798	4,518,937	6,820,735	1,481,611	891,137	2,372,748
5.1	Bills		2,301,798	-	2,301,798	1,379,768	-	1,379,768
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	4,518,937	4,518,937	101,843	891,137	992,980
VI.	FUNDS		23,431	-	23,431	31,368	-	31,368
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		23,431	-	23,431	31,368	-	31,368
VII.	MISCELLANEOUS PAYABLES		2,529,208	311,860	2,841,068	2,197,932	241,224	2,439,156
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	471,762	1,038,853	1,510,615	472,082	546,845	1,018,927
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	3,531,303	62,149	3,593,452	2,953,305	44,197	2,997,502
12.1	General provisions	V-II-7	1,179,012	11,727	1,190,739	953,052	3,007	956,059
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		561,411	803	562,214	473,619	719	474,338
12.4	Insurance technical provisions (Net)	V-II-7	1,541,611	8,767	1,550,378	1,261,803	10,344	1,272,147
12.5	Other provisions	V-II-7	249,269	40,852	290,121	264,831	30,127	294,958
XIII.	TAX LIABILITIES	V-II-8	241,397	1,335	242,732	344,677	5,552	350,229
13.1	Current tax liabilities	V-II-8	237,422	1,335	238,757	340,668	2,885	343,553
13.2	Deferred tax liabilities	V-I-15	3,975	-	3,975	4,009	2,667	6,676
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	1,964,663	1,964,663	-	1,630,188	1,630,188
XVI.	EQUITY		12,090,402	380,556	12,470,958	11,107,708	721,289	11,828,997
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		511,720	122,858	634,578	944,141	555,621	1,499,762
16.2.1	Share premium		726,686	-	726,686	726,720	-	726,720
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	(272,577)	122,858	(149,719)	165,190	555,621	720,811
16.2.4	Revaluation surplus on tangible assets		51,329	-	51,329	50,452	-	50,452
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		6,282	-	6,282	1,779	-	1,779
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		7,195,316	143,130	7,338,446	5,837,547	75,980	5,913,527
16.3.1	Legal reserves		898,804	5,362	904,166	749,617	4,324	753,941
16.3.2	Status reserves		6,337	-	6,337	5,050	-	5,050
16.3.3.	Extraordinary reserves		6,002,598	4,593	6,007,191	4,797,750	4,593	4,802,343
16.3.4.	Other profit reserves		287,577	133,175	420,752	285,130	67,063	352,193
16.4	Profit or loss		1,611,380	77,453	1,688,833	1,452,150	65,939	1,518,089
16.4.1	Previous years' profit/loss		(28,542)	64,901	36,359	45,047	49,591	94,638
16.4.2	Current year's profit/loss		1,639,922	12,552	1,652,474	1,407,103	16,348	1,423,451
16.5	Non-controlling interest		271,986	37,115	309,101	373,870	23,749	397,619
TOTAL LIABILITIES AND EQUITY			88,889,544	50,898,038	139,787,582	70,633,644	37,405,768	108,039,412

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Off-Balance Sheet Items

As at 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

Convenience Translation of the Consolidated Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

		Audited Current Period 31 December 2013			Audited Previous Year 31 December 2012			
	Notes	TL	FC	TOTAL	TL	FC	TOTAL	
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)	65,938,502	56,628,425	122,566,927	48,138,895	34,442,488	82,581,383	
I.	GUARANTEES AND SURETIES	V-III-2-4	14,340,111	9,066,595	23,406,706	10,554,546	6,696,491	17,251,037
1.1	Letters of guarantee	V-III-1	14,268,047	3,633,776	17,901,823	10,520,455	2,120,048	12,640,503
1.1.1	Guarantees subject to State Tender Law		1,905,899	1,952,543	3,858,442	1,556,195	1,172,213	2,728,408
1.1.2	Guarantees given for foreign trade operations		650,221	-	650,221	379,638	-	379,638
1.1.3	Other letters of guarantee		11,711,927	1,681,233	13,393,160	8,584,622	947,835	9,532,457
1.2	Bank acceptances		12,129	1,040,149	1,052,278	19,554	786,278	805,832
1.2.1	Import letter of acceptance		1,500	77,393	78,893	-	36,632	36,632
1.2.2	Other bank acceptances		10,629	962,756	973,385	19,554	749,646	769,200
1.3	Letters of credit		7,866	4,382,383	4,390,249	693	3,774,016	3,774,709
1.3.1	Documentary letters of credit		7,866	4,382,383	4,390,249	693	3,774,016	3,774,709
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Guaranteed pre-financings		-	1,702	1,702	-	2,705	2,705
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Marketable securities underwriting commitments		-	-	-	-	-	-
1.7	Factoring related guarantees		52,069	6,666	58,735	13,844	11,910	25,754
1.8	Other guarantees		-	1,759	1,759	-	1,104	1,104
1.9	Other sureties		-	160	160	-	430	430
II.	COMMITMENTS		45,490,756	26,572,506	72,063,262	34,404,641	16,294,339	50,698,980
2.1	Irrevocable commitments		15,323,929	3,855,721	19,179,650	12,369,462	1,089,293	13,458,755
2.1.1	Asset purchase commitments	V-III-1	539,362	3,636,414	4,175,776	813,896	880,456	1,694,352
2.1.2	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries	V-III-1	-	-	-	-	-	-
2.1.4	Loan granting commitments	V-III-1	6,730,503	8,853	6,739,356	4,950,300	8,248	4,958,548
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments	V-III-1	1,320,438	-	1,320,438	1,154,273	-	1,154,273
2.1.8	Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9	Commitments for credit card limits	V-III-1	6,261,117	-	6,261,117	4,938,035	-	4,938,035
2.1.10	Commitments for credit card and banking operations promotions		238,991	-	238,991	306,109	-	306,109
2.1.11	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments	V-III-1	233,518	210,454	443,972	206,849	200,589	407,438
2.2	Revocable commitments		30,166,827	22,716,785	52,883,612	22,035,179	15,205,046	37,240,225
2.2.1	Revocable loan granting commitments		30,161,137	22,691,169	52,852,306	22,035,179	15,205,046	37,240,225
2.2.2	Other revocable commitments		5,690	25,616	31,306	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	6,107,635	20,989,324	27,096,959	3,179,708	11,451,658	14,631,366
3.1	Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		-	-	-	-	-	-
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		6,107,635	20,989,324	27,096,959	3,179,708	11,451,658	14,631,366
3.2.1	Forward foreign currency purchases/sales		602,810	731,325	1,334,135	335,127	580,218	915,345
3.2.1.1	Forward foreign currency purchases		301,607	365,671	667,278	167,612	290,134	457,746
3.2.2.2	Forward foreign currency sales		301,203	365,654	666,857	167,515	290,084	457,599
3.2.2	Currency and interest rate swaps		5,331,187	16,127,197	21,458,384	2,418,898	8,548,598	10,967,496
3.2.2.1	Currency swaps-purchases		3,299,610	7,487,077	10,786,687	939,499	3,966,967	4,906,466
3.2.2.2	Currency swaps-sales		2,031,577	4,494,972	6,526,549	1,479,399	1,654,769	3,134,168
3.2.2.3	Interest rate swaps-purchases		-	2,072,574	2,072,574	-	1,463,431	1,463,431
3.2.2.4	Interest rate swaps-sales		-	2,072,574	2,072,574	-	1,463,431	1,463,431
3.2.3	Currency, interest rate and security options		173,638	169,225	342,863	425,683	650,910	1,076,593
3.2.3.1	Currency call options		85,819	84,611	170,430	212,841	325,454	538,295
3.2.3.2	Currency put options		85,819	84,611	170,430	212,842	325,454	538,296
3.2.3.3	Interest rate call options		-	-	-	-	-	-
3.2.3.4	Interest rate put options		-	-	-	-	-	-
3.2.3.5	Security call options		1,000	3	1,003	-	2	2
3.2.3.6	Security put options		1,000	-	1,000	-	-	-
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		-	3,961,577	3,961,577	-	1,671,932	1,671,932
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		840,321,095	225,977,220	1,066,298,315	520,142,409	149,801,020	669,943,429
IV.	ITEMS HELD IN CUSTODY		351,973,501	1,599,747	353,573,248	164,855,739	1,662,037	166,517,776
4.1	Customers' securities held		378,412	20,816	399,228	33,686	17,314	51,000
4.2	Investment securities held in custody		343,312,429	-	343,312,429	157,929,261	373,569	158,302,830
4.3	Checks received for collection		6,727,932	898,858	7,626,790	5,334,631	606,676	5,941,307
4.4	Commercial notes received for collection		983,671	233,334	1,217,005	954,298	224,610	1,178,908
4.5	Other assets received for collection		2,152	86	2,238	2,152	71	2,223
4.6	Assets received through public offering		-	6,289	6,289	-	5,231	5,231
4.7	Other items under custody		25,241	146,926	172,167	309	202,904	203,213
4.8	Custodians		543,664	293,438	837,102	601,402	231,662	833,064
V.	PLEDGED ITEMS		174,951,547	50,574,396	225,525,943	117,754,980	38,351,806	156,106,786
5.1	Securities		336,298	27,434	363,732	334,204	26,537	360,741
5.2	Guarantee notes		702,095	239,873	941,968	668,146	98,231	766,377
5.3	Commodities		23,434,930	990,995	24,425,925	19,180,436	624,899	19,805,335
5.4	Warranties		-	-	-	-	-	-
5.5	Real estates		112,539,683	39,831,978	152,371,661	91,069,499	30,568,630	121,638,129
5.6	Other pledged items		8,343,995	9,350,018	17,694,013	5,723,364	6,887,220	12,610,584
5.7	Pledged items-depository		29,594,546	134,098	29,728,644	779,331	146,289	925,620
VI.	CONFIRMED BILLS OF EXCHANGE AND SURETIES		313,396,047	173,803,077	487,199,124	237,531,690	109,787,177	347,318,867
TOTAL OFF-BALANCE SHEET ITEMS (A+B)			906,259,597	282,605,645	1,188,865,242	568,281,304	184,243,508	752,524,812

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Income

As at 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I

	Notes	Audited Current Year 31 December 2013	Audited Previous Year 31 December 2012
I. INTEREST INCOME		9,440,435	8,999,981
1.1 Interest income from loans	V-IV-1	7,619,741	7,003,040
1.2 Interest income from reserve deposits		-	-
1.3 Interest income from banks	V-IV-1	57,026	60,537
1.4 Interest income from money market transactions		906	3,576
1.5 Interest income from securities portfolio	V-IV-1	1,616,594	1,807,144
1.5.1 Trading financial assets	V-IV-1	14,909	32,459
1.5.2 Financial assets at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets	V-IV-1	1,198,307	1,114,511
1.5.4 Held-to-maturity investments	V-IV-1	403,378	660,174
1.6 Finance lease income		64,693	47,303
1.7 Other interest income		81,475	78,381
II. INTEREST EXPENSE		4,533,280	4,744,503
2.1 Interest expense on deposits	V-IV-2	3,543,409	3,946,141
2.2 Interest expense on funds borrowed	V-IV-2	175,752	178,898
2.3 Interest expense on money market transactions		387,285	350,006
2.4 Interest expense on securities issued	V-IV-2	257,758	173,243
2.5 Other interest expenses		169,076	96,215
III. NET INTEREST INCOME (I - II)		4,907,155	4,255,478
IV. NET FEES AND COMMISSIONS INCOME		629,107	418,105
4.1 Fees and commissions received		948,375	683,235
4.1.1 Non-cash loans		134,275	104,370
4.1.2 Others		814,100	578,865
4.2 Fees and commissions paid		319,268	265,130
4.2.1 Non-cash loans		742	131
4.2.2 Others		318,526	264,999
V. DIVIDEND INCOME	V-IV-3	16,429	6,916
VI. TRADING INCOME/LOSSES (Net)	V-IV-4	257,268	339,391
6.1 Trading account income/losses	V-IV-4	190,307	250,923
6.2 Income/losses from derivative financial instruments	V-IV-4	65,904	(23,660)
6.3 Foreign exchange gains/losses	V-IV-4	1,057	112,128
VII. OTHER OPERATING INCOME	V-IV-5	1,465,262	1,298,661
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		7,275,221	6,318,551
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	1,940,577	1,451,568
X. OTHER OPERATING EXPENSES (-)	V-IV-7	3,329,965	3,032,355
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2,004,679	1,834,628
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		25,631	26,953
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	V-IV-8	2,030,310	1,861,581
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-9	(402,131)	(437,961)
16.1 Current tax charges	V-IV-11	(351,394)	(463,099)
16.2 Deferred tax credits	V-IV-11	(50,737)	25,138
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV±XVI)	V-IV-12	1,628,179	1,423,620
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES (±)		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-12	1,628,179	1,423,620
23.1 Equity holders of the Bank		1,652,474	1,423,451
23.2 Non-controlling interest	V-IV-13	(24,295)	169
Earnings per 100 share (full TL)	III-XXIV	0.6513	0.5694

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Gains and Losses

Recognized in Equity

As at and For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

*Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

GAINS AND LOSSES RECOGNIZED IN EQUITY		Notes	Audited Current Year 31 December 2013	Audited Previous Year 31 December 2012
I.	VALUATION DIFFERENCES OF AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF THE MARKETABLE SECURITIES	V-V-6	(1,045,551)	910,213
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS		-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS		-	-
IV.	CURRENCY TRANSLATION DIFFERENCES		73,162	(6,641)
V.	GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)		-	-
VI.	GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)		-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS		-	-
VIII.	OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS		(9,198)	14,619
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-V-6	90,441	(81,821)
X.	NET GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY		(891,146)	836,370
XI.	CURRENT YEAR'S PROFIT/(LOSS)		1,628,179	1,423,620
11.1	Change in fair value of marketable securities (transfers to the statement of income)	V-V-6	253,151	39,939
11.2	Gains/losses recognized in the consolidated statement of income due to reclassification of derivatives which have previously designated as hedging instrument in a cash flow hedge		-	-
11.3	Gains/losses recognized in the consolidated statement of income due to reclassification of net foreign investment hedges		-	-
11.4	Others		1,375,028	1,383,681
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE YEAR		737,033	2,259,990

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Changes in Equity
As at and For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira (“TL”))

*Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes*

Originally Issued in Turkish, See Section 3 Note I

CHANGES IN EQUITY		Notes	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year's Net Profit/(Loss)	Previous Years' Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation on Surp. On Assets Held for Sale and Assets of Op.s	Shareholders' Equity before Minority Shares	Non-controlling Interest	Total Equity
Previous year – 31 December 2012																				
I.	Balances at the beginning of the year		2,500,000	-	726,722	-	627,279	3,980	3,790,079	332,657	1,304,314	29,286	(90,954)	14,010	1,779	-	-	9,239,152	359,050	9,598,202
Changes during the year																				
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of the marketable securities		-	-	-	-	-	-	-	-	-	-	801,997	-	-	-	-	801,997	32,369	834,366
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	-	-	-	(5,988)	-	-	-	-	-	-	-	(5,988)	(653)	(6,641)
IX.	Changes resulted from disposal of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Group's equity		-	-	(2)	-	(72)	-	(452)	-	26,953	524	9,768	-	-	-	-	36,719	(1,123)	35,596
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,070)	(1,070)
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,070)	(1,070)
XIII.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current year's profit/loss		-	-	-	-	-	-	-	-	1,396,498	-	-	-	-	-	-	1,396,498	9,384	1,396,667
XVIII.	Profit distribution		-	-	-	-	126,734	1,070	1,012,716	25,524	(1,304,314)	64,828	-	36,442	-	-	-	(37,000)	(507)	(37,507)
18.1	Dividends		-	-	-	-	-	-	-	-	(37,000)	-	-	-	-	-	-	(37,000)	(507)	(37,507)
18.2	Transferred to reserves		-	-	-	-	126,734	1,070	1,012,716	25,524	(1,267,314)	64,828	-	36,442	-	-	-	-	-	-
18.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year			2,500,000	-	726,720	-	753,941	5,050	4,802,343	352,193	1,423,451	94,638	720,811	50,452	1,779	-	-	11,431,378	397,619	11,828,997
Current year – 31 December 2013																				
I.	Balances at the beginning of the year		2,500,000	-	726,720	-	753,941	5,050	4,802,343	352,193	1,423,451	94,638	720,811	50,452	1,779	-	-	11,431,378	397,619	11,828,997
Changes during the year																				
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of marketable securities		-	-	-	-	-	-	-	-	-	-	(859,663)	-	-	-	-	(859,663)	-	(859,663)
IV.	Hedging Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	4,503	-	-	4,503	-	4,503
VIII.	Translation differences		-	-	-	-	-	-	-	66,111	-	-	-	-	-	-	-	66,111	7,051	73,162
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Group's equity		-	-	-	-	-	-	-	-	-	-	(10,867)	-	-	-	-	(10,867)	(603)	(11,470)
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,736	5,736
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,736	5,736
XIII.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others		-	-	-	-	-	-	-	(22,079)	-	-	-	-	-	-	-	(22,079)	(76,115)	(98,194)
XVII.	Current year's profit/loss		-	-	-	-	-	-	-	-	1,652,474	-	-	-	-	-	-	1,652,474	(24,295)	1,628,179
XVIII.	Profit distribution		-	-	(34)	-	150,225	1,287	1,204,848	24,527	(1,423,451)	(58,279)	-	877	-	-	-	(100,000)	(292)	(100,292)
18.1	Dividends		-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(292)	(100,292)
18.2	Transferred to reserves		-	-	(34)	-	150,225	1,287	1,204,848	24,527	(1,323,451)	(58,279)	-	877	-	-	-	-	-	-
18.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year			2,500,000	-	726,686	-	904,166	6,337	6,007,191	420,752	1,652,474	36,359	(149,719)	51,329	6,282	-	-	12,161,857	309,101	12,470,958

⁽¹⁾“Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ, which were previously accounted with equity method, has been consolidated by line-by-line method in the current period and non-controlling interests of the Company has been presented under “Other” row.

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I

	Notes	Audited Current Year 31 December 2013	Audited Previous Year 31 December 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2,772,614	3,334,357
1.1.1 Interests received		8,407,894	8,972,650
1.1.2 Interests paid		(4,377,459)	(4,704,969)
1.1.3 Dividends received		15,500	4,916
1.1.4 Fee and commissions received		948,375	683,235
1.1.5 Other income		788,314	933,012
1.1.6 Collections from previously written-off loans and other receivables	V-I-5	555,877	430,467
1.1.7 Payments to personnel and service suppliers		(2,974,541)	(2,878,209)
1.1.8 Taxes paid		(369,556)	(390,459)
1.1.9 Others	V-VI-1	(221,790)	283,714
1.2 Changes in operating assets and liabilities		(3,099,826)	(7,663,603)
1.2.1 Net (increase) decrease in financial assets held for trading purpose		(14,697)	611
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(6,439,722)	(4,751,472)
1.2.4 Net (increase) decrease in loans		(20,734,486)	(11,907,485)
1.2.5 Net (increase) decrease in other assets		(1,091,406)	(526,755)
1.2.6 Net increase (decrease) in bank deposits		50,580	600,296
1.2.7 Net increase (decrease) in other deposits		14,525,085	5,949,518
1.2.8 Net increase (decrease) in funds borrowed		3,632,787	(824,226)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	V-VI-1	6,972,033	3,795,910
I. Net cash flow from banking operations		(327,212)	(4,329,246)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(3,254,820)	1,265,690
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	V-VI-2	(39,346)	(1,211)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures		-	-
2.3 Cash paid for purchase of tangible assets		(190,309)	(99,100)
2.4 Proceeds from disposal of tangible assets		258,122	177,971
2.5 Cash paid for purchase of available-for-sale financial assets		(5,407,527)	(1,416,750)
2.6 Proceeds from disposal of available-for-sale financial assets		3,185,577	2,572,263
2.7 Cash paid for purchase of held-to-maturity investments		(2,530,205)	(210,825)
2.8 Proceeds from disposal of held-to-maturity investments		1,507,738	275,294
2.9 Others	V-VI-1	(38,870)	(31,952)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		4,303,151	3,434,911
3.1 Cash obtained from funds borrowed and securities issued		8,721,903	6,093,384
3.2 Cash used for repayment of funds borrowed and securities issued		(4,318,460)	(2,620,966)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(100,292)	(37,507)
3.5 Re-payments for finance leases		-	-
3.6 Others		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	V-VI-1	(9,013)	(1,666)
V. Net increase in cash and cash equivalents		712,106	369,689
VI. Cash and cash equivalents at the beginning of the year	V-VI-4	5,375,797	5,006,108
VII. Cash and cash equivalents at the end of the year	V-VI-4	6,087,903	5,375,797

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Profit Distribution

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

Convenience Translation of the Consolidated Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

	Notes	Current Year 31 December 2013	Previous Year 31 December 2012
I. DISTRIBUTION OF CURRENT YEAR PROFIT^(*)			
1.1 CURRENT YEAR'S PROFIT		1,982,914	1,885,361
1.2 TAXES AND LEGAL DUTIES PAYABLE		(397,375)	(425,281)
1.2.1 Corporate tax (income tax)	V-IV-11	(341,481)	(449,196)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties	V-IV-11	(55,894)	23,915
A. NET PROFIT FOR THE YEAR		1,585,539	1,460,080
1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	V-IV-11	-	(23,914)
B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME		1,585,539	1,436,166
1.4 ACCUMULATED LOSSES		-	-
1.5 FIRST LEGAL RESERVES	V-V-5	-	(71,808)
1.6 OTHER STATUTORY RESERVES	V-V-5	-	(71,808)
C. NET PROFIT AVAILABLE FOR DISTRIBUTION^(*)		-	1,292,550
1.7 FIRST DIVIDEND TO SHAREHOLDERS		-	100,000
1.7.1 To owners of ordinary shares		-	100,000
1.7.2 To owners of privileged shares		-	-
1.7.3 To owners of redeemed shares		-	-
1.7.4 To profit sharing bonds		-	-
1.7.5 To holders of profit and loss sharing certificates		-	-
1.8 DIVIDENDS TO PERSONNEL		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS		-	-
1.10.1 To owners of ordinary shares		-	-
1.10.2 To owners of privileged shares		-	-
1.10.3 To owners of redeemed shares		-	-
1.10.4 To profit sharing bonds		-	-
1.10.5 To holders of profit and loss sharing certificates		-	-
1.11 SECOND LEGAL RESERVES		-	-
1.12 STATUS RESERVES		-	-
1.13 EXTRAORDINARY RESERVES	V-V-5	-	1,189,475
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS	V-V-5	-	3,075
II. DISTRIBUTION FROM RESERVES			
2.1 DISTRIBUTION OF RESERVES		-	-
2.2 SECOND LEGAL RESERVES		-	-
2.3 DIVIDENDS TO SHAREHOLDERS		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF ORDINARY SHARES (Earning per 100 shares)		0.6342	0.5840
3.2 TO OWNERS OF ORDINARY SHARES (%)		63.42	58.40
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	0.04
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	4.00
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

^(*) As at report date, no resolution has been decided regarding about 2013 profit distribution. Accordingly, net profit available for distribution has not been presented.

^(**) Profit distribution table has been presented according to unconsolidated financial statements of the Parent Bank.

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

SECTION THREE

Accounting Policies

I. Basis of presentation

As per the Article 37 and 38 of "Accounting and Recording Rules" of the Turkish Banking Law no. 5411 published on the Official Gazette no. 25983 dated 1 November 2005 and became effective, Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("Bank" or "Parent Bank") and its Financial Subsidiaries ("Group") keep its accounting records and prepares its unconsolidated and consolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published by the Banking Regulation and Supervision Agency ("BRSA") and effective since 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the related statements and guidance (collectively "Reporting Standards").

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and unconsolidated investments in associates and subsidiaries whose fair value can be reliably measured and available for sale assets, which are presented on a fair value basis.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and jurisdictions other than Turkey and IFRS.

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

Strategy for the use of financial instruments

The Bank's core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank funds itself through deposits with different maturities as the main funding resources that are invested in assets earning higher returns.

The most important fund sources of the Bank other than the deposits are its equity, and medium and long-term borrowings obtained from foreign financial institutions. The Bank pursues an effective asset-liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Bank attaches great significance to long-term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep the liquidity risk, interest rate risk, exchange rate risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the Bank's shareholders' equity.

Lending loans and investments in marketable securities generate higher return than the average rate of return of the Bank's operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management but earn lower return. The Bank takes position against short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations.

The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities. Foreign currency position is closely followed taking the legal limits and the Bank's internal control regulations, formed in a balanced basket taking the market conditions into account.

In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration.

Information on foreign currency transactions

Transactions of the Parent Bank and its consolidated subsidiaries located in Turkey are recorded in TL, the functional currency of the Parent Bank and the related subsidiaries. Foreign currency transactions are recorded using the foreign exchange rates ruling at the transaction date. At the end of the periods, foreign currency denominated monetary assets and liabilities are measured at the Parent Bank's spot purchase rates in the financial statements of the Parent Bank; and at the spot purchase rates announced by the Central Bank of Turkey ("CBT") in the financial statements of the other subsidiaries. The foreign exchange rate differences are recognized as foreign exchange gains or losses in the statement of income.

Foreign exchange differences resulting from amortized costs of foreign currency denominated available-for-sale financial assets are recognized in the statement of income whilst foreign exchange differences resulting from unrealized gains and losses are presented in "valuation differences of marketable securities" under equity.

If the net investments in associates and subsidiaries operating in foreign countries are measured at cost, they are reported as translated into TL by using the foreign exchange rate at the date of transaction. If related associates and subsidiaries are measured at fair value, net foreign operations are reported as translated into TL by the rates prevailing at the date of the determination of the fair value.

Foreign currency differences arising from the translation of the financial statements of the net investment in foreign operations into TL for consolidation purpose are classified as "foreign currency differences arising from associates, subsidiaries, and joint ventures" sub account under "other profit reserves" presented in equity.

III. Information on companies subject to consolidation

Investments in consolidated companies

As at and the year ended 31 December 2013, the financial statements of T. Vakıflar Bankası TAO, Vakıf International AG, Vakıf Finansal Kiralama AŞ, Güneş Sigorta AŞ, Vakıf Emeklilik AŞ, Vakıf Finans Factoring Hizmetleri AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Portföy Yönetimi AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ ve Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

Vakıf International AG, was established in 1999 to operate in the banking sector in foreign countries, in line with the Bank's globalization policy. Its head office is in Vienna.

Vakıf Finansal Kiralama AŞ, was established in 1988 to enter into finance lease operations and related transactions and contracts. Its head office is in Istanbul.

Güneş Sigorta AŞ was established under the leadership of the Bank and Toprak Mahsulleri Ofisi in 1957. The Company has been operating in nearly all non-life insurance branches like fire, accident, transaction, engineering, agriculture, health, forensic protection, and loan insurance. Its head office is in Istanbul.

Vakıf Emeklilik AŞ was established under the name Güneş Hayat Sigorta AŞ in 1991. In 2003 the Company has taken conversion permission from Treasury and started to operate in private pension system. Its head office is in Istanbul.

Vakıf Finans Factoring Hizmetleri AŞ was established in 1998 to perform factoring transactions and any kind of financing transactions. Factoring, the main operation of the Company, is a financing method that includes the trade receivables of production, distribution and service companies to be sold to intermediary institutions. Its head office is in Istanbul.

Vakıf Yatırım Menkul Değerler AŞ was established in 1996 to provide service to investors through making capital markets transactions, issuance of capital market tools, commitment of repurchase and sales, and purchase and sales of marketable securities, operating as a member of stock exchange, investment consultancy, and portfolio management. Its head office is in Istanbul.

Vakıf Portföy Yönetimi AŞ operates in investment fund management, portfolio management and pension fund management. Its head office is in Istanbul.

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ was established as the first real estate investment partnership in finance sector under the adjudication of Capital Markets Law in 1996. The Company's main operation is in line with the scope in the Capital Markets Board's regulations relating to real estate investment trusts like, real estates, capital market tools based on real estates, real estate projects and investment on capital market tools. Its head office is in Istanbul.

Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ was established in 1991 in Istanbul. The main operation of the Company is to invest a portfolio including marketable debt securities, equity securities without having managerial power in the partnerships whose securities have been acquired; and gold and other precious metals traded in national and international stock exchange markets or active markets other than stock exchange markets, in accordance with the principles and regulations promulgated by Capital Markets Board. Its head office is in Istanbul.

Pursuant to the 4 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd, a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to 24 May 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at 31 December 2013 and 31 December 2012 but its equity until the liquidation decision date has included in the accompanying consolidated financial statements.

The liquidation process of World Vakıf UBB Ltd, an associate of the Parent Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed. Thus, the company's name has been changed as "World Vakıf UBB Ltd in Liquidation".

As per the resolution of the Board of Directors of the Bank held on 8 September 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at 31 December 2013 and 31 December 2012, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Investments in associates accounted with equity method

As at and for the year ended 31 December 2013, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been accounted with equity method in the consolidated financial statements of the Group.

Kıbrıs Vakıflar Bankası Ltd. was established in 1982 in Turkish Republic of Northern Cyprus, mainly to encourage the credit cards issued by the Bank, and increase foreign exchange inflow, and carry on retail and commercial banking operations. Its head office is in Lefkosa.

Türkiye Sınai Kalkınma Bankası AŞ was established in 1950 to support investments in all economical sectors. Its head office is in Istanbul.

In cases where the accounting policies for the preparation of the financial statements of Financial Subsidiaries are different than those of the Parent Bank, the differences have been adjusted to the accounting policies of the Parent Bank, taking the materiality principle into account. The financial statements of local Financial Subsidiaries, and foreign Financial Subsidiaries preparing their financial statements according to the principles of the countries which they are located in, have been adjusted in accordance with Reporting Standards as at the related reporting dates. Inter-company balances and transactions, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing these consolidated financial statements.

IV. Information on forwards, options and other derivative transactions

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency forward contracts and foreign currency options. The Group has classified its derivative transactions as "trading derivatives" in accordance with the TAS 39 – *Financial Instruments: Recognition and Measurement*.

Derivatives are initially recorded at their acquisition costs including the transaction costs.

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts stated on the related derivative contracts.

Subsequently, the derivative transactions are measured at their fair values and the changes in fair values are recorded in the balance sheet under "derivative financial assets held for trading purpose" or "derivative financial liabilities held for trading purpose". The subsequent fair value changes are recorded in the consolidated statement of income.

V. Information on interest income and expenses

Banking activities

Interest income and expense are recognized according to the effective interest method based on accrual basis. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are additional costs that are directly related to the acquisition, emission or disposal of financial assets or liabilities.

As per relevant legislation, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

Finance leasing activities

The total of minimum rent amounts are recorded at "finance lease receivables" account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at "unearned income" account. As the rents are collected, "finance lease receivables" account is decreased by the rent amount; and the interest component is recorded in the consolidated statement of income as interest income.

Factoring operations

Factoring receivables are initially recorded at their historical costs less transaction costs. They are amortized using the effective interest method, taking their historical costs and future cash flows into account and the amortized amounts are recognized as "other interest income" in the consolidated statement of income.

VI. Information on fees and commissions

Fees and commission received and paid are recognized according to either accrual basis of accounting or effective interest method depending on nature of fees and commission, incomes derived from agreements and asset purchases for third parties are recognized as income when realized.

VII. Information on financial assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

Financial assets except for measured at fair value through profit or loss are recognized initially with their transaction costs that are directly attributable to the acquisition or issue of the financial asset. Purchase and sale transactions of securities are accounted at settlement dates.

Financial assets are classified in four categories; as financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, and loans and receivables.

Financial assets at fair value through profit or loss

Such assets are measured at their fair values and gain/loss arising is recorded in the consolidated statement of income. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the consolidated statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the consolidated statement of income.

Held to maturity investments, available-for-sale financial assets and loans and receivables

Held to maturity investments are the financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables.

There are no financial assets that are not allowed to be classified as held-to-maturity investments for two years due to the tainting rules applied for the breach of classification rules.

Held-to-maturity investments are measured at amortized cost using effective interest method after deducting impairments, if any.

Available-for-sale financial assets are the financial assets other than assets held for trading purposes, held-to-maturity investments and loans and receivables.

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses calculated as the difference between the fair values and the discounted values of available for sale financial assets are recorded in "valuation differences of the marketable securities" under the equity. In case of sales, the realized gain or losses are recognized directly in the consolidated statement of income.

Purchase and sales of investment securities are recognized at the date of delivery. The changes in fair value of assets during the period between trade date and settlement date are accounted for in financial assets at fair value through profit or loss, available-for-sale financial assets and financial assets held for trading in the settlement date-accounting policy.

Loan and receivables are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Associates and subsidiaries

The financial subsidiaries of the Group are consolidated in the accompanying consolidated financial statements and non-financial subsidiaries are accounted for in accordance with *TAS 39– Financial Instruments: Recognition and Measurement*.

In the accompanying consolidated financial statements, financial associates of the Group, whose total assets, and net operating profit/(loss) individually or as a whole are significant are accounted with equity method and whose total assets and net operating profit/(loss) and or as a whole are significant and non-finance associates are accounted for in accordance with *TAS 39– Financial Instruments: Recognition and Measurement* together with non-financial associates in the accompanying consolidated financial statements.

VIII. Information on impairment of financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Group estimates the amount of impairment.

Impairment loss incurs if, and only if, there is 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 Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no. 26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period.

IX. Information on netting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right of the Group to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

X. Information on sales and repurchase agreements and securities lending

Securities sold under repurchase agreements ("repo") are recorded on the balance sheet. Government bonds and treasury bills sold to customers under repurchase agreements are classified as "Securities Subject to Repurchase Agreements" and measured based on their original portfolio, either at fair value or at amortized cost using the effective interest rate method. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements ("reverse repo") are classified under "Receivables from Interbank Money Markets" separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

XI. Information on assets held for sale and discontinued operations

A tangible asset (or a disposal group) classified as "asset held for sale" is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

A discontinued operation is a part of the Group's business which is sold or classified as held-for-sale. The operating results of the discontinued operations are disclosed separately in the consolidated income statement. The Group has no discontinued operations as at the balance sheet date.

XII. Information on goodwill and other intangible assets

The Group's intangible assets consist of software.

Intangible assets are initially recorded at their costs in compliance with the TAS 38 – *Intangible Assets*.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized on their restated costs based on straight line amortisation.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIII. Information on tangible assets

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets purchased after 1 January 2005 are recorded at their historical costs.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and recognized in the income statement of the period.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

Depreciation rates and estimated useful lives are:

Tangible assets	Estimated useful life (years)	Depreciation Rates (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through finance leases	4-5	20-25

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

At each balance sheet date, the Group evaluates whether there is objective evidence of impairment on its assets and if there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIV. Information on investment properties

Investment property is a property held either to earn rental income or for capital appreciation or for both. The Group holds investment property through its real estate company and insurance companies, consolidated in the accompanying consolidated financial statements.

Investment properties are initially recorded at their acquisition costs including transaction costs.

Subsequent to initial recognition, the Group measures all investment property based on the cost model in accordance with the cost model for property and equipment (i.e. at cost less accumulated depreciation and less any accumulated impairment losses).

XV. Information on leasing activities

Finance leasing activities as the lessee

Tangible assets acquired through finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the consolidated balance sheet of the Group. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through finance lease is calculated in the same manner as tangible assets.

Finance leasing activities as the lessor

The total of minimum rent amounts are recorded at "finance lease receivables" account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at "unearned income" account. As the rents are collected, "finance lease receivables" account is decreased by the rent amount; and the interest component is recorded at consolidated income statement as interest income.

Operational lease activities

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

XVI. Information on provisions and contingent liabilities

In the consolidated financial statements, a provision is booked for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the consolidated financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in consolidated financial statements but are assessed continuously to ensure that related updates are appropriately reflected 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. If an inflow of economic benefits has become probable, the Group discloses the contingent asset.

XVII. Information on obligations of the Group concerning employee rights**Reserve for employee termination benefits**

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2013 is TL 3,254 (full TL) (31 December 2012: TL 3,034 (full TL)).

The Group reserved for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

As at 31 December 2013 and 2012, the major actuarial assumptions used by the Parent Bank in the calculation of the total liability are as follows:

	Current Year	Prior Year
Discount Rate	9.70%	7.01%
Inflation Rate	6.40%	5.00%
Increase in Real Wage Rate	7.40%	5.00%

Other benefits to employees

In the accompanying consolidated financial statements, the Group has provided provision in compliance with *TAS 19*, for undiscounted other employee benefits earned during the financial period as per services rendered.

Pension fund

The employees of the Parent Bank are the members of "Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı" ("the Fund") established on 15 May 1957 as per the temporary article no. 20 of the Social Security Law no. 506.

The first paragraph of the temporary article no. 23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the issue date of the Banking Law no. 5411, issued in the 1 November 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court's 22 March 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on 15 December 2007 in the Official Gazette no. 26731. The reason for the cancellation decision by Constitutional Court was stated as possible future losses on acquired rights of Fund members.

Constitutional Court has indicated the probable losses in acquired rights of fund members as the reason of the cancellation decision. Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5754 ("the Law") has been approved on 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no. 20 of the Article no. 73 of the Law;

The discounted liability for each fund in terms of the persons transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below,

- a) The technical interest rate to be used for the actuarial calculation is 9.80%
- b) Income and expenditures in respect to fund's insurance division are considered in the calculation of discounted liability.

Law requires the transfer to be completed in three years beginning from 1 January 2008. The three year period has expired on 8 May 2011; however, it has been extended to 8 May 2013 with the decision of Council of Ministers published in Official Gazette dated 9 April 2011. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated 3 May 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 has extended for one year.

The employer of pension fund participants (the Banks) will continue to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2014 which is prepared for the period in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

XVIII. Information on taxation

Corporate tax

Corporate tax rate is 20% in Turkey. This rate is applied to the total income of the corporations adjusted for certain disallowable expenses, exempt income and any other allowances.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments to these institutions, the withholding tax rate on the dividend payments is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments are deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five 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.

The corporate tax rate for the Group's subsidiary in Austria has been determined as 25.0%. Prepaid corporate taxes for every three months are computed and paid using the related period's tax rate. Taxes which have been paid for previous periods can be deducted from corporate taxes computed on annual taxable income. According to the Double Taxation Treaty Agreement between Turkey and Austria, Turkish corporations in Austria possess the right to benefit from tax returns of 10.0% on interest earned from the investments and loans granted in Turkey.

Deferred taxes

According to the TAS 12 – *Income Taxes*; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Deferred tax assets and deferred tax liabilities for each subsidiary subject to consolidation are presented after offsetting these assets and liabilities in the financial statements of the related subsidiaries, since the subsidiaries have legal right to offset tax assets and tax liabilities. In the consolidated financial statements, deferred tax assets and deferred tax liabilities are not offsetted since the subsidiaries subject to consolidation do not have the right to receive a net receivable or pay a net payable legally.

In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the consolidated statement of income, then the related current corporate and/or deferred tax effects are also recognized in the consolidated statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

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.

Investment incentive

As per the provisional Article no. 69, effective from 1 January 2006, added to the Income Tax Law no. 193 by Law no. 5479 dated 8 April 2006 and published in Official Gazette no. 26133, tax payers could deduct investment incentives which were calculated according to the legislative provisions (including tax rate related provisions) in force on 31 December 2005, only from the taxable income for the years 2006, 2007, and 2008. The rights of tax payers who could not deduct investment incentives fully or partially due to insufficient taxable income during those years, were lost as at 31 December 2008.

In accordance with the decision taken by the Turkish Constitutional Court on 15 October 2009, the 2006, 2007 and 2008 clause of the provisional Article no. 69 of the Income Tax Law mentioned above, is repealed and the time limitation for the use of the investment incentive is removed. The repeal related to the investment incentive was enacted and issued in the 8 January 2010 Official Gazette number 27456. Accordingly, the Group's subsidiary operating in finance leasing business will be able to deduct its remaining investment incentives from taxable income in the future without any time limitation.

As per "Law regarding amendments to the Income Tax Law and Some Other Certain Laws and Decree Laws" accepted on 23 July 2010 at the Grand National Assembly of Turkey, the expression of "can be deducted from the earnings again in the context of this legislation (including the legislation regarding the tax rate) valid at this date" has been amended as "can be deducted from the earnings again in the context of this legislation (including the legislation regarding the tax rate as explained in the second clause of the temporary article no 61 of the Law) valid at this date" and the following expression of "Investment incentive amount used in determination of the tax base shall not exceed 25% of the associated taxable income. Tax is computed on the remaining income per the enacted tax rate" has been added. This Law has been published in the Official Gazette on 1 August 2010.

The clause "The amount which to be deducted as investment incentive to estimate tax base can not exceed 25% of related income" which has been added to first clause of the temporary 69th article of Law No: 193 with the 5th article of Law No: 6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the 9 February 2012 dated decisions no: E.2010/93 and K.2012/20.

XIX. Additional information on borrowings

Group obtains funding resources such as syndication and securitization transactions in case of need. In the current period, the Parent Bank obtained funds through issuance of bonds and bills domestically and internationally.

These transactions are initially recognized at acquisition costs at the transaction date and are subsequently measured at amortized cost using effective interest method.

XX. Information on issuance of equity securities

The shares of the Parent Bank having nominal value of TL 322,000,000 (full TL), representing the 25.18% of the Bank's outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as "Share Premiums" in shareholders' equity. TL 448,429 of this amount has been utilized in capital increase on 19 December 2006.

XXI. Information on confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXII. Information on government incentives

As at 31 December 2013, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 253,039 (31 December 2012: TL 272,445).

XXIII. Information on segment reporting

Operational segments are determined based the structure of the Group's risks and benefits and presented in Section Four Note X.

XXIV. Other disclosures

Earnings per shares

Earning per share has been calculated by dividing the net profit for the period to weighted average of outstanding shares. In Turkey, the companies may perform capital increase ("Bonus Shares") from retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the year ended 31 December 2013, earning per 100 shares is TL 0.6513 (31 December 2012: TL 0.5694).

Related parties

Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 - *Related Party Disclosures Standard*. Transactions made with related parties are disclosed in Section Five Note VII.

Cash and cash equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement includes cash in TL, cash in FC, cheques, demand deposits for both Central Bank of Turkey ("CBT") and other banks, money market placements and time deposits at banks and marketable securities whose original maturity is less than 3 months.

Insurance operations of the Group

Written Premiums: Written premiums represent premiums on policies written during the year net of taxes and premiums of the cancelled policies produced in previous years. Written premiums, net off ceded are recorded under other operating income in the accompanying consolidated statement of income.

Reserve for unearned premiums: Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense. Reserve for unearned premiums is calculated for all contracts except for the insurance contracts for which the Group provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annullay renewed long-term insurance contracts. Reserve for unearned premiums is presented under "insurance technical provisions" in the accompanying consolidated financial statements.

Reserve for outstanding claims: Reserve for outstanding claims is provided for the outstanding claims, which incurred and reported but not yet settled in current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims ("IBNR"). IBNR and subrogation and salvage reimbursements are recognized as the highest of the amount calculated based on historical data and results of actuarial chain ladder method. Reserve for outstanding claims is presented under "insurance technical provisions" in the accompanying consolidated financial statements.

Mathematical provisions: Mathematical provisions are the provisions recorded against the liabilities of the Group to the beneficiaries of long-term life and individual accident policies based on actuarial assumptions. Mathematical provisions consist of actuarial mathematical provisions savings and profit sharing reserves.

Actuarial mathematical provisions are calculated as the difference between the net present values of premiums written in return of the risk covered by the Group and the liabilities to policyholders for long-term insurance contracts based on the basis of actuarial mortality assumptions as approved by the Republic of Turkey Prime Ministry Undersecretariat of Treasury, which are applicable for Turkish insurance companies. Mathematical provision also includes the saving portion of the provisions for saving life product.

Profit sharing reserves are the reserves provided against income obtained from asset backing saving life insurance contracts. These contracts entitle the beneficiaries of those contracts to a minimum guaranteed crediting rate per annum or, when higher, a bonus rate declared by the Group from the eligible surplus available to date.

Mathematical provisions are presented under "insurance technical provisions" in the accompanying consolidated financial statements.

Deferred acquisition cost and deferred commission income: Commissions given to the intermediaries and other acquisition costs that vary with and are related to securing new contracts and renewing existing insurance contracts are capitalized as deferred acquisition cost. Deferred acquisition costs are amortized on a straight-line basis over the life of the contracts. Commission income obtained from the premiums ceded to reinsurance firms are also deferred and amortized on a straight-line basis over the life of the contracts.

Liability adequacy test: At each reporting date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition costs. In performing this test, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision under "insurance technical provisions" in the accompanying consolidated financial statements.

If the result of the test is that a loss is required to be recognised, the first step is to reduce any intangible item arising from business combinations related to insurance. If there is still a loss remaining, then the deferred acquisition cost is reduced to the extent that expense loadings are considered not recoverable. Finally, if there is a still remaining amount of loss, this should be booked as an addition to the reserve for premium deficiency.

Individual pension business

Individual pension system receivables presented under 'other assets' in the accompanying consolidated financial statements consists of 'receivable from pension investment funds for investment management fees', 'entrance fee receivable from participants'. Pension funds are the mutual funds that the individual pension companies invest in, by the contributions of the participants. Shares of the participants are kept at the clearing house on behalf of the participants.

'*Receivable from pension investment funds for investment management fees*' are the fees charged to the pension funds for the administration and portfolio management services provided. 'Receivables from the clearing house on behalf of the participants' is the receivable from the clearing house on pension fund basis against the contributions of the participants. The same amount is also recorded as payables to participants for the funds acquired against their contributions under the 'individual pension system payables'.

In addition to the 'payables to participants' account, mentioned in the previous paragraph, individual pension system payables also includes participants' temporary accounts, and payables to individual pension agencies. The temporary account of participants includes the contributions of participants that have not yet been invested. Individual pension system payables are presented under other liabilities and provisions in the accompanying consolidated financial statements.

Fees received from individual pension business consist of investment management fees, fees levied on contributions and entrance fees. Fees received from individual pension business are recognised in other income in the accompanying consolidated statement of comprehensive income.

SECTION FOUR

Information Related to Financial Position of the Group

I. Consolidated capital adequacy ratio

As at 31 December 2013 The Bank's consolidated capital adequacy ratio is 13.21% (31 December 2012: 15.56%). The Parent Bank's unconsolidated capital adequacy ratio is 13.70% (31 December 2012: 16.14%).

Risk measurement methods in calculation of capital adequacy ratio

Consolidated capital adequacy ratio is calculated within the scope of the "Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks (Regulation)", "Regulation on Credit Risk Mitigation Techniques" and "Communiqué on Risk Weighted Amounts for Securitization Exposures" published in Official Gazette no. 28337 dated 28 June 2012 and "Regulation on the Equity of Banks" published in Official Gazette no. 26333 dated 1 November 2006.

The data used in calculation of consolidated capital adequacy ratio is organized in accordance with the accounting records prepared in compliance with the current legislation. Besides, the Bank classifies these data as "Trading Book" and "Banking Book"; and takes into account in the calculation of market risk and credit risk accordingly. Operational risks are also included in the calculation of capital adequacy ratio.

In the calculation of risk-based amounts, the Group classifies its receivables into risk groups described in 6th article of the Regulation and considers the ratings and risk mitigating elements. The amounts are evaluated in the related risk weight group, accordingly. The Bank applies "basic financial guarantee method" in the consideration of risk mitigating elements for banking book accounts.

Trading Book Accounts and the Items Deducted from the Capital base are not included in the calculation of credit risk. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks", subjected to risk mitigation in accordance with the "Communique on Credit Risk Mitigation Techniques", classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the Regulation.

In the calculation of their risk-based values, Derivative Financial Instruments and Credit Derivative Contracts which are accounted in banking book, the receivable amounts due to counter parties are multiplied by the rates stated in the Appendix 2 of the Regulation, subjected to risk mitigation in accordance with the "Communique on Credit Risk Mitigation Techniques", classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the same Regulation. In compliance with Article 5 of the Regulation, repo transactions, investment securities and commodity lending transactions are accounted for "Counterparty Credit Risk". The Bank applies "Fair Value Measurement" in the calculation of "Counterparty Credit Risk".

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Information on unconsolidated capital adequacy ratio

Current Period	Parent Bank									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	49,625,046	-	7,404,139	29,328,116	22,187,404	46,462,916	2,837,152	9,393,300	11,741	-
Risk classifications:										
Claims on sovereigns and Central Banks	41,333,609	-	-	3,872,745	-	-	-	-	-	-
Claims on regional governments or local authorities	15,021	-	1,620,366	195,923	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	29,436	-	-	-	-	368,455	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	6,664,562	-	5,764,189	1,784,983	-	1,486	-	-	-	-
Claims on corporate	329,916	-	-	1,416,370	-	36,980,737	-	-	-	-
Claims included in the regulatory retail portfolios	97,240	-	-	-	22,187,404	1,490,513	-	-	-	-
Claims secured by residential property	-	-	-	22,058,095	-	3,132,085	-	-	-	-
Past due loans	-	-	-	-	-	255,994	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,837,152	9,393,300	11,741	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,155,262	-	19,584	-	-	4,233,646	-	-	-	-

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Prior Period	Parent Bank									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	35,862,029	-	2,093,778	24,744,629	19,064,767	36,099,168	1,979,962	4,851,957	-	-
Risk classifications:										
Claims on sovereigns and Central Banks	28,558,222	-	-	3,969,804	-	-	-	-	-	-
Claims on regional governments or local authorities	9,128	-	955,396	137,598	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	13,080	-	-	248	-	22,627	-	-	-	-
Claims on multilateral development banks	82,169	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	5,449,874	-	1,133,933	2,302,272	-	590,020	-	-	-	-
Claims on corporate	541,951	-	-	-	-	30,050,423	-	-	-	-
Claims included in the regulatory retail portfolios	87,961	-	-	-	19,064,767	-	-	-	-	-
Claims secured by residential property	-	-	-	18,334,707	-	1,849,410	-	-	-	-
Past due loans	-	-	-	-	-	265,394	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	1,979,962	4,851,957	-	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,119,644	-	4,449	-	-	3,321,294	-	-	-	-

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Capital Obligation Required for credit risk (COCR)	8,185,603	6,069,014
Capital Obligation Required for market risk (COMR)	26,097	48,413
Capital Obligation Required for operational risk (COOR) ^(*)	655,046	587,602
Equity	15,179,536	13,527,730
Equity/ ((COCR+COMR+COOR)*12,5*100)	13.70%	16.14%

^(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio for the year 2012 was measured by taking value at operational risk calculated based on gross incomes for the years ended 2011, 2010 and 2009 into consideration. For the year 2013, value at operational risk is being calculated based on gross incomes for the years ended 2012, 2011 and 2010.

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Information on consolidated capital adequacy ratio

Current Period	Consolidated									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	50,426,929	-	7,739,899	29,955,165	22,234,970	48,481,930	2,837,152	9,393,300	11,741	-
Risk classifications:										
Claims on sovereigns and Central Banks	42,050,229	-	-	3,957,235	-	-	-	-	-	-
Claims on regional governments or local authorities	15,022	-	1,620,366	240,085	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	29,436	-	-	-	-	368,455	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	6,664,562	-	6,099,949	1,968,828	-	1,486	-	-	-	-
Claims on corporate	402,742	-	-	1,730,922	-	39,817,450	-	-	-	-
Claims included in the regulatory retail portfolios	102,613	-	-	-	22,234,970	1,490,513	-	-	-	-
Claims secured by residential property	-	-	-	22,058,095	-	3,132,085	-	-	-	-
Past due loans	-	-	-	-	-	369,026	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,837,152	9,393,300	11,741	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,162,325	-	19,584	-	-	3,302,915	-	-	-	-

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Prior Period	Consolidated									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	36,343,955	-	2,783,258	25,141,605	19,262,891	37,742,502	1,979,962	4,851,957	-	-
Risk classifications:										
Claims on sovereigns and Central Banks	28,941,391	-	-	4,029,976	-	1	-	-	-	-
Claims on regional governments or local authorities	9,128	-	1,002,273	137,598	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	13,080	-	-	248	-	22,627	-	-	-	-
Claims on multilateral development banks	82,169	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	5,449,876	-	1,776,536	2,639,075	-	626,734	-	-	-	-
Claims on corporate	548,476	-	-	-	-	32,189,359	-	-	-	-
Claims included in the regulatory retail portfolios	88,035	-	-	-	19,262,891	-	-	-	-	-
Claims secured by residential property	-	-	-	18,334,708	-	1,849,409	-	-	-	-
Past due loans	-	-	-	-	-	316,900	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	1,979,962	4,851,957	-	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,211,800	-	4,449	-	-	2,737,472	-	-	-	-

Summary information related to consolidated capital adequacy ratio

	Current Period	Prior Period
Capital Obligation Required for credit risk (COCR)	8,380,432	6,239,279
Capital Obligation Required for market risk (COMR)	58,981	64,811
Capital Obligation Required for operational risk (COOR) ^(*)	764,882	685,147
Equity	15,199,794	13,595,507
Equity/ ((COCR+COMR+COOR)*12,5*100)	13.21%	15.56%

^(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio for the year 2012 was measured by taking value at operational risk calculated based on gross incomes for the years ended 2011, 2010 and 2009 into consideration. For the year 2013, value at operational risk is being calculated based on gross incomes for the years ended 2012, 2011 and 2010..

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Information on equity

Parent Bank	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share Repeal	-	-
Legal Reserves	7,009,581	5,675,804
Adjustments to Legal Reserves	-	-
Profit	1,585,539	1,460,080
Net current period profit	1,585,539	1,460,080
Prior period profit	-	-
Provision for possible losses up to 25% of core capital	70,915	92,887
Profit on sale of associates, subsidiaries and buildings	44,136	41,061
Primary subordinated loans	-	-
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	83,935	67,299
Intangible Assets (-)	108,608	81,747
Deferred-assets for tax which exceeds of 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd Paragraph) (-)	-	-
Total Core Capital	11,741,546	10,344,704
SUPPLEMENTARY CAPITAL		
General Provisions	1,190,739	956,059
45% of increase in revaluation fund on movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Free shares from investment in associates, subsidiaries and joint-ventures that is not recognized in profit	71,821	67,318
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loan	1,955,295	1,628,814
45% of value increase fund of financial assets available for sale and associates and subsidiaries	306,597	652,488
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Total Supplementary Capital	3,524,452	3,304,679
TIER III CAPITAL		
CAPITAL	15,265,998	13,649,383
DEDUCTIONS FROM CAPITAL	86,462	121,653
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	85,083	121,435
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Others	1,379	218
TOTAL EQUITY	15,179,536	13,527,730

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Consolidated	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	726,686	726,720
Share Cancellation Profits	-	-
Reserves	7,338,446	5,913,527
Reserves from Inflation Adjustments to Reserves	-	-
Profit	1,688,833	1,518,089
Current Period's Profit	1,652,474	1,423,451
Prior Years' Profit	36,359	94,638
Provision for Possible Losses up to 25% of Core Capital	70,915	92,887
Income on Sale of Equity Shares and Real Estates	51,329	50,452
Primary Subordinated Debt up to 15% of Core Capital	-	-
Minority shares	307,448	320,280
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-)	84,982	68,567
Intangible Assets (-)	128,069	100,036
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3 rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill(Net)	-	-
Total Core Capital	-	-
SUPPLEMENTARY CAPITAL	12,470,606	10,953,352
General Provisions	-	-
45% of Revaluation Surplus on movables	1,190,739	956,059
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-	-
Primary Subordinated Debt excluding the Portion included in Core Capital	6,282	1,779
Secondary Subordinated Debt	-	-
45% of value increase fund of financial assets available for sale and associates and subsidiaries	1,945,816	1,619,541
Adjustment to paid-in capital, profit reserves and previous years losses (except adjustment to legal reserves)	(149,719)	324,365
Minority share	-	-
Total Supplementary Capital	1,653	34,849
CAPITAL	2,994,771	2,936,593
DEDUCTIONS FROM CAPITAL	265,583	294,438
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	179,121	170,692
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets	-	-
Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	85,083	123,528
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Others	1,379	218
TOTAL EQUITY	15,199,794	13,595,507

Approach adopted under internal capital adequacy assessment process for monitoring the adequacy of internal capital for current and future activities

In order to identify the internal capital adequacy assessment process and capital adequacy policy "Document on Internal Capital Adequacy Assessment Process" has been constituted and approved by Board of Directors of the Parent Bank on September 2012. The document includes planning of the capital, procedures and principles on emergency capital and risk reducing plans. The underlying objective of the internal capital adequacy assessment is continuous monitoring and maintaining of the varieties, components and distribution of capital required for eliminating actual and potential risks the Bank faces or might face.

In this process, the effect of market conditions and probable changes in economic environment on capital is evaluated, additionally loan expansion expectations, funding resources, liquidity opportunities issues and risk profile and risk appetite of the Parent Bank are considered in accordance with the strategies and objectives of the Parent Bank. Capital adequacy is evaluated in terms of strategic plan and growth expectations of the Parent Bank for the year 2013 and accordingly capital increasing actions has taken in the current year.

In assessment process of internal capital requirement, credit risk, market risk, operational risk, interest rate risk arising from banking accounts, liquidity risk, reputation risk, residual risk, concentration risk, counterparty credit risk, sovereign risk and settlement risk are considered, and policies and implementing procedures for assessing and managing these risks are defined and approved by Board of Directors of the Parent Bank. Assessment process of internal capital requirement is handled as a developing process, action plans according to aforementioned policies and implementing procedures are formed and studies are in progress.

II. Consolidated credit risk

Credit risk is defined as the counterparty's possibility of failing to fulfil its obligations on the terms set by the agreement. Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. It covers the possible risks arising from futures and option agreements and other agreements alike and the credit risks arising from credit transactions that have been defined by the Banking Law.

In compliance with the articles 51 and 54 set forth in Banking Law and ancillary regulation, credit limits are set by the Parent Bank for the financial position and credit requirements of customers within the authorization limits assigned for branches, regional directorates, lending departments, assistant general manager responsible of lending, general manager, credit committee and board of directors and credits are given regarding these limits in order to limit credit risk in lending facilities.

Credit limits are determined separately for the individual customer, company, group of companies, risk groups on a product basis. In accordance with the related Lending Policy, several criteria are used in the course of determining these credit limits. Customers should have a long-standing and a successful business past, a high commercial morality, possess a good financial position and a high morality, the nature of their business should be appropriate to use the credit, possess their commercial operations in an affirmative and a balanced manner, have experience and specialization in their profession, be able to adopt themselves to the economic conditions, to be accredited on the market, have sufficient equity capital, possess the ability to create funds with their operations and finance their placement costs. Also the sector and the geographical position of customers, where they operate and other factors that may effect their operations are considered in the evaluation process of loans. Apart from ordinary intelligence operations, the financial position of the customer is mainly analysed based on the balance sheets and the income statements for the six-months periods (June and December) provided by the loan customer, the documents received in accordance with the related regulation for their state of accounts and other related documents. Credit limits are subject to revision regarding the overall economic developments and the changes in the financial information and operations of the customers.

Collaterals for the credit limits are determined on a customer basis in order to ensure bank placements and their liquidity. The amount and type of the collateral are determined regarding the creditworthiness of the credit users. The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

The Bank has risk control limits on positions arising from forwards, options and similar derivative transaction positions, which effect credit risk and market risk.

For credit risk management purposes, Risk Management Department operates in

- the determination of credit risk policies in coordination with the Bank's other units,
- the determination and monitoring of the distribution of concentration limits with respect to sector, geography and credit type,
- contribution to the formation of rating and scoring systems,
- submitting to the Board of Directors and the senior management of not only credit risk management reports about credit portfolio's distribution (borrower, sector, geographical region), credit quality (impaired loans, credit risk ratings) and credit concentration but also scenario analysis reports, stress tests and other analyses,
- studies regarding the formation of advanced credit risk measurement approaches.

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank's credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of Bank's risk management concept, long term commitments are accepted more risky than short term commitments. Besides, risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

Banking operations and lending activities carried in foreign countries are not exposed to material credit risks, due to related countries' financial conditions, customers and their operations.

The Bank classifies its past due and impaired receivables as shown below in accordance with the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables and Provisions to be Set Aside".

- for which recovery of principal and interest or both delays from their terms or due dates are more than ninety days but not more than one hundred eighty days are classified as "Group Three- Loans and Other Receivables With Limited Recovery",
- for which recovery of principal and interest or both delays from their terms or due dates are more than one hundred and eighty days but not more one year are classified as "Group Four- Loans and Other Receivables With Suspicious Recovery",
- for which recovery of principal and interest or both delays from their terms or due dates are more than one year are classified as "Group Five - Loans and Other Receivables Having the Nature of Loss",

Regardless of the guarantees and pledges received, the Bank provides 20% provision for the Loans and Other Receivables classified in Group Three, and 100% provision for the Loans and Other Receivables classified in Group Four and Group Five. The provision amount is recognized in profit and loss statement of the period.

The Group's largest 100 cash loan customers compose 19.34% of the total cash loan portfolio (31 December 2012: 19.25%).

The Group's largest 100 non-cash loan customers compose 60.75% of the total non-cash loan portfolio (31 December 2012: 59.22%).

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The Group's largest 100 cash loan customers compose 12.22% of total assets of the Group's and the Group's largest 100 non-cash loan customers compose 11.60% of total off-balance sheet items (31 December 2012: 12.21% and 12.37%) .

The Group's largest 200 cash loan customers compose 26.12% of the total cash loan portfolio (31 December 2012: 25.22%).

The Group's largest 200 non-cash loan customers compose 70.90% of the total non-cash loan portfolio (31 December 2012: 69.57%).

The Group's largest 200 cash loan customers compose 15.37% of total assets of the Group and the Group's largest 200 non-cash loan customers compose 13.54% of total off-balance sheet items (31 December 2012: 15.99% and 14.53%).

The general provision for credit risk amounts to TL 1,190,739 (31 December 2012: TL 956,059).

Risk Classification:	Current Year Risk Amount	Avarage Risk Amount^(*)
Claims on sovereigns and Central Banks	46,007,464	40,025,315
Claims on regional governments or local authorities	1,875,473	1,434,943
Claims on administrative bodies and other non-commercial undertakings	397,891	295,114
Claims on multilateral development banks	-	39
Claims on international organizations	-	-
Claims on banks and intermediary institutions	14,734,825	14,360,102
Claims on corporate	41,951,114	37,498,684
Claims included in the regulatory retail portfolios	23,828,096	22,368,631
Claims secured by residential property	25,190,180	24,102,576
Past due loans	369,026	340,524
Higher risk categories decided by the Agency	12,242,193	10,026,581
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other claims	4,484,824	3,970,720

^(*)Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2013 period.

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Risk Classification:	Prior Year Risk Amount	Average Risk Amount^(*)
Claims on sovereigns and Central Banks	32,971,368	32,424,668
Claims on regional governments or local authorities	1,148,999	1,013,781
Claims on administrative bodies and other non-commercial undertakings	35,955	69,093
Claims on multilateral development banks	82,169	94,979
Claims on international organizations	-	-
Claims on banks and intermediary institutions	10,492,221	9,439,046
Claims on corporate	32,737,835	32,083,542
Claims included in the regulatory retail portfolios	19,350,926	17,850,500
Claims secured by residential property	20,184,117	20,680,298
Past due loans	316,900	303,469
Higher risk categories decided by the Agency	6,831,919	6,421,998
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other claims	3,953,721	3,769,132

^(*) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2012 period.

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Risk profile according to the geographical concentration ^(*)**

Current Period	Claims on sovereigns and Central Banks	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	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Other receivables	Total
Domestic	43,829,826	1,831,310	397,891	-	-	4,607,301	40,352,024	23,820,150	25,190,180	366,212	11,931,127	-	-	-	-	4,457,583	156,783,604
EU countries ^(*)	334,625	-	-	-	-	9,658,866	89,063	6,842	-	2,814	-	-	-	-	-	16,491	10,108,701
OECD countries	-	-	-	-	-	54,993	4,923	-	-	-	-	-	-	-	-	-	59,916
Off-shore banking regions	-	-	-	-	-	-	1,780	-	-	-	-	-	-	-	-	-	1,780
USA, Canada	1,843,013	-	-	-	-	296,915	577,694	-	-	-	-	-	-	-	-	10,750	2,728,372
Other countries	-	44,163	-	-	-	50,486	925,630	1,104	-	-	311,066	-	-	-	-	-	1,332,449
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	66,264	-	-	-	-	-	-	-	-	-	-	66,264
Undistributed Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	46,007,464	1,875,473	397,891	-	-	14,734,825	41,951,114	23,828,096	25,190,180	369,026	12,242,193	-	-	-	-	4,484,824	171,081,086

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

^(**) The assets and liabilities that can not be distributed according to a consistent base.

^(***) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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Prior Period	Claims on sovereigns and Central Banks	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	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Other receivables	Total
Domestic	32,757,262	1,148,374	35,955	-	-	3,118,232	32,356,783	19,337,744	20,183,040	316,896	6,610,588	-	-	-	-	3,953,721	119,818,595
EU countries ^(*)	155,752	625	-	82,169	-	5,474,815	140,079	11,239	276	-	-	-	-	-	-	-	5,864,955
OECD countries	-	-	-	-	-	89,341	43,484	1,029	416	-	-	-	-	-	-	-	134,270
Off-shore banking regions	-	-	-	-	-	100	5,332	225	-	-	-	-	-	-	-	-	5,657
USA, Canada	53,495	-	-	-	-	1,548,013	112,057	382	-	4	-	-	-	-	-	-	1,713,951
Other countries	4,859	-	-	-	-	261,720	80,100	307	385	-	221,331	-	-	-	-	-	568,702
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	32,971,368	1,148,999	35,955	82,169	-	10,492,221	32,737,835	19,350,926	20,184,117	316,900	6,831,919	-	-	-	-	3,953,721	128,106,130

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

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Risk profile according to sectors and counterparties^(*)

Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agricultural	44	27	15,451	-	-	-	1,028,213	341,284	285,059	-	-	-	-	-	-	-	1,176,593	493,485	1,670,078
<i>Farming and raising livestock</i>	<i>44</i>	<i>27</i>	<i>15,451</i>	-	-	-	<i>698,299</i>	<i>290,686</i>	<i>245,858</i>	-	-	-	-	-	-	-	<i>1,050,943</i>	<i>199,422</i>	<i>1,250,365</i>
<i>Forestry</i>	-	-	-	-	-	-	<i>305,169</i>	<i>30,431</i>	<i>17,202</i>	-	-	-	-	-	-	-	<i>68,506</i>	<i>284,296</i>	<i>352,802</i>
<i>Fishing</i>	-	-	-	-	-	-	<i>24,745</i>	<i>20,167</i>	<i>21,999</i>	-	-	-	-	-	-	-	<i>57,144</i>	<i>9,767</i>	<i>66,911</i>
Manufacturing	-	41	64,494	-	-	-	19,241,198	2,025,549	4,023,585	-	-	-	-	-	-	-	11,803,512	13,551,355	25,354,867
<i>Mining</i>	-	-	<i>19</i>	-	-	-	<i>379,666</i>	<i>67,858</i>	<i>353,435</i>	-	-	-	-	-	-	-	<i>404,441</i>	<i>396,537</i>	<i>800,978</i>
<i>Production</i>	-	<i>21</i>	<i>64,473</i>	-	-	-	<i>13,080,905</i>	<i>1,911,916</i>	<i>3,576,549</i>	-	-	-	-	-	-	-	<i>9,545,747</i>	<i>9,088,117</i>	<i>18,633,864</i>
<i>Electric, Gas, Water</i>	-	<i>20</i>	<i>2</i>	-	-	-	<i>5,780,627</i>	<i>45,775</i>	<i>93,601</i>	-	-	-	-	-	-	-	<i>1,853,324</i>	<i>4,066,701</i>	<i>5,920,025</i>
Construction	269	-	-	-	-	-	5,175,729	1,065,212	3,217,084	-	-	-	-	-	-	-	5,823,846	3,634,448	9,458,294
Services	20,252,098	1,815,365	207,709	-	-	14,731,563	13,245,215	7,890,421	8,033,589	-	311,066	-	-	-	-	-	28,080,373	38,406,653	66,487,026
<i>Wholesale and retail trade</i>	<i>61</i>	<i>134</i>	<i>6,612</i>	-	-	-	<i>6,014,793</i>	<i>4,412,772</i>	<i>4,892,942</i>	-	-	-	-	-	-	-	<i>11,545,379</i>	<i>3,781,935</i>	<i>15,327,314</i>
<i>Hotel, Food and Beverage Services</i>	<i>5</i>	<i>7</i>	<i>5</i>	-	-	-	<i>479,470</i>	<i>221,191</i>	<i>1,300,888</i>	-	-	-	-	-	-	-	<i>842,619</i>	<i>1,158,947</i>	<i>2,001,566</i>
<i>Transportation and Telecommunication</i>	<i>13</i>	-	<i>14,781</i>	-	-	-	<i>3,561,902</i>	<i>2,975,620</i>	<i>981,639</i>	-	-	-	-	-	-	-	<i>4,720,729</i>	<i>2,813,226</i>	<i>7,533,955</i>
<i>Financial Institutions</i>	<i>20,106,980</i>	<i>44,163</i>	<i>20</i>	-	-	<i>14,731,563</i>	<i>2,215,700</i>	<i>24,861</i>	<i>379,064</i>	-	<i>311,066</i>	-	-	-	-	-	<i>7,902,589</i>	<i>29,910,828</i>	<i>37,813,417</i>
<i>Real Estate and renting services</i>	-	-	-	-	-	-	<i>298,988</i>	<i>57,917</i>	<i>87,625</i>	-	-	-	-	-	-	-	<i>322,441</i>	<i>122,089</i>	<i>444,530</i>
<i>Self-employment services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Education services</i>	<i>52</i>	<i>6</i>	<i>3,870</i>	-	-	-	<i>167,569</i>	<i>37,174</i>	<i>148,115</i>	-	-	-	-	-	-	-	<i>264,947</i>	<i>91,839</i>	<i>356,786</i>
<i>Health and social services</i>	<i>144,987</i>	<i>1,771,055</i>	<i>182,421</i>	-	-	-	<i>506,793</i>	<i>160,886</i>	<i>243,316</i>	-	-	-	-	-	-	-	<i>2,481,669</i>	<i>527,789</i>	<i>3,009,458</i>
Other	25,755,053	60,040	110,237	-	-	3,262	3,260,759	12,505,630	9,630,863	369,026	11,931,127	-	-	-	-	-	4,484,824	61,436,003	6,674,818
Total	46,007,464	1,875,473	397,891	-	-	14,734,825	41,951,114	23,828,096	25,190,180	369,026	12,242,193	-	-	-	-	-	4,484,824	108,320,327	62,760,759
																			171,081,086

^(*)Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 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 corporates
- 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
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Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agricultural	-	179	16	-	-	-	1,219,057	134,706	377,581	3,566	-	-	-	-	-	-	1,268,661	466,444	1,735,105
<i>Farming and raising livestock</i>	-	179	16	-	-	-	916,216	104,909	314,245	3,225	-	-	-	-	-	-	1,166,113	172,677	1,338,790
<i>Forestry</i>	-	-	-	-	-	-	284,984	8,675	42,518	340	-	-	-	-	-	-	64,614	271,903	336,517
<i>Fishing</i>	-	-	-	-	-	-	17,857	21,122	20,818	1	-	-	-	-	-	-	37,934	21,864	59,798
Manufacturing	-	164	3,219	-	-	-	10,220,194	935,409	1,640,496	17,801	-	-	-	-	-	-	3,956,024	8,861,259	12,817,283
<i>Mining</i>	-	-	-	-	-	-	448,213	83,046	77,539	1,099	-	-	-	-	-	-	308,220	301,677	609,897
<i>Production</i>	-	55	3,209	-	-	-	6,655,506	544,322	1,518,414	16,111	-	-	-	-	-	-	2,707,049	6,030,568	8,737,617
<i>Electric, Gas, Water</i>	-	109	10	-	-	-	3,116,475	308,041	44,543	591	-	-	-	-	-	-	940,755	2,529,014	3,469,769
Construction	430	-	-	-	-	-	4,575,868	595,174	1,591,794	35,883	-	-	-	-	-	-	4,061,448	2,737,701	6,799,149
Services	11,459,584	6,126	27,966	82,169	-	10,449,504	11,849,519	2,592,679	9,417,685	106,401	-	-	-	-	-	-	21,411,383	24,580,250	45,991,633
<i>Wholesale and retail trade</i>	-	270	43	-	-	-	5,097,329	1,273,041	5,096,205	66,544	-	-	-	-	-	-	8,607,250	2,926,182	11,533,432
<i>Hotel, Food and Beverage Services</i>	75	26	-	-	-	-	708,437	452,424	325,802	3,014	-	-	-	-	-	-	631,341	858,437	1,489,778
<i>Transportation and Telecommunication</i>	-	-	3,398	-	-	-	2,988,529	272,258	2,590,243	18,134	-	-	-	-	-	-	3,760,708	2,111,854	5,872,562
<i>Financial Institutions</i>	11,426,007	-	4	82,169	-	10,449,504	205,443	201,606	31,046	56	-	-	-	-	-	-	5,565,797	16,830,038	22,395,835
<i>Real Estate and renting services</i>	-	-	17	-	-	-	1,439,856	94,959	160,280	2,183	-	-	-	-	-	-	614,411	1,082,884	1,697,295
<i>Self-employment services</i>	7,465	5,417	9,863	-	-	-	951,768	208,056	935,394	13,461	-	-	-	-	-	-	1,530,762	600,662	2,131,424
<i>Education services</i>	121	38	539	-	-	-	152,951	43,304	54,943	905	-	-	-	-	-	-	179,740	73,061	252,801
<i>Health and social services</i>	25,916	375	14,102	-	-	-	305,206	47,031	223,772	2,104	-	-	-	-	-	-	521,374	97,132	618,506
Other	21,511,354	1,142,530	4,754	-	-	42,717	4,873,197	15,092,958	7,156,561	153,249	6,831,919	-	-	-	-	3,953,721	54,290,277	6,472,683	60,762,960
Total	32,971,368	1,148,999	35,955	82,169	-	10,492,221	32,737,835	19,350,926	20,184,117	316,900	6,831,919	-	-	-	-	3,953,721	84,987,793	43,118,337	128,106,130

(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 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 corporates
- 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 and short term corporate claims on banks and intermediary
- 15- Undertakings for collective investments in mutual funds
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Distribution of maturity risk factors according to their outstanding maturities^(*)

Risk Classifications-Current Period	According to their outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
Claims on sovereigns and Central Banks	25,327,729	1,084,480	1,573,671	1,190,052	16,831,535
Claims on regional governments or local authorities	3,985	10,989	11,665	38,725	1,810,109
Claims on administrative bodies and other non-commercial undertakings	8,905	36,099	33,520	59,274	260,093
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	10,438,857	2,263,698	29,910	224,655	1,777,704
Claims on corporate	2,038,480	2,793,254	4,745,761	6,451,829	25,921,790
Claims included in the regulatory retail portfolios	5,201,219	804,180	1,417,287	3,166,963	13,238,447
Claims secured by residential property	737,553	744,859	1,356,481	2,717,731	19,633,556
Past due loans	-	-	-	-	369,026
Higher risk categories decided by the Agency	311,066	-	-	-	11,931,127
Marketable securities secured by mortgages	-	-	-	-	-
Securitization exposures	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other claims	1,209,331	-	-	-	3,275,491
Total	45,277,125	7,737,559	9,168,295	13,849,229	95,048,878

^(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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Risk Classifications-Prior Period	According to their outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
Claims on sovereigns and Central Banks	24,027	3,978	3,708	1,621	32,938,034
Claims on regional governments or local authorities	95,535	8,684	11,845	60,612	972,323
Claims on administrative bodies and other non-commercial undertakings	11,207	1,093	1,711	4,392	17,552
Claims on multilateral development banks	-	-	-	-	82,169
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	1,721,475	400,009	259,757	306,738	7,804,242
Claims on corporate	7,299,526	2,656,805	3,120,158	5,703,630	13,957,716
Claims included in the regulatory retail portfolios	590,155	302,671	378,554	770,836	17,308,710
Claims secured by residential property	2,417,434	886,628	1,253,439	2,871,372	12,755,244
Past due loans	-	-	-	-	316,900
Higher risk categories decided by the Agency	-	-	-	-	6,831,919
Marketable securities secured by mortgages	-	-	-	-	-
Securitization exposures	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other claims	-	-	-	-	3,953,721
Total	12,159,359	4,259,868	5,029,172	9,719,201	96,938,530

(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

Risk balances according to risk weights

Risk Weights											Deductions from the shareholders' equity
Current Period	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	
Pre-Amount of Credit Risk Mitigation	43,212,553	-	12,616,773	31,759,507	22,337,583	48,912,477	2,837,152	9,393,300	11,741	-	478,634
Amount after Credit Risk Mitigation	50,426,927	-	7,739,899	29,955,165	22,234,970	48,481,932	2,837,152	9,393,300	11,741	-	478,634

Risk Weights											Deductions from the shareholders' equity
Prior Period	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	
Pre-Amount of Credit Risk Mitigation	30,160,556	-	6,559,951	26,828,174	19,424,671	38,300,859	1,979,962	4,851,957	-	-	463,041
Amount after Credit Risk Mitigation	36,343,955	-	2,783,258	25,141,605	19,262,891	37,742,502	1,979,962	4,851,957	-	-	463,041

In determination of counterparty credit risk of the receivables from Banks operated abroad, ratings given by International Credit Rating Agency Fitch Rating are considered. Rating of the same company is also used in the assessment of risks from foreign currency investment securities issued by Turkish Treasury and other foreign currency risks associated with Central Administration of Turkish Republic.

Ratings Matched	Credit Quality Rank	Fitch
Long Term Credit Ratings	1	AAA between AA-
	2	A+ between A-
	3	BBB+ between BBB-
	4	BB+ between BB-
	5	B+ between B-
	6	CCC+ and below
Short Term Credit Ratings	1	F1+ between F1
	2	F2
	3	F3
	4	F3 and below
	5	-
	6	-

Information According to Sectors and Counterparties

Loans				
Current Period	Impaired (*)	Past Due (**)	Value Adjustments	Provisions
Agricultural	75,172	51,378	1,497	70,726
<i>Farming and raising livestock</i>	62,099	48,035	1,400	58,484
<i>Forestry</i>	7,558	1,962	57	7,334
<i>Fishing</i>	5,515	1,381	40	4,908
Manufacturing	948,934	276,153	8,020	917,512
<i>Mining</i>	33,748	9,924	289	33,576
<i>Production</i>	910,917	261,267	7,586	879,785
<i>Electric, Gas, Water</i>	4,269	4,962	145	4,151
Construction	381,103	185,365	5,403	355,654
Services	1,262,929	1,230,240	35,465	1,053,037
<i>Wholesale and retail trade</i>	631,355	543,052	15,667	568,983
<i>Hotel, Food and Beverage Services</i>	49,015	103,594	3,013	36,506
<i>Transportation and telecommunication</i>	257,698	408,123	11,775	244,731
<i>Financial Institutions</i>	192,581	3,154	92	81,955
<i>Real estate and renting services</i>	8,987	11,068	261	8,529
<i>Self-employment services</i>	92,457	123,479	3,599	84,677
<i>Education services</i>	4,510	10,525	264	3,426
<i>Health and social services</i>	26,326	27,245	794	24,230
Other	1,068,327	1,927,131	54,652	970,524
Total	3,736,465	3,670,267	105,037	3,367,453

(*) Impaired loans are composed of group three, four and five loans.

(**) Past due loans and other receivables consist of loans and other receivables that are past due up to ninety days.

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Loans				
Prior Period	Impaired ^(*)	Past Due ^(**)	Value Adjustments	Provisions
Agricultural	44,092	13,495	551	40,459
<i>Farming and raising livestock</i>	34,396	10,963	457	31,104
<i>Forestry</i>	4,768	1,153	54	4,428
<i>Fishing</i>	4,928	1,379	40	4,927
Manufacturing	703,438	70,474	6,843	659,806
<i>Mining</i>	30,811	2,443	573	29,712
<i>Production</i>	669,305	65,002	6,270	627,363
<i>Electric, Gas, Water</i>	3,322	3,029	87	2,731
Construction	305,311	159,375	4,050	262,780
Services	872,606	630,635	28,929	765,686
<i>Wholesale and retail trade</i>	492,256	295,029	14,119	425,712
<i>Hotel, Food and Beverage Services</i>	22,857	25,970	1,576	19,843
<i>Transportation and telecommunication</i>	190,775	188,733	8,897	172,641
<i>Financial Institutions</i>	9,100	1,195	61	9,044
<i>Real estate and renting services</i>	37,401	23,402	275	35,218
<i>Self-employment services</i>	103,276	71,842	2,823	89,815
<i>Education services</i>	4,612	6,562	204	3,707
<i>Health and social services</i>	12,329	17,902	975	9,706
Other	891,380	3,977,859	72,309	780,297
Total	2,816,827	4,851,838	112,769	2,509,028

^(*) Impaired loans are composed of group three, four and five loans.

^(**) Past due loans and other receivables consist of loans and other receivables that are past due up to ninety days.

Current Period	The opening Balance	Provisions amounts set aside during the period	The cancelation of the provisions	Other Adjustments ^(*)	Close out Balance
Specific Provisions	2,509,028	1,306,590	(450,491)	2,326	3,367,453
General Provisions	956,059	234,417	-	263	1,190,739

^(*) Determined according to exchange rate differences, business combinations, acquisitions and disposals of subsidiaries.

Prior Period	The opening Balance	Provisions amounts set aside during the period	The cancelation of the provisions	Other Adjustments ^(*)	Close out Balance
Specific Provisions	2,099,932	749,678	(362,560)	21,978	2,509,028
General Provisions	671,180	284,755	-	124	956,059

^(*) Determined according to exchange rate differences, business combinations, acquisitions and disposals of subsidiaries.

Fair value of collateral held against impaired loans

	31 December 2013	31 December 2012
Cash collateral ^(*)	-	-
Mortgage	942,878	758,704
Promissory note ^(*)	728	172
Others ^(**)	2,792,859	2,057,951
Total	3,736,465	2,816,827

^(*) As a policy, it is aimed to utilize from cash collateral or liquidate promissory note for an impaired loan collateralized by cash collateral or promissory note to cover the credit risk. Hence, cash collateral and promissory note are shown as zero in the table above.

^(**) Sureties obtained for impaired loans are presented in this raw to the extent that the amount does not exceed the amount of impaired loans.

The detail of collateral held against performing cash and non-cash loans by the Bank

Cash loans	31 December 2013	31 December 2012
Secured Loans:	63,997,120	50,544,148
Secured by mortgages	18,440,959	19,751,313
Secured by cash collateral	384,250	587,270
Guarantees issued by financial institutions	185,832	273,443
Secured by government institutions or government securities	210,041	172,801
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	44,776,038	29,759,321
Unsecured Loans	25,339,591	19,327,468
Total performing loans	89,336,711	69,871,616

Non-cash loans	31 December 2013	31 December 2012
Secured Loans:	10,559,371	7,669,050
Secured by mortgages	679,079	669,759
Secured by cash collateral	85,525	123,436
Guarantees issued by financial institutions	5,700	7,901
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	9,789,067	6,867,954
Unsecured Loans	12,847,335	9,581,987
Total non-cash loans	23,406,706	17,251,037

III. Consolidated Market risk

The Parent Bank calculates market risk using standard method and allocates legal capital in compliance with "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in 28 June dated 2012 Official Gazette no. 28337.

The market risk is defined as the potential risk of loss due to changes in interest rates, foreign exchange rates and equity prices on balance sheet and off-balance sheet positions of the Bank.

The capital needed for general market risk and specific risks is calculated using the standard method defined by the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and reported monthly.

In addition to the standard method, the Parent Bank also uses internal models like Historical and Monte Carlo Simulations in measuring market risk. The Parent Bank also performs daily back-testing in order to measure the reliability of the models. Besides, scenario analyses are implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and liability accounts, liquidity analysis are performed and the duration of the Bank's assets and liabilities is calculated.

The market risk analysis of the Parent Bank is reported monthly and sent to the related regulatory institutions.

Value at market risk

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	15,935	14,179
(II) Capital Obligation against Specific Risks - Standard Method	2,434	7,959
Capital to be employed for specific risk in securitisation positions- Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	33,174	40,208
(IV) Capital Obligation against Stocks Risks - Standard Method	-	-
(V) Capital Obligation against Exchange Risks - Standard Method	-	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	-	-
(VII) Capital Obligation Calculated for Counterparty Credit Risk - Standard Method	7,439	2,465
(VIII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(IX) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII)	58,981	64,811
(X) Value-At-Market Risk (12.5xVIII) or (12.5xIX)	737,263	810,138

Average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	14,166	18,276	9,186	89,337	134,503	20,406
Common Share Risk	2,832	4,374	2,147	1,989	2,512	1,284
Currency Risk	45,869	70,042	32,732	43,272	56,347	36,504
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	266	669	-
Counterparty Credit Risk	5,059	7,439	2,651	2,637	2,808	2,465
Total Value at Risk	849,071	1,251,643	583,950	1,702,270	2,171,075	810,137

Information on Counterparty Credit Risk

Counterparty credit risk is the probability of an economic loss that Bank could face because the counterparty to a transaction bringing liabilities to both parties could default before the final settlement of the transaction.

In calculation of the counterparty credit risk "Valuation Method on the Basis of Fair Value" is implemented in the scope of "Regulation on Calculation and Assessment of Capital Adequacy of the Banks". The counterparty credit risk of the derivatives includes current replacement cost and potential future credit exposure. Replacement cost is calculated on fair value of the contracts, whilst potential future credit risk exposure is calculated by multiplication of contract amounts with the credit conversion rates stated in the appendices of the regulation.

Information about counterparty risk

	Current Period ^(*)	Prior Period ^(*)
Contracts based on Interest rate	22,552	11,853
Contracts based on currency	110,432	35,772
Contracts based on commodity	-	-
Contracts based on stocks	10	-
Other	-	-
Gross Positive Fair Value	132,994	47,625
Benefits of clarification	-	-
Clarified current risk amount	-	-
The securities which are held	-	-
The net position of derivatives	132,994	47,625

^(*)Counterparty risk related on held for trading accounts is presented.

IV. Consolidated Operational risk

The Group calculated the value at operational risk in accordance with the third section of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" that is "Computation of Value of Operational Risk" published in 28 June 2012 dated Official Gazette no. 28337. The operational risk which the Bank is exposed to is calculated according to the "Basic Indicator Method" hence by multiplying the average of the 15% of last three years' actual gross income with 12.5, in line with the effective legislation practices in the country.

Current Period	31 December 2010	31 December 2011	31 December 2012	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	4,371,279	4,917,176	6,009,190	3	15	764,882
Amount subject to operational risk (Total*12,5)						9,561,025
Prior Period	31 December 2009	31 December 2010	31 December 2011	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	4,414,478	4,371,279	4,917,176	3	15	685,147
Amount subject to operational risk (Total*12,5)						8,564,338

V. Consolidated foreign currency exchange risk

Foreign exchange risk that the Parent Bank is exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Parent Bank for the positions monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of the Parent Bank.

All of the foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

The magnitude of hedging foreign currency debt instruments and net investment in foreign operations by using derivatives

As at 31 December 2013 and 2012, the Group does not have derivate financial instruments held for risk management purpose.

Foreign exchange risk management policy

Risk policy of the Bank is based on the transactions within the limits and keeping the currency position well-balanced. In the light of the national legislations and international applications, the Parent Bank has established a foreign currency risk management policy that enables the Group to take a position between lower and upper limits determined in respect of the current equity profile. Speculative position is not held by the Parent Bank. The effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:

	US Dollar	Euro
Foreign currency purchase rate at the balance sheet date	2.1400	2.9489
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	2.0850	2.8644
Day 2	2.0800	2.8687
Day 3	2.0450	2.7980
Day 4	2.0250	2.7688
Day 5	2.0450	2.7982
Last 30-days arithmetical average rate	2.0032	2.7356

Information on currency risk

Current Year	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the CBT	5,792,195	7,616,111	3,764,000	17,172,306
Banks	286,441	2,434,270	57,717	2,778,428
Financial assets at fair value through profit or loss ⁽¹⁾	6,266	31,441	-	37,707
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	1,305,686	2,795,438	-	4,101,124
Loans and receivables ⁽²⁾	9,056,295	16,907,255	58,146	26,021,696
Associates, subsidiaries and joint-ventures (business combinations)	3	-	-	3
Held-to-maturity investments	9,356	45,073	-	54,429
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,925	1,802	-	3,727
Intangible assets	68	128	-	196
Other assets ⁽³⁾⁽⁴⁾	561,769	1,142,863	4,724	1,709,356
Total assets	17,020,004	30,974,381	3,884,587	51,878,972
Liabilities:				
Bank deposits	541,821	2,168,866	2,370	2,713,057
Foreign currency deposits	10,812,446	9,438,650	1,128,265	21,379,361
Interbank money market takings	683,303	5,882,383	-	6,565,686
Funds borrowed	5,280,133	6,581,078	14,142	11,875,353
Securities issued	29,720	4,461,152	28,065	4,518,937
Miscellaneous payables	196,425	99,130	16,305	311,860
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ⁽¹⁾⁽⁵⁾	81,720	2,993,666	4,285	3,079,671
Total liabilities	17,625,568	31,624,925	1,193,432	50,443,925
Net 'on balance sheet' position	(605,564)	(650,544)	2,691,155	1,435,047
Net 'off-balance sheet' position	749,672	778,864	(2,701,033)	(1,172,497)
Derivative assets ⁽⁶⁾	2,031,264	8,258,319	1,437,036	11,726,619
Derivative liabilities ⁽⁶⁾	1,281,592	7,479,455	4,138,069	12,899,116
Non-cash loans ⁽⁷⁾	1,539,590	7,179,775	347,230	9,066,595
Previous Year	Euro	US Dollar	Other FCs	Total
Total assets	12,393,687	21,833,713	2,572,431	36,799,831
Total liabilities	11,958,995	23,794,086	898,483	36,651,564
Net 'on balance sheet' position	434,692	(1,960,373)	1,673,948	148,267
Net 'off-balance sheet' position	(333,160)	2,344,524	(1,676,440)	334,924
Derivative assets ⁽⁶⁾	744,260	5,427,272	161,987	6,333,519
Derivative liabilities ⁽⁶⁾	1,077,420	3,082,748	1,838,427	5,998,595
Non-cash loans ⁽⁷⁾	1,357,615	5,040,781	298,095	6,696,491

⁽¹⁾ Foreign exchange rates based accruals of derivative financial assets and liabilities which respectively are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 2,548,480 (31 December 2012: TL 1,736,458) presented in TL in the financial statements are included in the above table.

⁽³⁾ Foreign currency indexed factoring receivables amounted to TL 9,074 (31 December 2012: TL 21,726) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁴⁾ Prepaid expenses amounting to TL 33,376 (31 December 2012: TL 25,151) are not included.

⁽⁵⁾ Unearned income amounting to TL 37,464 (31 December 2012: TL 22,900) and deferred tax asset amounting to TL 1,050 are not included.

⁽⁶⁾ Asset purchase commitments amounting to TL 1,716,683 (31 December 2012: TL 287,531) and asset sales commitments amounting to TL 5,881,305 (31 December 2012: TL 592,925) are included.

⁽⁷⁾ Non-cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.

Exposure to currency risk

10 percent devaluation of the TL against the following currencies as at and for the years ended 31 December 2013 and 2012 would effect consolidated equity and the consolidated statement of income (without tax effects) by the amounts shown in the table below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2013		31 December 2012	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	12,639	12,639	(8,959)	38,188
EUR	(16,023)	(16,023)	(8,351)	20,816
Other currencies	(988)	(988)	(249)	(249)
Total, net	(4,372)	(4,372)	(17,559)	58,755

^(*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

10 percent revaluation of the TL against the following currencies as at and for the years ended 31 December 2013 and 2012 would effect consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	31 December 2013		31 December 2012	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(12,639)	(12,639)	10,594	(36,553)
Euro	16,023	16,023	8,351	(20,816)
Other currencies	988	988	1,003	1,003
Total, net	4,372	4,372	19,948	(56,366)

^(*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

VI. Consolidated interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

The Parent Bank's interest rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

Interest rate sensitivity of assets, liabilities and off balance sheet items (based on re-pricing dates)

Current Year End	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBT	-	-	-	-	-	18,975,182	18,975,182
Banks	2,215,980	182,222	2,239	-	-	757,910	3,158,351
Financial assets at fair value through profit/loss	240,057	245,314	141,141	24,050	2,034	3,023	655,619
Interbank money market placements	5,095	-	-	-	-	-	5,095
Available-for-sale financial assets	5,352,344	2,440,347	2,697,991	3,296,050	2,857,302	13,375	16,657,409
Loans and receivables	26,238,283	19,283,647	17,078,087	16,099,655	9,604,374	369,012	88,673,058
Held-to-maturity investments	914,868	427,664	2,022,196	495,822	1,552,621	-	5,413,171
Other assets (*)	49,138	161,056	230,216	679,202	10,000	5,120,085	6,249,697
Total assets	35,015,765	22,740,250	22,171,870	20,594,779	14,026,331	25,238,587	139,787,582
<i>Liabilities:</i>							
Bank deposits	3,105,830	869,432	103,153	-	-	25,537	4,103,952
Other deposits	38,796,173	19,294,057	6,040,869	898,335	26,140	13,879,873	78,935,447
Interbank money market takings	12,723,139	237,295	1,005,685	809,269	-	-	14,775,388
Miscellaneous payables	-	-	-	-	-	2,841,068	2,841,068
Securities issued	401,593	1,427,439	1,726,683	3,265,020	-	-	6,820,735
Funds borrowed	681,189	4,553,844	5,637,765	691,124	721,739	-	12,285,661
Other liabilities (**)	124,797	17,333	141,104	410,218	1,493,102	17,838,777	20,025,331
Total liabilities	55,832,721	26,399,400	14,655,259	6,073,966	2,240,981	34,585,255	139,787,582
On balance sheet long position	-	-	7,516,611	14,520,813	11,785,350	-	33,822,774
On balance sheet short position	(20,816,956)	(3,659,150)	-	-	-	(9,346,668)	(33,822,774)
Off-balance sheet long position	572,957	1,733,400	581,537	415,289	166,248	-	3,469,431
Off-balance sheet short position	(26,964)	(250,998)	(658,787)	(1,395,220)	(861,748)	-	(3,193,717)
Net Position	(20,270,963)	(2,176,748)	7,439,361	13,540,882	11,089,850	(9,346,668)	275,714

(*)Subsidiaries, associates and tangible and intangible assets are included in non-interest bearing column.

(**)Equity is included in non-interest bearing column in other liabilities line.

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Previous Year End	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBT	-	-	-	-	-	12,331,494	12,331,494
Banks	1,840,727	294,710	146	-	-	520,907	2,656,490
Financial assets at fair value through profit/loss	34,048	37,319	41,966	168,898	11,550	2,709	296,490
Interbank money market placements	6,645	-	-	-	-	-	6,645
Available-for-sale financial assets	4,765,314	2,098,405	1,900,238	3,088,839	2,469,739	12,246	14,334,781
Loans and receivables	21,944,720	15,107,662	11,994,426	12,926,108	7,035,984	307,799	69,316,699
Held-to-maturity investments	368,474	776,415	640,988	1,254,479	1,220,704	-	4,261,060
Other assets ^(*)	26,051	127,048	193,088	513,453	43,208	3,932,905	4,835,753
Total assets	28,985,979	18,441,559	14,770,852	17,951,777	10,781,185	17,108,060	108,039,412
<i>Liabilities:</i>							
Bank deposits	2,792,890	880,011	364,596	-	-	15,263	4,052,760
Other deposits	33,991,113	15,098,710	3,634,010	550,332	12,928	11,046,951	64,334,044
Interbank money market takings	6,769,186	233,673	1,679,961	-	-	-	8,682,820
Miscellaneous payables	353	-	-	-	-	2,438,803	2,439,156
Securities issued	608,070	161,954	711,587	891,137	-	-	2,372,748
Funds borrowed	1,961,676	3,629,530	2,295,949	116,193	97,633	-	8,100,981
Other liabilities ^(**)	39,071	4,629	3,842	107,809	1,705,898	16,195,654	18,056,903
Total liabilities	46,162,359	20,008,507	8,689,945	1,665,471	1,816,459	29,696,671	108,039,412
On balance sheet long position	-	-	6,080,907	16,286,306	8,964,726	-	31,331,939
On balance sheet short position	(17,176,380)	(1,566,948)	-	-	-	(12,588,611)	(31,331,939)
Off-balance sheet long position	490,457	1,637,600	331,215	294,353	36,863	-	2,790,488
Off-balance sheet short position	(37,380)	(90,990)	(369,465)	(1,566,532)	(659,863)	-	(2,724,230)
Net Position	(16,723,303)	(20,338)	6,042,657	15,014,127	8,341,726	(12,588,611)	66,258

^(*) Subsidiaries, associates and tangible and intangible assets are stated in non-interest bearing column.

^(**) Equity is included in non-interest bearing column in other liabilities line.

Average interest rates applied to monetary financial instruments:

	Euro	US Dollar	Japanese Yen	TL
Current Year	%	%	%	%
<i>Assets:</i>				
Cash and balances with CBT	-	-	-	-
Banks	0.10	0.35	-	9.43
Financial assets at fair value through profit/loss	5.26	7.21	-	10.11
Interbank money market placements	-	-	-	7.35
Available-for-sale financial assets	5.04	7.05	-	7.58
Loans and receivables	5.17	6.88	-	13.49
Held-to-maturity investments	6.50	3.31	-	14.64
<i>Liabilities:</i>				
Bank deposits	1.00	0.71	-	8.21
Other deposits	2.71	2.51	-	8.16
Interbank money market takings	0.37	1.19	-	7.62
Miscellaneous payables	-	-	-	-
Securities issued	1.53	4.06	-	8.74
Funds borrowed	1.19	1.66	-	8.26

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	Euro	US Dollar	Japanese Yen	TL
Previous Year	%	%	%	%
Assets:				
Cash and balances with CBT	-	-	-	-
Banks	1.62	2.38	-	10.38
Financial assets at fair value through profit/loss	7.54	1.84	-	6.32
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.34	7.13	-	7.53
Loans and receivables	4.67	5.46	-	15.36
Held-to-maturity investments	6.50	1.16	-	10.05
Liabilities:				
Bank deposits	1.79	1.40	-	6.69
Other deposits	3.26	3.15	-	8.79
Interbank money market takings	0.43	1.31	-	5.57
Miscellaneous payables	-	-	-	-
Securities issued	-	5.75	-	7.64
Funds borrowed	1.45	2.09	-	9.37

The interest rate risk of the banking book items:

Measurement Frequency of Interest Rate Risk

Interest rate risk arising from banking book accounts is calculated in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standart Shock Technique" published in the 23 August 2011 dated Official Gazette no. 28034. Legal limit is monthly monitored and reported accordingly.

The economic value changes arising from the interest rate fluctuations which are measured according to "Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standart Shock Technique" are presented in the below table:

Currency Unit-Current Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,412,990) / 2,441,246	(15.89%) / 16.08%
2. EURO	200 / (200)	34,736 / 10,115	0.23% / 0.07%
3. USD	200 / (200)	457,473 / (383,076)	3.01% / (2.52%)
Total (For Negative Shocks)	-	2,068,285	13.63%
Total (For Positive Shocks)	-	(1,920,781)	(12.65%)

Currency Unit-Prior Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,133,853) / 2,169,218	(15.8%) / 16.0%
2. EURO	200 / (200)	(28,821) / 22,552	(0.2%) / 0.2%
3. USD	200 / (200)	227,439 / (174,372)	1.7% / (1.3%)
Total (For Negative Shocks)	-	2,017,398	14.90%
Total (For Positive Shocks)	-	(1,935,335)	(14.30%)

Stock position risks arising from banking book items:

Information on separations of risks according to objectives including their relation with gains presented under equity and strategic reasons, accounting techniques and general information about valuation methods with the related assumptions and factors that affect the valuation and significant changes

If carrying value is substantially different from fair value and for publicly traded shares if market value is substantially different from fair value, the comparison with the market prices are shown in the table below:

Current Period		Comparison	
Stock Investments	Carrying Value	Fair Value	Market Value
Stocks quoted in exchange			
1.Stocks Investments Group A	-	-	-
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(*)	282,457	282,457^(*)	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

Prior Period		Comparison	
Stock Investments	Carrying Value	Fair Value	Market Value
Stocks quoted in exchange^(*)	1,496	1,496	1,496
1.Stocks Investments Group A	1,496	1,496	1,496
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	213,486	213,486^(**)	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

Total unrealized gain or loss, total revaluation surplus and values included to principal and supplementary capital

Total unrealized gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

Portfolio-Current Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Included in	Included in	Included in	Included in
		Total^(*)	Supplementary Capital	Total^(*)	Core Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	52,966	23,835	-	-
4. Total	-	52,966	23,835	-	-

^(*) Amounts are presented including the effect of deferred tax.

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Portfolio-Prior Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Supplementary Capital	Total (*)	Included in Core Capital	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	(36,590)	(36,590)	-	-	-
4. Total	-	(36,590)	(36,590)	-	-	-

(*) Amounts are presented including the effect of deferred tax.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of the changes in the levels of equity indices and the value of individual stocks.

The fair value effect of a 10% increase/decrease in price of equity securities (all other variables held constant) which are recognized at market value and are presented under available for sale assets in the accompanying financial statements as at 31 December 2013 does not have any effect on equity of the Group (31 Aralık 2012: 150 TL).

VII. Consolidated liquidity risk

In order to avoid the liquidity risk, the Parent Bank diverts funding resources as customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Parent Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitization transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Year End	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed ^(*)	Total
Assets:								
Cash and balance with CBT	18,975,182	-	-	-	-	-	-	18,975,182
Banks	2,538,274	435,616	182,222	2,239	-	-	-	3,158,351
Financial assets at fair value through profit/loss	17,585	135,392	115,723	168,048	204,534	11,314	3,023	655,619
Interbank money market placements	-	5,095	-	-	-	-	-	5,095
Available-for-sale financial assets	-	662,288	1,034,753	2,210,121	7,078,339	5,658,533	13,375	16,657,409
Loans and receivables	-	8,977,318	3,356,745	15,400,799	41,000,878	19,568,306	369,012	88,673,058
Held-to-maturity investments	-	549,568	114,102	566,620	495,822	3,687,059	-	5,413,171
Other assets	-	917,884	154,953	293,814	811,059	10,000	4,061,987	6,249,697
Total assets	21,531,041	11,683,161	4,958,498	18,641,641	49,590,632	28,935,212	4,447,397	139,787,582
Liabilities:								
Bank deposits	25,537	3,105,830	869,432	103,153	-	-	-	4,103,952
Other deposits	13,879,873	38,796,173	19,294,057	6,040,869	898,335	26,140	-	78,935,447
Funds borrowed	-	347,263	767,077	6,297,705	2,478,866	2,394,750	-	12,285,661
Interbank money market takings	-	12,723,139	237,295	1,005,685	809,269	-	-	14,775,388
Securities issued	-	401,592	1,427,439	1,726,684	3,265,020	-	-	6,820,735
Miscellaneous payables	-	2,408,869	115,277	33,169	1,368	-	282,385	2,841,068
Other liabilities	-	470,444	75,349	144,344	449,854	1,511,455	17,373,885	20,025,331
Total liabilities	13,905,410	58,253,310	22,785,926	15,351,609	7,902,712	3,932,345	17,656,270	139,787,582
Net Liquidity Gap	7,625,631	(46,570,149)	(17,827,428)	3,290,032	41,687,920	25,002,867	(13,208,873)	-
Previous Year End	Demand	Up to 1Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed ^(*)	Total
Total assets	13,765,503	7,674,624	1,220,162	15,938,944	43,740,945	22,271,662	3,427,572	108,039,412
Total liabilities	11,062,214	46,997,596	17,019,744	10,746,017	3,608,426	2,877,958	15,727,457	108,039,412
Net Liquidity Gap	2,703,289	(39,322,972)	(15,799,582)	5,192,927	40,132,519	19,393,704	(12,299,885)	-

^(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash on short period such as tangible assets, intangible assets, associates, subsidiaries, miscellaneous receivables and equity are included in this column.

Residual contractual maturities of monetary liabilities

Current year	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	4,103,952	4,114,689	25,538	3,107,386	876,802	104,963	-	-
Other deposits	78,935,447	79,485,635	13,879,873	38,895,639	19,480,650	6,216,492	981,498	31,483
Funds borrowed	12,285,661	12,992,694	-	362,195	822,749	6,412,167	2,591,033	2,804,550
Interbank Money market takings	14,775,388	14,801,868	-	12,726,351	237,537	1,011,566	826,414	-
Issued Securities (Net)	6,820,735	7,572,794	-	400,920	1,436,319	1,775,217	3,960,338	-
Miscellaneous payables	2,841,068	2,841,068	282,397	2,408,857	115,277	33,169	1,368	-
Other liabilities	3,401,687	4,391,985	992,300	295,469	15,496	147,863	516,347	2,424,510
Total	123,163,938	126,200,733	15,180,108	58,196,817	22,984,830	15,701,437	8,876,998	5,260,543
Non-Cash Loans	23,406,706	23,406,706	264,268	370,339	13,670,929	5,657,505	2,788,347	655,318

Previous year	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	4,052,760	4,063,583	15,263	2,794,719	886,791	366,810	-	-
Other deposits	64,334,044	64,723,597	11,046,951	34,067,776	15,251,225	3,730,789	611,031	15,825
Funds borrowed	8,100,981	8,556,970	-	288,586	381,136	4,313,607	2,230,115	1,343,526
Interbank Money market takings	8,682,820	8,706,596	-	6,773,608	234,179	1,698,809	-	-
Issued Securities (Net)	2,372,748	2,623,486	-	610,517	164,324	728,357	1,120,288	-
Miscellaneous payables	2,439,156	2,439,156	135,208	2,124,680	85,174	93,109	985	-
Other liabilities	2,646,534	2,646,534	532,109	252,953	9,788	8,635	118,115	1,724,934
Total	92,629,043	93,759,922	11,729,531	46,912,839	17,012,617	10,940,116	4,080,534	3,084,285
Non-Cash Loans	17,251,037	17,251,037	7,631,920	1,136,877	1,567,553	4,183,700	2,047,339	683,648

This table shows the undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturities. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the consolidated financial statements.

Securitisation Positions

None.

Credit risk mitigation techniques

"Basic Financial Guarantee" method is used for the financial guarantees in accordance with "Communique on Credit Risk Mitigation". Besides, cash or cash equivalent, treasury bill, government bond and guarantees are used in credit risk mitigation.

Applications on guarantees' valuation and method

Policies on the valuation of financial guarantees and their evaluation and valuation of immovables that are received as mortgage for loans have been formed. These policies and procedures are prepared in accordance with "Communique on Credit Risk Mitigation" and include minimum conditions regarding guarantee valuation and management.

Types of main guarantees received

Main types of the guarantees that Bank receives for loans provided are mortgages, guarantees/sureties and financial guarantees.

Main guarantors, credit derivatives' counterparties and their credit worthiness

Assessment of credit worthiness of main guarantors is determined and monitored in accordance with the lending and intelligence procedures of the Bank.

Information about market and credit risk concentration in credit risk mitigation

Market risk and credit risk concentrations are carefully avoided in credit risk mitigation.

Information about guarantees according to risk classifications

Information about guarantees according to risk classifications is shown in the table below:

Risk Classification-Current Year	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	46,007,464	4,283,181	-	-
Claims on regional governments or local authorities	1,875,473	18,209	-	-
Claims on administrative bodies and other non-commercial undertakings	397,891	48,355	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	14,734,825	6,664,579	-	-
Claims on corporate	41,951,114	449,994	-	-
Claims included in the regulatory retail portfolios	23,828,096	117,634	-	-
Claims secured by residential property	25,190,180	-	-	-
Past due loans	369,026	-	-	-
Higher risk categories decided by the Agency	12,242,193	-	-	-
Marketable securities secured by mortgages	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other claims	4,484,824	-	-	-
Total	171,081,08	11,581,952	-	-

Risk Classification-Prior Year	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	32,996,603	2,089,145	-	-
Claims on regional governments or local authorities	1,247,548	2,088	-	-
Claims on administrative bodies and other non-commercial undertakings	58,899	11,622	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	11,244,450	5,439,356	-	-
Claims on corporate	78,154,379	9,710	-	-
Claims included in the regulatory retail portfolios	26,514,718	116	-	-
Claims secured by residential property	20,738,887	-	-	-
Past due loans	316,900	-	-	-
Higher risk categories decided by the Agency	6,831,919	-	-	-
Marketable securities secured by mortgages	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other claims	3,953,721	-	-	-
Total	182,058,02	7,552,037	-	-

Risk management strategies and policies

Risk management strategies are determined so as to support the Bank's objectives and goals and maintain Bank's presence by developing the present risk management strategies and corporate wide risk culture in parallel with the changing business and risk environment and by applying the well accepted national and international risk management practices.

The mission of Bank is to continuously increase the values added to the customers, employees, shareholders and society by managing the entrusted assets and values effectively and productively. In this scope, it is fundamental to adopt forward looking risk based approaches through forming high quality assets and good management of liabilities in all activities aiming high quality gains.

Bank's risk management strategy is mainly based on avoiding high risks and legal risks with high impacts even if the probability of happening is low, taking measures for the risks that may occur due to ordinary banking activities, procuring protection, transferring risks to third parties through techniques like insurance or credit derivatives and accepting risks that have low impact and probability of occurrence.

Risks are defined, measured, reported and managed in compliance with the policies and national and international standards. In this respect, not only legal limits but also in-bank limits are considered. Up-to-dateness and compliance of the limits are monitored regularly. Credit risk mitigation policies are determined and approved by the Board of Directors. Besides, possible risks are considered by following the changes in the market and economic conditions.

Risk management system and organization have been formed in compliance with the Regulation on Internal Systems.

VIII. Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Year	Prior Year	Current Year	Prior Year
Financial Assets				
Receivables from Interbank Money Markets	5,095	6,645	5,095	6,645
Banks	3,158,351	2,656,490	3,158,351	2,656,490
Available-for-Sale Financial Assets	16,657,409	14,334,781	16,657,409	14,334,781
Held-to-Maturity Investments	5,413,171	4,261,060	5,193,841	4,476,252
Loans	88,673,058	69,316,699	88,892,545	69,384,754
Lease Receivables	900,223	676,919	900,223	679,664
Factoring Receivables	132,442	185,797	132,442	185,797
Financial Liabilities				
Bank Deposits	4,103,952	4,052,760	4,103,952	4,052,760
Other Deposits	78,935,447	64,334,044	78,935,447	64,334,044
Funds Borrowed	12,285,661	8,100,981	12,285,661	8,100,981
Securities Issued	6,820,735	2,372,748	6,820,735	2,372,748
Subordinated Loans	1,964,663	1,630,188	1,964,663	1,630,188
Miscellaneous Payables	2,841,068	2,439,156	2,841,068	2,439,156

Fair values of available-for-sale financial assets and held-to-maturity investments are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair values of fixed-interest loans are calculated by discounting contractual cashflows of the loans with current market interest rates. For the loans with floating interest rate carrying values of these loans also represents fair values.

Fair value of other assets and liabilities is calculated by adding accumulated acquisition costs and the sum of the interest accrual.

Fair value and carrying value of the borrowings is estimated to be same since most of loans have floating rates.

Fair value and carrying value of the subordinated loan is estimated to be same since the loans has obtained in a recent date compared to balance sheet date.

Classification of Fair Value Measurement

TFRS 7 – *Financial Instruments: Disclosures* requires the measurements of fair value of financial instruments to be classified in a hierarchy that reflects the significance of the valuation inputs used. This classification prioritises observable data, using market data obtained from independent sources, in preference to unobservable data that relies, for example on the use of predictions and assumptions about market prices by the Group. This sort of categorization generally results in the classifications below:

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 (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs)

Classification requires using observable market data if possible.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:				
Debt securities	139,074	69,686	-	208,760
Derivative financial assets held for trading purpose	-	438,395	-	438,395
Investment funds	5,441	-	-	5,441
Equity securities	2,996	-	27	3,023
Available-for-sale financial assets				
Equity securities	-	-	2,610	2,610
Debt securities	14,977,906	1,666,128	-	16,644,034
Investments in associates and subsidiaries	169,019	-	214,890 ^(*)	383,909
Total Financial Assets	15,294,436	2,174,209	217,527	17,686,172
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(219,480)	-	(219,480)
Total Financial Liabilities	-	(219,480)	-	(219,480)

31 December 2012	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:				
Debt securities	148,155	52,144	-	200,299
Derivative financial assets held for trading purpose	-	89,425	-	89,425
Investment funds	4,057	-	-	4,057
Equity securities	2,682	-	27	2,709
Available-for-sale financial assets				
Equity securities	1,496	-	-	1,496
Debt securities	14,320,383	2,152	-	14,322,535
Investments in associates and subsidiaries	160,765	-	166,417 ^(*)	327,182
Total Financial Assets	14,637,538	143,721	166,444	14,947,703
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(199,692)	-	(199,692)
Total Financial Liabilities	-	(199,692)	-	(199,692)

^(*) These amounts consist of fair value of the affiliates and subsidiaries determined by independent valuation companies.

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended 31 December 2013 is as follows:

	Level 3 Amount Current Period	Level 3 Amount Prior Period
Balance at the beginning of the year	166,444	150,032
Total gains or losses for the year recognised in profit or loss	-	-
Total gains or losses for the year recognised under equity	51,083	16,412
Balance at the end of the year	217,527	166,444

IX. Transactions carried out on behalf of customers, items held in trust

The Parent Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers. The Bank is not involved in trust activities.

X. Consolidated segment reporting

The Parent Bank operates in corporate, commercial, small business, retail and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The Parent Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers' needs effectively and efficiently.

Additionally, the Parent Bank provides "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

Retail banking customers form a wide-spread and sustainable deposit base for the Parent Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

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For the Year Ended 31 December 2013

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Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	3,108,792	4,509,750	1,608,108	213,785	9,440,435
<i>Interest income from loans</i>	<i>3,108,792</i>	<i>4,509,750</i>	-	<i>1,199</i>	<i>7,619,741</i>
<i>Interest income from securities portfolio</i>	-	-	<i>1,598,768</i>	<i>17,826</i>	<i>1,616,594</i>
<i>Interest income from banks</i>	-	-	<i>8,715</i>	<i>48,311</i>	<i>57,026</i>
<i>Interest income from money market transactions</i>	-	-	<i>625</i>	<i>281</i>	<i>906</i>
<i>Other interest income</i>	-	-	-	<i>146,168</i>	<i>146,168</i>
Interest Expense	1,520,724	2,022,685	768,519	221,352	4,533,280
<i>Interest expense on deposits</i>	<i>1,520,724</i>	<i>2,022,685</i>	-	-	<i>3,543,409</i>
<i>Interest expense on funds borrowed</i>	-	-	<i>134,973</i>	<i>40,779</i>	<i>175,752</i>
<i>Interest expense on money market transactions</i>	-	-	<i>375,788</i>	<i>11,497</i>	<i>387,285</i>
<i>Interest expense on securities issued</i>	-	-	<i>257,758</i>	-	<i>257,758</i>
<i>Other interest expenses</i>	-	-	-	<i>169,076</i>	<i>169,076</i>
Net Interest Income	1,588,068	2,487,065	839,589	(7,567)	4,907,155
Net Fees and Commissions Income	357,640	270,294	-	1,173	629,107
Trading Income/ Losses (Net)	-	-	230,606	26,662	257,268
Dividend Income	-	-	1,575	14,854	16,429
Other Income	-	-	-	1,465,262	1,465,262
Provision For Losses on Loans and Other Receivables	332,842	1,007,409	145,732	454,594	1,940,577
Other Expenses	-	-	-	3,329,965	3,329,965
Income/Loss From Investments Under Equity Accounting	-	-	25,631	-	25,631
Profit Before Taxes	1,612,866	1,749,950	951,669	(2,284,175)	2,030,310
Provision for taxes	-	-	-	(402,131)	(402,131)
Net Profit/ Loss	1,612,866	1,749,950	951,669	(2,686,306)	1,628,179
SEGMENT ASSETS					
Securities Portfolio	-	-	22,066,260	221,544	22,287,804
Derivative Financial Assets Held for Trading purpose	-	-	438,395	-	438,395
Banks and Receivables From Money Markets	-	-	2,817,103	346,343	3,163,446
Investments in Associates and Subsidiaries(Net)	-	-	435,302	2,799	438,101
Loans	30,428,168	58,127,560	-	117,330	88,673,058
Other Assets	-	-	17,951,402	6,835,376	24,786,778
TOTAL ASSETS	30,428,168	58,127,560	43,708,462	7,523,392	139,787,582
SEGMENT LIABILITIES					
Deposits	33,348,410	49,690,989	-	-	83,039,399
Derivative Financial Liabilities Held for Trading Purpose	-	-	199,746	19,734	219,480
Interbank Money Market	-	-	14,580,345	195,043	14,775,388
Funds Borrowed	-	-	11,408,520	877,141	12,285,661
Securities Issued	-	-	6,820,735	-	6,820,735
Other Liabilities	-	-	2,158,084	4,181,693	6,339,777
Provisions and Tax Liabilities	-	-	-	3,836,184	3,836,184
Equity	-	-	-	12,470,958	12,470,958
TOTAL LIABILITIES AND EQUITY	33,348,410	49,690,989	35,167,430	21,580,753	139,787,582

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

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Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	2,878,741	4,123,093	1,779,476	218,671	8,999,981
<i>Interest income from loans</i>	<i>2,878,741</i>	<i>4,123,093</i>	-	<i>1,206</i>	<i>7,003,040</i>
<i>Interest income from securities portfolio</i>	-	-	<i>1,768,986</i>	<i>38,158</i>	<i>1,807,144</i>
<i>Interest income from banks</i>	-	-	<i>7,562</i>	<i>52,975</i>	<i>60,537</i>
<i>Interest income from money market transactions</i>	-	-	<i>2,928</i>	<i>648</i>	<i>3,576</i>
<i>Other interest income</i>	-	-	-	<i>125,684</i>	<i>125,684</i>
Interest Expense	1,711,542	2,234,599	656,896	141,466	4,744,503
<i>Interest expense on deposits</i>	<i>1,711,542</i>	<i>2,234,599</i>	-	-	<i>3,946,141</i>
<i>Interest expense on funds borrowed</i>	-	-	<i>136,869</i>	<i>42,029</i>	<i>178,898</i>
<i>Interest expense on money market transactions</i>	-	-	<i>346,784</i>	<i>3,222</i>	<i>350,006</i>
<i>Interest expense on securities issued</i>	-	-	<i>173,243</i>	-	<i>173,243</i>
<i>Other interest expenses</i>	-	-	-	<i>96,215</i>	<i>96,215</i>
Net Interest Income	1,167,199	1,888,494	1,122,580	77,205	4,255,478
Net Fees and Commissions Income	294,468	124,664	-	(1,027)	418,105
Trading Income/ Losses (Net)	-	-	336,038	3,353	339,391
Dividend Income	-	-	6,617	299	6,916
Other Income	-	-	-	1,298,661	1,298,661
Provision For Losses on Loans and Other Receivables	254,373	533,245	180,018	483,932	1,451,568
Other Expenses	-	-	-	3,032,355	3,032,355
Income/Loss From Investments Under Equity Accounting	-	-	26,953	-	26,953
Profit Before Taxes	1,207,294	1,479,913	1,312,170	(2,137,796)	1,861,581
Provision for taxes	-	-	-	(437,961)	(437,961)
Net Profit/ Loss	1,207,294	1,479,913	1,312,170	(2,575,757)	1,423,620
SEGMENT ASSETS					
Securities Portfolio	-	-	18,587,396	216,505	18,803,901
Derivative Financial Assets Held for Trading Purpose	-	-	88,430	-	88,430
Banks and Receivables From Money Markets	-	-	1,940,114	723,021	2,663,135
Investments in Associates and Subsidiaries(Net)	-	-	202,781	160,720	363,501
Loans	24,361,968	44,904,865	-	49,866	69,316,699
Other Assets	-	-	11,505,087	5,298,659	16,803,746
TOTAL ASSETS	24,361,968	44,904,865	32,323,808	6,448,771	108,039,412
SEGMENT LIABILITIES					
Deposits	26,343,287	42,043,517	-	-	68,386,804
Derivative Financial Liabilities Held for Trading Purpose	-	-	199,692	-	199,692
Interbank Money Market	-	-	8,489,936	192,884	8,682,820
Funds Borrowed	-	-	7,475,483	625,498	8,100,981
Securities Issued	-	-	2,372,748	-	2,372,748
Other Liabilities	-	-	52,347	5,067,292	5,119,639
Provisions and Tax Liabilities	-	-	-	3,347,731	3,347,731
Equity	-	-	-	11,828,997	11,828,997
TOTAL LIABILITIES AND EQUITY	26,343,287	42,043,517	18,590,206	21,062,402	108,039,412

SECTION FIVE**Disclosures and Footnotes on the Consolidated Financial Statements****I. Information and disclosures related to consolidated assets****1. Information on cash and balances with the Central Bank**

	Current Year		Previous Year	
	TL	FC	TL	FC
Cash	860,483	295,962	793,004	190,016
Central Bank of Turkey ^(*)	922,802	16,870,433	1,452,478	9,870,679
Others	19,591	5,911	4,464	20,853
Total	1,802,876	17,172,306	2,249,946	10,081,548

^(*) TL 14,542,489 (31 December 2012: TL 8,108,813) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals.

In accordance with "Announcement on Reserve Deposits" of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate of 11.5% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2012: 11% for demand deposits, and the rates decrease to 5% as maturities get longer). For foreign currency liabilities, all banks shall provide a reserve rate of 13% in US Dollar or Euro for demand and upto 1 year maturity deposits and rates decrease to 6% as maturities get longer (31 December 2012: 11.5% in US Dollar or Euro for demand and upto 1 year maturity deposits and rates decrease to 6% as maturities get longer).

Balances with the Central Bank of Turkey

	Current Year		Previous Year	
	TL	FC	TL	FC
Unrestricted demand deposits	922,799	1,043,944	1,449,530	693,866
Unrestricted time deposits	-	-	-	-
Restricted time deposits ^(*)	3	1,284,000	2,948	1,068,000
Reserve Deposits	-	14,542,489	-	8,108,813
Total	922,802	16,870,433	1,452,478	9,870,679

^(*) The Parent Bank and CBT had disagreement about the reserve requirements deposited at CBT regarding the syndication loans obtained by foreign branches of the Parent Bank. Subsequent to the decision, CBT required the Parent Bank to provide reserve requirement for loans obtained by foreign branches, the Parent Bank filed a claim in Ankara 15th Administrative Court for the suspension of execution and cancellation of the decision. As at 15 June 2011, the court decided on refusal of the claim with the right to appeal on State Council. CBT requested the Parent Bank to provide additional reserves amounting to USD 384 million in average for 3.5 years period with the 4 May 2011 dated communique. In this context, the Parent Bank has begun to provide additional reserve requirements at 27 May 2011.

2. Further information on financial assets at fair value through profit/loss*Financial assets at fair value through profit/loss given as collateral or blocked*

	Current Year		Previous Year	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	105,248	8,403	53,119	10,022
Others	-	-	-	-
Total	105,248	8,403	53,119	10,022

Trading securities subject to repurchase agreements

	Current Year		Previous Year	
	TL	FC	TL	FC
Government bonds	-	-	983	-
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Others	-	-	-	-
Total	-	-	983	-

Trading purpose derivative financial assets

	Current Year		Previous Year	
	TL	FC	TL	FC
Forward transactions	28,203	375	2,063	2,047
Swap transactions	327,932	79,820	19,313	65,521
Futures	-	-	-	-
Options	15	2,050	208	273
Others	-	-	-	-
Total	356,150	82,245	21,584	67,841

3. Information on banks

	Current Year		Previous Year	
	TL	FC	TL	FC
Banks	379,923	2,778,428	740,354	1,916,136
Domestic	379,110	86,557	739,761	300,982
Foreign	813	2,691,871	593	1,615,154
Foreign head offices and branches	-	-	-	-
Total	379,923	2,778,428	740,354	1,916,136

Due from foreign banks

	Unrestricted Balance		Restricted Balances	
	Current Year	Previous Year	Current Year	Previous Year
EU Countries	268,516	228,516	1,793	-
USA, Canada	1,939,382	1,047,031	92,891	102,389
OECD Countries (*)	77,873	14,052	-	-
Off-shore Banking Regions	229	724	-	121
Others	312,000	222,914	-	-
Total	2,598,000	1,513,237	94,684	102,510

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

4. Information on available-for-sale financial assets*Available-for-sale financial assets given as collateral or blocked*

	Current Year		Previous Year	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	241,746	261,615	6,226	184,493
Others	-	-	-	-
Total	241,746	261,615	6,226	184,493

Available-for-sale financial assets subject to repurchase agreements

	Current Year		Previous Year	
	TL	FC	TL	FC
Government bonds	8,312,947	111,436	4,504,521	53,640
Treasury bills	-	-	-	-
Other debt securities	-	2,988,480	-	3,292,531
Bonds issued or guaranteed by banks	-	76,750	-	42,563
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	8,312,947	3,176,666	4,504,521	3,388,734

Information on available-for-sale financial assets

	Current Year	Previous Year
Debt securities	16,992,896	14,418,802
Quoted	16,992,896	14,418,802
Unquoted	-	-
Equity securities	13,375	12,246
Quoted	-	1,496
Unquoted	13,375	10,750
Provisions for impairment losses (-)	348,862	96,267
Total	16,657,409	14,334,781

5. Information on loans*Information on all types of loans and advances given to shareholders and employees of the Group*

	Current Year		Previous Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	27,065	-	37,919
Legal entities	-	27,065	-	37,919
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	79,959	29	68,881	34
Total	79,959	27,094	68,881	37,953

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified		Loans and other receivables	Agreement conditions modified	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	84,606,163	258,558	-	2,807,414	617,028	-
Loans given to enterprises	23,214,710	79,711	-	1,047,149	320,501	-
Export loans	3,660,020	20,747	-	57,185	8,929	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2,515,433	-	-	8	-	-
Consumer loans	25,946,939	149,253	-	885,394	235,730	-
Credit cards	4,201,450	-	-	180,420	6,308	-
Other	25,067,611	8,847	-	637,258	45,560	-
Specialized lending	7,757	-	-	-	-	-
Other receivables	7,126	-	-	-	-	-
Total	84,621,046	258,558	-	2,807,414	617,028	-

Information related to the changes in the payment plans of loans and other receivables:

	Standard Loans and Other Receivables ^(*)	Loans and other receivables under close monitoring ^(*)
Number of modifications to extend payment plans		
Extended for 1 or 2 times	258,558	405,924
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-
Extended period of time	Standard Loans and Other Receivables ^(*)	Loans and other receivables under close monitoring ^(*)
0-6 Months	18,699	664
6-12 Months	3,093	1,280
1-2 Years	19,890	13,328
2-5 Years	212,305	349,660
5 Years and Over	4,571	40,992

^(*) The above tables include the change in the payment plans of standard and under close monitoring loans and other receivables after 28 May 2011.

Maturity analysis of cash loans

Cash loans	Performing Loans and Other Receivables		Loans and Other Receivables under Follow-Up	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Short-term Loans and Other Receivables	24,355,793	21,852	772,353	73,076
Loans	24,355,793	21,852	772,353	73,076
Specialization loans	-	-	-	-
Other Receivables	-	-	-	-
Medium, Long-term Loans and Other Receivables	60,265,253	236,706	2,035,061	543,952
Loans	60,250,370	236,706	2,035,061	543,952
Specialization loans	7,757	-	-	-
Other Receivables	7,126	-	-	-

Consumer loans, retail credit cards, personnel loans and personnel credit cards

	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	327,979	25,621,990	25,949,969
Housing loans	3,722	13,297,230	13,300,952
Automobile loans	5,018	581,114	586,132
General purpose loans	232,869	9,209,554	9,442,423
Others	86,370	2,534,092	2,620,462
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Consumer loans – FC	1,577	6,075	7,652
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,577	6,075	7,652
Others	-	-	-
Retail credit cards – TL	3,219,884	12,379	3,232,263
With installment	1,798,326	11,675	1,810,001
Without installment	1,421,558	704	1,422,262
Retail credit cards – FC	810	-	810
With installment	-	-	-
Without installment	810	-	810
Personnel loans – TL	2,007	32,070	34,077
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,986	32,070	34,056
Others	21	-	21
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Personnel loans – FC	463	66	529
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	463	66	529
Others	-	-	-
Personnel credit cards – TL	45,249	36	45,285
With installment	21,506	35	21,541
Without installment	23,743	1	23,744
Personnel credit cards – FC	68	-	68
With installment	-	-	-
Without installment	68	-	68
Overdraft Checking Accounts – TL (Real persons)	1,225,000	-	1,225,000
Overdraft Checking Accounts – FC (Real persons)	89	-	89
Total	4,823,126	25,672,616	30,495,742

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based commercial loans – TL	799,041	16,102,317	16,901,358
Real estate loans	1,361	294,693	296,054
Automobile loans	22,182	1,511,674	1,533,856
General purpose loans	775,498	14,295,950	15,071,448
Others	-	-	-
Installment-based commercial loans – FC indexed	27,831	621,928	649,759
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	27,831	621,928	649,759
Others	-	-	-
Installment-based commercial loans – FC	588,784	3,894,936	4,483,720
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	588,281	1,301,780	1,890,061
Others	503	2,593,156	2,593,659
Corporate credit cards – TL	1,109,721	31	1,109,752
With installment	586,929	31	586,960
Without installment	522,792	-	522,792
Corporate credit cards – FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft Checking Accounts – TL (Corporate)	402,000	-	402,000
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	2,927,377	20,619,212	23,546,589

Allocation of loan customers

	Current Year	Previous Year
Public Sector	1,136,265	857,590
Private Sector	87,167,781	68,151,310
Total	88,304,046	69,008,900

Allocation of domestic and foreign loans

	Current Year	Previous Year
Domestic loans	87,928,337	68,698,671
Foreign loans	375,709	310,229
Total	88,304,046	69,008,900

Loans to associates and subsidiaries

	Current Year	Previous Year
Direct Loans Granted to Associates and Subsidiaries	13	-
Indirect Loans Granted to Associates and Subsidiaries	-	-
Total	13	-

Specific provisions for loans

Specific Provisions	Current Year	Previous Year
Loans and receivables with limited collectibility	83,075	76,679
Loans and receivables with doubtful collectibility	660,691	519,895
Uncollectible loans and receivables	2,623,687	1,912,454
Total	3,367,453	2,509,028

*Information on non-performing loans (Net)**Information on non-performing loans and other receivables restructured or rescheduled*

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current year	46,682	72,045	65,263
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	46,682	72,045	65,263
Previous year	37,448	55,374	67,590
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	37,448	55,374	67,590

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the beginning of the year	370,402	520,449	1,925,976
Additions (+)	1,522,266	52,504	89,247
Transfers from other categories of loans under follow-up (+) ^(*)	-	1,267,949	979,526
Transfers to other categories of loans under follow-up (-) ^(*)	1,302,982	1,030,761	103,565
Collections (-)	177,486	148,365	230,026
Write-offs (-)	-	-	1,548
Corporate and commercial loans	-	-	232
Retail loans	-	-	-
Credit cards	-	-	-
Others	-	-	1,316
Currency differences	-	-	2,879
Balance at the end of the year	412,200	661,776	2,662,489
Specific provisions (-)	83,075	660,691	2,623,687
Net balance on balance sheet	329,125	1,085	38,802

^(*)Loans that are transferred from non-performing loans to restructured loans are presented in the Transfers to other categories of loans under follow-up lines.

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

Information on non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Year			
Balance at the end of the year	33,864	1,980	324,226
Specific provisions (-)	6,773	1,980	321,412
Net balance on balance sheet	27,091	-	2,814
Previous Year			
Balance at the end of the year	18,304	13,775	301,918
Specific provisions (-)	3,487	13,754	290,607
Net balance on balance sheet	14,817	21	11,311

Non performing loans due to foreign currency denominated loans provided by the Parent Bank or domestic financial subsidiaries are followed in TL accounts, while non-performing loans provided by subsidiaries in abroad are followed in foreign currency accounts.

Write-off policy for uncollectible loans and receivables

The Group writes off a loan balance (and any related allowances for impairment losses) when it is concluded that those loans are uncollectible. This conclusion is given after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.

Loan customer concentration of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Year (Net)	329,125	1,085	38,802
Consumer and commercial loans (Gross)	409,372	655,123	2,604,871
Specific provisions (-)	82,509	654,038	2,566,070
Consumer and commercial loans (Net)	326,863	1,085	38,802
Banks (Gross)	-	-	7,462
Specific provisions (-)	-	-	7,462
Banks (Net)	-	-	-
Other loans and receivables (Gross)	2,828	6,653	50,156
Specific provisions (-)	566	6,653	50,155
Other loans and receivables (Net)	2,262	-	-
Previous Year (Net)	293,723	554	13,522
Consumer and commercial loans (Gross)	328,992	514,666	1,842,173
Specific provisions (-)	65,798	514,666	1,839,998
Consumer and commercial loans (Net)	263,194	-	2,175
Banks (Gross)	-	-	7,181
Specific provisions (-)	-	-	7,181
Banks (Net)	-	-	-
Other loans and receivables (Gross)	41,410	5,783	76,622
Specific provisions (-)	10,881	5,229	65,275
Other loans and receivables (Net)	30,529	554	11,347

6. Information on held-to-maturity investments*Held-to-maturity debt securities issued by the governments*

	Current Year		Previous Year	
	TL	FC	TL	FC
Government bonds	5,358,742	-	4,198,301	-
Treasury bills	-	-	-	-
Other securities issued by the governments	-	11,590	-	9,312
Total	5,358,742	11,590	4,198,301	9,312

Information on held-to-maturity investment securities

	Current Year	Previous Year
Debt Securities	5,470,531	4,332,399
Quoted at stock exchanges	5,427,692	4,278,952
Unquoted at stock exchanges	42,839	53,447
Impairment losses (-)	57,360	71,339
Total	5,413,171	4,261,060

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	4,261,060	5,979,238
Foreign currency differences on monetary assets	54,323	(114,339)
Purchases during the period	2,530,205	210,825
Transfers to available for sale portfolio ^(*)	-	(1,474,294)
Disposals through sales/redemptions	(1,507,738)	(275,294)
Impairment losses	13,979	(29,209)
Change in amortized costs of the securities ^(**)	61,342	(35,867)
Balances at the end of the period	5,413,171	4,261,060

^(*) In the scope of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" which is effective from 1 July 2012, the credit risk weight of foreign currency denominated debt securities has changed and therefore these securities have been reclassified according to the related standard. The Parent Bank reclassified certain investment securities that were previously classified in held-to-maturity portfolio with total face value of USD 706,011,000 (full U.S. dollar) ve EUR 60,002,000 (full EURO) to its available-for-sale investment securities portfolio. The securities reclassified from held-to-maturity portfolio with amortized cost of TL 1,422,452 and fair value of TL 1,733,819 in total to available-for-sale investment securities portfolio as at the reclassification date.

^(**) Differences in the amortized costs of the marketable securities are included in this column.

Information about held-to-maturity investments

Current Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	287,360	42,800	281,131	42,839
Investments subject to repurchase agreements	4,716,595	-	4,831,384	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others ^(*)	247,800	10,908	246,227	11,590
Total	5,251,755	53,708	5,358,742	54,429

Previous Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	730,596	53,400	733,880	53,447
Investments subject to repurchase agreements	2,148,261	-	2,184,752	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others ^(*)	1,287,654	8,762	1,279,669	9,312
Total	4,166,511	62,162	4,198,301	62,759

^(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the "Others" line.

7. Investments in associates**Unconsolidated investments in associates**

Company	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)	
1 Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	Ankara/Turkey	9.93	9.93	
2 Bankalararası Kart Merkezi AŞ	İstanbul/Turkey	9.70	9.70	
3 Kredi Kayıt Bürosu AŞ	İstanbul/Turkey	9.09	9.09	
4 Güçbirliği Holding AŞ	İzmir/Turkey	0.07	0.07	
5 İzmir Enternasyonal Otelcilik AŞ	İstanbul/Turkey	5.00	5.00	
6 İstanbul Takas ve Saklama Bankası AŞ ^(*)	İstanbul/Turkey	4.86	5.28	
7 Kredi Garanti Fonu AŞ ^(*)	Ankara/Turkey	1.75	1.75	
8 World Vakıf UBB Ltd. in Liquidation	Lefkoşa/NCTR	82.00	85.24	

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Year's Profit/Loss	Fair Value
1 2,195,033	407,036	304,993	22,370	-	30,555	61,905	-
2 35,583	22,332	19,380	511	14	2,644	1,247	-
3 100,413	83,442	52,127	2,546	-	32,665	33,184	-
4 128,925	(5,972)	88,081	401	-	(14,139)	(3,706)	-
5 99,318	26,007	94,127	-	-	(10,855)	2,373	-
6 5,596,026	590,396	20,122	116,776	6,894	81,809	55,168	-
7 277,342	271,721	3,178	7,385	-	10,746	6,692	-
8 1,560	(46,400)	-	2	-	(4,369)	(3,639)	-

^(*) Financial information as at and for the nine-month period ended 30 September 2013 has been presented for these associates.

The liquidation process of World Vakıf UBB Ltd, an associate of the Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed. Thus, the company's name has been changed as "World Vakıf UBB Ltd in Liquidation".

Roketsan Roket Sanayi ve Ticaret AŞ, an associate of the Bank, has merged with its subsidiary Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ, with dissolution of Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ without liquidation. The merge has been registered in trade registry gazette on 29 June 2012. With the merger, the share of the Bank has increased by TL 4 from TL 14,600 to TL 14,604 and the ownership ratio of the Parent Bank has decreased from 10.00% to 9.93% due to two new shareholders from Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ.

As per 5 April 2012 dated and 4686 numbered decision of the BRSA, Kredi Kayıt Bürosu AŞ and Bankalararası Kart Merkezi AŞ has been classified as non-financial associates. Based on this decision, Kredi Kayıt Bürosu AŞ ve Bankalararası Kart Merkezi have been transferred to "Other Business Enterprises" account from "Other financial investments" account.

The name of World Vakıf Off Shore Banking Ltd, a subsidiary of the Bank, was changed as World Vakıf UBB. Ltd. on 4 February 2009. Pursuant to the 4 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., operating in NCTR, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. According to 24 May 2010 dated decision of the Nicosia Local Court, World Vakıf UBB Ltd. will be liquidated and NCTR Company Registrar is appointed to carry out liquidation process. Due to loss of control over Company, World Vakıf UBB Ltd. has been reclassified "Investments in associates". The financial statements of the Company have not been consolidated, but its equity until the liquidation decision date has been included in the accompanying consolidated financial statements.

Unconsolidated associates, reasons for not consolidating such investments and accounting treatments applied for such investments:

İstanbul Takas ve Saklama Bankası AŞ and Kredi Garanti Fonu AŞ have not been consolidated since their total assets and net operating profit/(loss) individually or as a whole, do not comprise a material portion within the consolidated totals. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonal AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements.

Consolidated investments in associates

Company			Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Kıbrıs Vakıflar Bankası Ltd. (*)		Lefkosa/NCTR	15.00	15.00
2	Türkiye Sınai Kalkınma Bankası AŞ (**)		İstanbul/Turkey	8.38	8.38

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Years' Profit/Loss	Fair Value	
1	799,141	66,183	10,051	46,345	3,615	2,263	3,587	-
2	13,439,216	2,017,534	264,137	428,339	233,542	295,154	325,151	1,990,998

(*) Financial information as at and for the nine-month period ended 30 September 2013 has been presented for these associates.

(**) Figures are obtained from audited financial statements as at and for the year ended 31 December 2013 disclosed in Public Disclosure Platform.

Movement of consolidated investments in associates

	Current Year	Previous Year
Balance at the beginning of the year	217,563	128,267
Movements during the year	(14,322)	89,296
Transfers	-	-
Acquisitions	-	-
Bonus shares received	16,755	25,132
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	(31,077)	64,164
Impairment losses	-	-
Balance at the end of the year	203,241	217,563
Capital commitments	-	-
Share percentage at the end of year (%)	-	-

Sectoral distribution of consolidated investments and associates

	Current Year	Previous Year
Banks	203,241	217,563
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial associates	-	-
Total	203,241	217,563

Quoted associates

	Current Year	Previous Year
Quoted at domestic stock exchanges	197,122	211,444
Quoted at international stock exchanges	-	-
Total	197,122	211,444

Investments in associates disposed during the year

There is not any consolidated associate disposed in the current year.

Investments in associates acquired during the year

There is not any associate acquired in the current year.

In the current period, the capital of İstanbul Takas ve Saklama Bankası, an associate of the Parent Bank, has been increased from TL 60,000 to TL 420,000, TL 180,000 is paid from its own resources and TL 180,000 is paid in cash amounting to TL 360,000 in total.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Parent Bank, from TL 1,100,000 to TL 1,300,000, by the General Assembly of the Company, the share of the Parent Bank amounting to TL 16,755 is presented in the movement table of investments in associates as bonus shares received.

Per General Assembly of the Kredi Garanti Fonu an associate of the Parent Bank held on 30 May 2012, the decision for merger of Türk Ekonomi Bankası AŞ and Fortisbank AŞ has taken. Due to this merger, the shares of the Fortisbank have been transferred to Türk Ekonomi Bankası AŞ hence the principle of equality in partnership between banks has been invalidated. In result, the shares are decided to be distributed equally between banks. The TL 211 which is the amount corresponding to Bank share has been paid in year 2012. Accordingly with the addition of TL 211 the share of the Parent Bank has increased to TL 4,211 and shareholder ratio increased to 1.75%.

In year 2012, the Bank has paid its capital commitment amounting to TL 1,000 to Kredi Garanti Fonu AŞ, related to funding requirement of the associate.

In year 2012, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Parent Bank, from TL 800,000 to TL 1,100,000, by the General Assembly of the Company, the share of the Parent Bank amounting to TL 25,132 is presented in the movement table of investments in associates as bonus shares received.

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8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Finans Factoring Hizm. AŞ	Güneş Sigorta AŞ	Vakıf Emeklilik AŞ	Vakıf Portföy Yönetimi AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf B Tipi Menkul Kıyetler Yat. Ort. AŞ
Paid in Capital	114,483	65,000	35,000	22,400	150,000	26,500	3,000	106,200	15,000
Share Premium	-	-	-	-	-	-	-	9,759	-
Adjustment to paid-in capital	-	353	-	28,831	17,794	42,932	16	21,599	93
Valuation changes in marketable securities	(3,051)	2,931	27,707	-	34,245	443	-	-	8
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	-	-	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	-	-	-	-	-
Legal Reserves	5,958	3,814	4,814	4,987	9,764	13,013	770	3,440	-
Extraordinary Reserves	-	35,609	3,788	32,280	12,146	32,827	4,064	52,037	-
Other Profit Reserves	143,150	-	2,345	52	97,838	417	14	(3)	395
Profit/Loss	97,495	1,313	12,910	(7,247)	(81,792)	50,256	2,044	4,359	(2,509)
<i>Prior Years' Profit/Loss</i>	<i>83,548</i>	<i>-</i>	<i>835</i>	<i>-</i>	<i>(30,467)</i>	<i>18,859</i>	<i>-</i>	<i>-</i>	<i>(1,064)</i>
<i>Current Years' Profit/Loss</i>	<i>13,947</i>	<i>1,313</i>	<i>5,979</i>	<i>(7,247)</i>	<i>(51,325)</i>	<i>31,397</i>	<i>2,044</i>	<i>4,359</i>	<i>(1,445)</i>
Minority Rights	-	94	-	-	-	-	-	-	-
Total Core Capital	358,035	109,114	80,468	81,303	239,995	166,388	9,908	197,391	12,987
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	358,035	109,114	80,468	81,303	239,995	166,388	9,908	197,391	12,987
NET AVAILABLE EQUITY	358,035	109,114	80,468	81,303	239,995	166,388	9,908	197,391	12,987

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Bank, calculates capital adequacy in accordance with "Comminique on Capital and Capital Adequacy of Intermediary Firms" of CMB every six months. Güneş Sigorta AŞ ve Vakıf Emeklilik AŞ that operate in insurance business calculate capital adequacy in accordance with "Comminique on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms" published by Undersecretariat of Treasury every six month. According to the calculations at 31 December 2013, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

	Company	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Vakıf Enerji ve Madencilik AŞ ^(**)	Ankara/ Turkey	65.50	84.92
2	Taksim Otelcilik AŞ ^(*)	Istanbul/ Turkey	51.00	51.52
3	Vakıf Pazarlama Sanayi ve Ticaret AŞ ^(***)	Istanbul/ Turkey	69.33	74.98
4	Vakıf Gayrimenkul Değerleme AŞ ^(*)	Ankara/ Turkey	54.29	58.54

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	Fair Value
1	15,690	7,329	1,066	179	-	(548)	(130)	12,500
2	243,871	240,645	112,384	5,909	1	4,836	8,439	243,431
3	58,397	46,538	572	2,020	130	2,642	7,871	41,626
4	29,079	23,127	725	1,097	48	5,790	197	33,567

^(*) Financial information as at and for the nine-month period ended 30 September 2013 has been presented for these subsidiaries.

^(**) Financial information as at and for the six-month period ended 30 June 2013 has been presented for these subsidiaries.

^(***) Financial information as at and for the year ended 31 December 2013 has been presented for these subsidiaries.

In the current period, subsequent to the approval of the decision to increase the paid capital of Taksim Otelcilik AŞ, a subsidiary of the Bank, from TL 97,150 to TL 269,257, by the Extraordinary General Assembly of the company on 27 August 2013, the share of the Bank is increased from TL 49,547 to TL 137,324 (TL 57,176 from retained earnings and TL 30,601 from cash, in total TL 87,777) and the share portion of the Bank is remained the same. TL 7,650 is paid on 13 September 2013 and TL 22,950 is paid on 2 December 2013 from TL 30,601 which is Bank's share of cash capital commitment. The share of the Bank amounting to TL 57,176 is presented in the bonus shares received and TL 30,601 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments:

Vakıf Enerji ve Madencilik AŞ, Taksim Otelcilik AŞ, Vakıf Pazarlama Sanayi ve Ticaret AŞ and Vakıf Gayrimenkul Değerleme AŞ have not been consolidated since they are not among the financial subsidiaries of the Bank. Therefore, the subsidiaries whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values.

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Investments in consolidated subsidiaries

	Company	Address(City / Country)	Bank's Share –If Different Voting Rights (%)	Bank's Risk Group Share (%)
1	Güneş Sigorta AŞ ^(**)	İstanbul/Turkey	36.35	36.35
2	Vakıf Emeklilik AŞ ^(*)	İstanbul/Turkey	53.90	75.30
3	Vakıf Finans Factoring Hizmetleri AŞ ^(*)	İstanbul/Turkey	78.39	86.97
4	Vakıf Finansal Kiralama AŞ ^(**)	İstanbul/Turkey	58.71	64.40
5	Vakıf Yatırım Menkul Değerler AŞ ^(*)	İstanbul/Turkey	99.00	99.44
6	Vakıfbank International AG ^(*)	Vienna/Austria	90.00	90.00
7	Vakıf Portföy Yönetimi AŞ ^(*)	İstanbul/Turkey	99.99	99.99
8	Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ ^(**)	İstanbul/Turkey	11.75	21.77
9	Vakıf Gayrimenkul Yatırım Ortaklığı AŞ ^(**)	İstanbul/Turkey	27.63	29.47

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit / (Loss)	Prior Year's Profit / (Loss)	Fair Value
1	1,118,082	239,995	332,190	14,128	13,355	(51,325)	(12,581)	288,015
2	2,336,179	166,388	61,164	28,732	221	31,397	29,622	439,809
3	175,521	81,303	2,490	16,928	-	(7,247)	10,281	111,245
4	1,066,607	109,114	5,935	66,130	18	1,313	5,402	62,402
5	280,039	80,468	263	15,452	327	5,979	1,946	62,131
6	2,628,413	358,035	1,999	61,736	10,364	13,947	18,165	300,641
7	10,280	9,908	165	683	14	2,044	2,135	29,006
8	13,166	12,987	52	272	(248)	(1,445)	676	12,503
9	198,991	197,391	143,312	1,604	2,817	4,359	6,218	1,215,464

^(*) Financial information as at and for the year ended 31 December 2013 has been presented for these subsidiaries.

^(**) Figures are obtained from audited financial statements as at and for the year ended 31 December 2013 disclosed in Public Disclosure Platform.

Movement table of consolidated investments in subsidiaries in unconsolidated financial statements

	Current Year	Previous Year
Balance at the beginning of the year	912,209	504,673
Movements during the year	251,774	407,536
Transfers	-	155,712
Acquisitions	51,626	-
Bonus shares received	3,267	7,253
Share of current year profit	(15,272)	(14,389)
Sales and liquidations	-	-
Fair value changes	212,153	258,960
Impairment losses	-	-
Balance at the end of the year	1,163,983	912,209
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Year	Previous Year
Measured at cost	-	-
Measured at fair value	1,163,983	912,209
Equity method of accounting	-	-
Total	1,163,983	912,209

Sectoral distribution of consolidated investments in subsidiaries

	Current Year	Previous Year
Banks	270,577	205,380
Insurance companies	341,751	311,392
Factoring companies	87,205	76,750
Leasing companies	36,636	57,773
Financing companies	-	-
Other financial subsidiaries	427,814	260,914
Total	1,163,983	912,209

Quoted consolidated subsidiaries

	Current Year	Previous Year
Quoted at domestic stock exchanges	478,631	336,708
Quoted at international stock exchanges	-	-
Total	478,631	336,708

Consolidated subsidiaries disposed during the year

None.

Consolidated investments in subsidiaries acquired during the period

There are not any acquired consolidated subsidiaries in the current year.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ, a subsidiary of the Parent Bank, from TL 60,000 to TL 65,000, by the General Assembly of the company, the share of the Bank amounting to TL 2,936 is presented as bonus shares received in the movement table of investments in subsidiaries.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf International AG, a subsidiary of the Bank, from EUR 45,000 (in thousands) to EUR 70,000 (in thousands), by the General Assembly of the company, the share of the Bank amounting to TL 51,626 is presented in acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, subsequent to approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, a subsidiary of the Bank, from TL 105,000 to TL 106,200, by the General Assembly of the company, the share of the Bank amounting to TL 331 is presented as bonus shares received in movement table of investments in subsidiaries.

In year 2012, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ, a subsidiary of the Bank, from TL 50,000 to TL 60,000, by the General Assembly of the company, the share of the Bank amounting to TL 5,871 is presented as bonus shares received in the movement table of investments in subsidiaries.

In year 2012, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ ("Vakıf GYO"), a subsidiary of the Parent Bank, by TL 5,000 from TL 100,000 to TL 105,000, by the General Assembly of the Company, the share of the Parent Bank amounting to TL 1,382 is presented in the movement table of investments in subsidiary as shares received.

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ that were accounted as investments in associate in 2012 have been classified as subsidiary beginning from 1 January 2013 and presented in the transfers in movement table of investments in subsidiary.

9. Investments in joint-ventures

There is not any investment in joint-ventures of the Group.

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Year		Previous Year	
	Gross	Net	Gross	Net
Less than 1 year	294,378	248,630	323,945	277,830
Between 1-4 years	645,869	567,960	410,051	359,094
Longer than 4 years	88,692	83,633	42,696	39,995
Total	1,028,939	900,223	776,692	676,919

Net investments in finance lease receivables

	Current Year	Previous Year
Gross finance lease receivables	1,028,939	776,692
Unearned income on finance lease receivables (-)	(128,716)	(99,773)
Terminated lease contracts (-)	-	-
Net finance lease receivables	900,223	676,919

Finance lease agreements

Sum of the minimum lease payments including interest and principal amounts are stated under the “finance lease receivables” as gross. The difference between the total of rent payments and the cost of the related fixed assets is reflected to the “unearned income” account. If the lease payments are made, the lease principal amount is deducted from the “finance lease receivables” as the interest component of the payment is reflected to interest income on the consolidated statement of income.

11. Information on derivative financial instruments held for risk management purposes

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	1,412,529	155,143	54,049	668,807	2,290,528
Accumulated depreciation(-)	298,776	138,222	32,187	446,252	915,437
Impairment	19,947	-	-	-	19,947
Net book value	1,093,806	16,921	21,862	222,555	1,355,144
Balance at the end of the current year:					
Net book value at the beginning of the current year	1,093,806	16,921	21,862	222,555	1,355,144
Additions	263,062	-	351	154,342	417,755
Cost of the disposals	224,259	16,117	1,812	13,442	255,630
Depreciation of the disposals (-)	29,414	15,906	1,585	6,100	53,005
Depreciation of the current year	36,939	5,479	7,026	70,999	120,443
Impairment (-) (*)	4,000	-	-	-	4,000
Exchange differences related to foreign associates	(801)	-	(6)	(307)	(1,114)
Cost at the end of the current year	1,450,531	139,026	52,582	809,400	2,451,539
Accumulated depreciation at the end of the year (-)	306,301	127,795	37,628	511,151	982,875
Impairment (-) (*)	23,947	-	-	-	23,947
Net book value at the end of the current year	1,120,283	11,231	14,954	298,249	1,444,717

(*) In conjunction with the 5th subclause of "Regulation on the procedures and principles for sales and purchase of precious metal and disposal of tangible assets that have been acquired due to receivables by Banks" of BRSA which has been published in the Official Gazette no. 26333 on 1 November 2006, in case assets that are not subject to amortization are not disposed within three years following the acquisition date, they shall be amortized through recording provisions at a rate of 5% for each year after the acquisition date. In this frame, the Parent Bank has booked TL 23,947 provision as at 31 December 2013 (31 December 2012: TL 19,947) taking the temporary clause of the regulation defining the acquisition date into account.

13. Information on intangible assets

Bank's intangible assets consist of computer softwares. The estimated useful life of intangible assets is five years. Intangible assets are amortized on a straight-line basis through the estimated useful lives over their costs adjusted for inflation for the items purchased before 31 December 2004, over their initial costs for the items purchased after 31 December 2004.

In the current year an intangible asset that presents severity for the financial statements does not exist.

Additionally the Group does not have intangible assets, which are obtained by government incentives, recorded at fair value, have utilisation restrictions or have been pledged.

The Group has not declared a commitment to purchase intangible assets.

14. Information on investment properties

As at 31 December 2013, the Group has investment property amounting to the net book value amounting to TL 20,829 (31 December 2012: TL 19,646) for the subsidiaries operating in the insurance business.

15. Information on deferred tax assets

Items generating deferred tax assets or liabilities are listed below as at 31 December 2013 and 2012:

	Current Year	Previous Year
Provision for employee termination benefits and unused vacations	73,189	61,564
Other provisions	45,538	47,237
Valuation differences of financial assets and liabilities	16,172	45,149
Valuation difference for associates and subsidiaries	26,465	28,531
Investment incentives	21,053	26,052
Tax losses carried forward	24,601	13,479
Reporting Standards - Tax Code depreciation differences	8,802	13,005
Other differences	14,568	2,165
Deferred tax assets	230,388	237,182
Net-off of the deferred tax assets and liabilities from the same entity	(72,752)	(29,015)
Deferred tax assets, (net)	157,636	208,167

	Current Year	Previous Year
Valuation differences of financial assets and liabilities	64,672	28,908
Valuation difference for associates and subsidiaries	1,161	1,389
Other differences	10,894	5,394
Deferred tax liabilities	76,727	35,691
Net-off of the deferred tax assets and liabilities from the same entity	(72,752)	(29,015)
Deferred tax liabilities, (net)	3,975	6,676

16. Information on assets held for sale and assets related to the discontinued operations

As at 31 December 2013 net book value of assets held for sale of the Group is amounting to TL 2,169 (31 December 2012: TL 2,093).

17. Information on other assets

As at 31 December 2013 and 2012, the details of other assets are as follows:

	Current Year	Previous Year
Receivables from reinsurance companies	598,482	482,067
Receivables from credit cards	596,284	387,146
Prepaid expenses	518,826	412,879
Guarantees given for repurchase agreements	392,641	9,707
Receivables from insurance operations	293,382	272,070
Receivables from term sale of assets	96,948	47,410
Deferred commission expenses	86,788	77,015
Receivables from derivative financial instruments	61,219	134,520
Receivables from private pensions	2,518	-
Others	371,532	101,692
Total	3,018,620	1,924,506

II. Information and disclosures related to consolidated liabilities**1. Information on maturity profile of deposits**

Current Year	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	2,981,927	-	303,254	15,576,713	1,449,324	403,340	180,434	-	20,894,992
Foreign currency deposits	2,217,395	-	1,999,960	9,026,515	1,271,482	1,587,254	4,217,950	-	20,320,556
Residents in Turkey	1,653,073	-	1,995,186	8,786,795	1,124,231	1,183,491	981,537	-	15,724,313
Residents in abroad	564,322	-	4,774	239,720	147,251	403,763	3,236,413	-	4,596,243
Public sector deposits	3,132,866	-	1,811,779	5,896,887	595,073	330,113	173,382	-	11,940,100
Commercial deposits	1,756,803	-	2,924,845	10,395,210	1,268,039	418,441	114,238	-	16,877,576
Others	2,732,077	-	908,535	2,707,201	526,608	949,011	19,986	-	7,843,418
Precious metal deposits	1,058,805	-	-	-	-	-	-	-	1,058,805
Bank deposits	25,537	-	2,113,701	1,282,805	375,303	213,701	92,905	-	4,103,952
Central Bank	297	-	-	-	-	-	-	-	297
Domestic banks	9,639	-	2,012,419	323,664	281,629	30,992	-	-	2,658,343
Foreign banks	9,065	-	101,282	959,141	93,674	182,709	92,905	-	1,438,776
Participation banks	6,536	-	-	-	-	-	-	-	6,536
Others	-	-	-	-	-	-	-	-	-
Total	13,905,410	-	10,062,07	44,885,331	5,485,829	3,901,860	4,798,895	-	83,039,399

Previous Year	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	2,046,323	-	280,169	12,493,455	2,056,054	99,207	115,769	-	17,090,977
Foreign currency deposits	1,900,860	-	1,514,141	8,111,572	1,391,423	656,744	2,567,856	-	16,142,596
Residents in Turkey	1,524,472	-	1,401,368	8,008,775	1,295,488	408,496	714,272	-	13,352,871
Residents in abroad	376,388	-	112,773	102,797	95,935	248,248	1,853,584	-	2,789,725
Public sector deposits	2,706,233	-	2,065,023	6,205,313	709,706	19,216	14,654	-	11,720,145
Commercial deposits	1,297,597	-	2,737,007	4,185,386	2,462,054	463,272	4,181	-	11,149,497
Others	2,293,689	-	2,211,287	1,894,945	953,617	60,847	14,195	-	7,428,580
Precious metal deposits	802,249	-	-	-	-	-	-	-	802,249
Bank deposits	15,263	-	2,608,713	676,526	385,456	356,339	10,463	-	4,052,760
Central Bank	402	-	-	-	-	-	-	-	402
Domestic banks	689	-	2,459,111	491,591	149,017	-	10,463	-	3,110,871
Foreign banks	7,547	-	149,602	184,935	236,439	356,339	-	-	934,862
Participation banks	6,625	-	-	-	-	-	-	-	6,625
Others	-	-	-	-	-	-	-	-	-
Total	11,062,214	-	11,416,340	33,567,197	7,958,310	1,655,625	2,727,118	-	68,386,804

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Year	Previous Year	Current Year	Previous Year
Saving deposits	10,798,600	7,156,786	10,096,392	9,934,191
Foreign currency saving deposits	3,422,906	2,158,935	7,000,952	5,755,729
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	14,221,506	9,315,721	17,097,344	15,689,920

Saving deposits out of insurance coverage limits

	Current Year	Previous Year
Deposits and other accounts at foreign branches	16,584	14,724
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	2,354	2,352
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose*Negative differences related to the derivative financial liabilities held for trading purpose*

	Current Year		Previous Year	
	TL	FC	TL	FC
Forwards	47,540	362	2,134	2,063
Swaps	83,783	85,730	4,853	190,187
Futures	-	-	-	-
Options	15	2,050	178	277
Total	131,338	88,142	7,165	192,527

3. Information on banks and other financial institutions

	Current Year		Previous Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks and institutions	190,750	310,394	238,899	319,996
Foreign banks, institutions and funds	221,472	11,563,045	32,486	7,509,600
Total	412,222	11,873,439	271,385	7,829,596

Maturity information of funds borrowed

	Current Year		Previous Year	
	TL	FC	TL	FC
Short-term ^(*)	135,039	6,757,418	209,631	4,258,071
Medium and Long-term ^(*)	277,183	5,116,021	61,754	3,571,525
Total	412,222	11,873,439	271,385	7,829,596

^(*) Maturity profile of funds borrowed has been prepared in accordance with their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 9.65% (31 December 2012: 8.4%) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

On 1 September 2010, the Parent Bank obtained a syndication loan at the amount of US Dollar 135 million with interest rate of Libor + 1.30% and Euro 408 million with interest rate of Euribor + 1.30% at 1 year maturity; and syndication loan at the amount of US Dollar 10 million with interest rate of Libor + 1.75% and Euro 45 million with interest rates of Euribor + 1.75% at 2 years maturity with the participation of 32 banks under the coordination of West LB AG. The Parent Bank has repaid the part of the loan with one year maturity on 6 September 2011. On 6 September 2011, repayment of loan's one year maturity segments was realized. On 31 August 2012, two years maturity segments were paid off.

This loan has been renewed with a syndicated loan at the amount of US Dollar 145 million and Euro 433 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 26 banks under the coordination of ING Bank NV on 7 September 2011. The syndicated loan's repayment was realized on 10 September 2012. This loan has been renewed with a syndicated loan at the amount of US Dollar 151 million and Euro 444.5 million with the interest rate of US Libor + 1.35% and Euribor + 1.35% at a maturity of one year, with the participation of 24 banks with the coordination and agency of ING Bank N.V. on 18 September 2012. The loan's payment was realized on 20 September 2013 and as at the same date the loan has been renewed with a syndicated loan at the amount of US Dollar 166 million and Euro 471 million with the interest rate of US Libor + 0.75% and Euribor + 0.75% at a maturity of one year, with the participation of 27 banks with the coordination and agency of ING Bank N.V. London.

On 28 March 2011, the Bank has obtained syndication loan of US Dollar 192.5 million and Euro 573.5 million with one year maturity at the cost Libor + 1.10% for US Dollar and Euribor + 1.10% for Euro, with the participation of 34 banks under the coordination of West LB AG, the loan was repaid on 29 March 2012. This loan has been renewed with a syndicated loan at the amount of US Dollar 152 million and Euro 586.7 million with interest rates of US Libor + 1.45 % and Euribor + 1.45 % at a maturity of one year, with the participation of 41 banks under the coordination of Wells Fargo Bank NA on 10 April 2012. Repayment of the loan obtained on 10 April 2012 was realized on 12 April 2013. This loan has been renewed with a syndicated loan amounting to US Dollar 251.5 million and Euro 555.17 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 38 banks, Sumitomo Mitsui Banking Corporation and Brussels Branch acting as agent banks and under the coordination of Bank of America Merrill Lynch on 11 April 2013.

Information on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Nominal	2,357,636	4,499,865	1,503,658	889,540
Cost	2,256,108	4,477,363	1,450,829	879,752
Net Book Value	2,301,798	4,518,937	1,482,073	890,675

Current Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1,826	1,282,968	1,275,986	1,287,414
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	1,056,730	1,048,377	1,063,882
TRQVKFB51438	Discounted	-	TL	08.11.2013	02.05.2014	175	617,443	594,194	601,272
TRQVKFB61411	Discounted	-	TL	20.12.2013	06.06.2014	168	613,114	589,153	590,850
TRQVKFB21415	Discounted	-	TL	06.09.2013	28.02.2014	175	648,883	620,788	639,392
TRQVKFB21423	Discounted	-	TL	06.09.2013	28.02.2014	175	187,216	179,130	184,485
TRQVKFB11416	Discounted	-	TL	18.01.2013	17.01.2014	364	145,464	136,844	144,999
XS0957643801	Fixed	1.9	USD	06.08.2013	06.02.2014	184	154,508	154,462	155,705
XS0960939857	Fixed	1.97	USD	15.08.2013	13.02.2014	182	118,984	118,966	119,884
XS0963672950	Fixed	1.95	USD	20.08.2013	13.02.2014	177	117,700	117,688	118,550
XS0977254621	Fixed	1.66	USD	02.10.2013	09.01.2014	99	43,442	43,437	43,624
XS0976659234	Fixed	1.73	USD	03.10.2013	03.04.2014	182	64,200	64,161	64,458
XS0979045886	Fixed	1.67	USD	07.10.2013	06.01.2014	91	51,360	51,356	51,565
XS0982276528	Fixed	1.67	USD	11.10.2013	16.01.2014	97	64,200	64,192	64,443
XS0986042439	Fixed	1.62	USD	28.10.2013	21.01.2014	85	63,344	63,340	63,528
TRQVKFB51412	Discounted	-	TL	17.05.2013	16.05.2014	364	61,522	58,211	60,210
TRQVKFB51420	Discounted	-	TL	05.07.2013	16.05.2014	315	53,415	49,922	51,859
XS0987355939	Fixed	5	USD	31.10.2013	31.10.2018	1,826	1,070,000	1,063,045	1,072,420
XS0993260933	Fixed	1.25	USD	12.11.2013	10.02.2014	90	47,080	47,080	47,162
XS0973201444	Fixed	1.83	USD	20.09.2013	24.03.2014	185	41,516	41,512	41,731
XS0997543896	Fixed	1.49	USD	22.11.2013	28.05.2014	187	23,540	23,534	23,574
XS0974147695	Fixed	1.66	USD	23.09.2013	06.01.2014	105	38,306	38,302	38,482
TRQVKFB81419	Discounted	-	TL	06.09.2013	22.08.2014	350	30,579	27,866	28,731
XS0943035328	Floating	1.53	EUR	14.06.2013	16.06.2014	367	29,489	29,445	29,720
XS0942820803	Fixed	1	CHF	12.06.2013	13.06.2014	366	27,914	27,900	28,065
XS1000211968	Fixed	1.3	USD	04.12.2013	06.03.2014	92	118,984	118,984	119,104
XS1008673540	Fixed	1.59	USD	24.12.2013	23.06.2014	181	85,600	85,596	85,626
Total							6,857,501	6,733,471	6,820,735

Prior Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	889,540	879,752	890,675
TRSVKFB61318	Floating	-	TL	01.06.2012	10.06.2013	374	101,796	101,796	102,305
TRQVKFB11317	Discounted	-	TL	27.07.2012	18.01.2013	175	610,517	586,162	608,070
TRQVKFB31315	Discounted	-	TL	21.09.2012	15.03.2013	175	164,324	158,716	161,954
TRQVKFB51313	Discounted	-	TL	27.11.2012	17.05.2013	171	511,348	496,269	499,318
TRQVKFB61312	Discounted	-	TL	27.07.2012	10.06.2013	318	64,425	59,795	62,026
TRQVKFBK1314	Discounted	-	TL	27.11.2012	08.11.2013	346	51,248	48,091	48,400
Total							2,393,198	2,330,581	2,372,748

4. **Components of “other external resources payable” in the consolidated financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments.**

Other external resources payable in the consolidated financials do not exceed 10% of total liabilities and equity.

5. **Criteria used in the determination of lease installments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts**

Obligations under finance leases

None.

6. **Information on derivative financial liabilities held for risk management purpose**

Negative differences related to the derivative financial liabilities held for risk management purpose

None.

7. **Information on provisions**

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	1,004,336	786,341
-Additional provision for loans with extended payment plans	13,327	7,033
Provisions for loans and receivables in Group II	105,037	112,769
-Additional provision for loans with extended payment plans	3,297	9,331
Provisions for non-cash loans	76,647	53,713
Others	4,719	3,236
Total	1,190,739	956,059

Provision for currency exchange gain/loss on foreign currency indexed loans

The Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 90 (31 December 2012: 16,623) and has reflected the related foreign exchange loss amount in the consolidated financial statements by offsetting from related loans.

Provisions for non-cash loans that are not indemnified or converted to cash

As of 31 December 2013, the Parent Bank has recorded TL 54,771 (31 December 2012: TL 36,173) as specific provisions for non-cash loans that are not indemnified or converted into cash.

Information on insurance technical provisions

	Current Year	Previous Year
Unearned Premiums Provision	617,339	504,956
Outstanding Losses Provision	602,086	440,985
Mathematical Provision	319,739	317,498
Other	11,214	8,708
Total	1,550,378	1,272,147

Information on other provisions

As at 31 December 2013, the Parent Bank has recorded provision amounting to 5% (31 December 2012: 5%) of loans under follow up. Part of that amount has been recognized under general provisions and the remaining TL 70,915 (31 December 2012: TL 92,887) has been recognized as provisions for miscellaneous risks under other provisions in the accompanying financial statements.

Information on other provisions exceeding 10% of total provisions

	Current Year	Previous Year
Provision for loans under follow-up	70,915	92,887
Provision for Competition Authority penalty	-	61,630
Specific provisions for non-cash loans	54,771	36,173
Provision for World Vakıf UBB Ltd with regard to its negative equity	38,510	28,639
Provisions for lawsuits against the Group	16,023	16,581
Provisions for credit card promotions	9,469	8,571
Provision for cheques	27,825	8,185
Other provisions	72,608	42,292
Total	290,121	294,958

8. Taxation**Current Taxes****Tax provision**

As at and for the year ended 31 December 2013, the tax liability of the Group is amounting to TL 61,399 (31 December 2012: TL 172,808).

Information on taxes payable

	Current Year	Previous Year
Corporate taxes payable	61,399	172,808
Taxation on securities	89,264	94,433
Capital gains tax on property	1,903	1,579
Banking and Insurance Transaction Tax (BITT)	44,929	39,530
Taxes on foreign exchange transactions	-	-
Value added tax payable	4,360	3,220
Others	32,870	28,421
Total	234,725	339,991

Information on premiums payable

	Current Year	Previous Year
Social security premiums- employee share	656	526
Social security premiums- employer share	1,538	1,349
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	3	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	590	497
Unemployment insurance- employer share	1,237	1,060
Others	8	130
Total	4,032	3,562

Information on deferred tax liabilities

Disclosed in Note 15 of information and disclosures for consolidated assets.

9. Information on payables for assets held for resale and tangible assets related to discounted activities

None.

10. Information on subordinated loans

The Parent Bank has issued bond having the secondary subordinated loan quality to be sold non-resident natural and legal persons. The bond has been issued at the nominal value of USD 500 million, with maturity of 10 years and 6.0% coupon rate.

In addition to the issuance of the bond having the secondary subordinated debt realized on 1 November 2012, the Parent Bank, has realized second tranche in issuance of the bond having the secondary subordinated debt quality to be sold in foreign bond markets. The bond has been issued at nominal value of USD 400 million, has the same maturity with previous bond and 5.5% coupon rate.

The Parent Bank has obtained written permission of the BRSA for accounting these bonds as secondary subordinated debt and accordingly considering in the calculation of supplementary capital in compliance with the "Regulation on Capitals of the Banks" published on "November 2006 dated and 26333 numbered Official Gazette.

11. Information on shareholders' equity**Paid-in capital**

	Current Year	Previous Year
Common stock	2,500,000	2,500,000
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 2,500,000 is divided into groups comprised of 43.0% Group (A), 15.6 % Group (B), 16.2% Group (C) and 25.2% Group (D).

Board of Directors' members; one member is appointed by the Prime Minister representing The General Directorate of the Foundations (Group A), three members are appointed representing Group (A), one member is appointed representing Group (B), and two members are appointed representing Group (C), and one member is appointed among the nominees offered by the shareholders at the General Assembly. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	5,000,000

The registered capital ceiling was increased from TL 1,300,000 to TL 5,000,000 as per the resolution no. 74202 dated 16 February 2006 by the Board of Directors.

Information on share capital increases and their sources; other information on any increase in capital shares during the current year

There is no share capital increase in the current year and previous year.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following year

None.

Previous year 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.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the securities

	Current Year		Previous Year	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	52,966	-	(36,590)	-
Fair value differences of available-for-sale securities	(325,543)	122,858	201,780	555,621
Foreign exchange differences	-	-	-	-
Total	(272,577)	122,858	165,190	555,621

III. Information and disclosures related to consolidated off-balance sheet items**1. Disclosures related to other contingent liabilities***Type and amount of irrevocable commitments*

	Current Year	Previous Year
Loan granting commitments	6,739,356	4,958,548
Commitments for credit card limits	6,261,117	4,938,035
Commitments for cheque payments	1,320,438	1,154,273
Asset purchase commitments	4,175,776	1,694,352
Other	682,963	713,547
Toplam	19,179,650	13,458,755

Type and amount of possible losses from off-balance sheet items including those referred to below

Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

The Parent Bank provided specific provision amounting to TL 54,771 (31 December 2012: TL 36,173) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 114,834 (31 December 2012: TL 82,825).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Year	Previous Year
Provisional letters of guarantee	780,782	563,770
Final letters of guarantee	6,262,616	4,468,018
Letters of guarantee for advances	2,617,441	2,269,159
Letters of guarantee given to custom offices	650,221	379,638
Other letters of guarantee	7,590,763	4,959,918
Total	17,901,823	12,640,503

2. Non-cash loans

	Current Year	Previous Year
Non-cash loans given for cash loan risks	1,424,617	1,061,650
With original maturity of 1 year or less	915,858	582,779
With original maturity of more than 1 year	508,759	478,871
Other non-cash loans	21,982,089	16,189,387
Total	23,406,706	17,251,037

3. Sectoral risk concentrations of non-cash loans

	Current Year				Previous Year			
	TL	%	FC	%	TL	%	FC	%
Agricultural	82,111	0.57	102,147	1.13	92,687	0.87	84,946	1.27
Farming and cattle	73,609	0.51	88,829	0.98	81,708	0.77	82,841	1.24
Forestry	6,919	0.05	11,003	0.12	9,635	0.09	72	0.00
Fishing	1,583	0.01	2,315	0.03	1,344	0.01	2,033	0.03
Manufacturing	6,294,048	43.89	4,055,439	44.73	4,280,981	40.56	3,512,758	52.45
Mining	157,070	1.10	65,192	0.72	77,796	0.74	36,845	0.55
Production	3,598,968	25.10	3,836,908	42.32	2,844,747	26.95	3,313,737	49.48
Electric, gas and water	2,538,010	17.70	153,339	1.69	1,358,438	12.87	162,176	2.42
Construction	2,676,835	18.67	2,194,165	24.20	1,723,297	16.33	1,180,504	17.63
Services	4,954,666	34.55	2,666,356	29.41	4,039,704	38.28	1,573,323	23.50
Wholesale and retail trade	1,995,623	13.92	1,149,683	12.68	1,683,751	15.95	616,199	9.20
Hotel, food and beverage								
Services	100,888	0.70	19,908	0.22	60,022	0.57	10,776	0.16
Transportation and								
Telecommunication	833,163	5.81	1,405,673	15.50	506,082	4.79	667,048	9.96
Financial institutions	1,344,214	9.37	38,324	0.42	1,219,537	11.56	47,245	0.71
Real estate and renting								
Services	185,000	1.29	14,871	0.16	106,847	1.01	154,104	2.30
Self-employment services	373,920	2.61	24,229	0.27	326,272	3.10	65,459	0.98
Education services	15,556	0.11	1,644	0.02	11,853	0.11	-	-
Health and social services	106,302	0.74	12,024	0.13	125,340	1.19	12,492	0.19
Others	332,451	2.32	48,488	0.53	417,877	3.96	344,960	5.15
Total	14,340,111	100.00	9,066,595	100.00	10,554,546	100.00	6,696,491	100.00

4. Information on the non-cash loans classified as first and second group

Current Year	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	14,118,035	3,579,601	85,579	5,476
Confirmed bills of exchange and acceptances	12,129	1,039,635	-	514
Letters of credit	7,866	4,381,798	-	232
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	52,069	6,666	-	-
Other guarantees and sureties	-	1,919	-	-
Total Non-Cash Loans	14,138,030	8,996,714	85,579	6,222

Previous Year	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	10,339,576	2,079,226	129,963	10,329
Confirmed bills of exchange and acceptances	19,554	784,313	-	1,965
Letters of credit	693	3,771,913	-	2,103
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	13,844	11,910	-	-
Other guarantees and sureties	-	2,823	-	-
Total Non-Cash Loans	10,373,667	6,650,185	129,963	14,397

5. Information on derivative transactions

	Current Year	Previous Year
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	18,988,231	10,032,570
Currency Forwards	1,334,135	915,345
Currency Swaps	17,313,236	8,040,634
Currency Futures	-	-
Currency Options	340,860	1,076,591
Interest Rate Derivative Transactions (II)	4,146,151	2,926,864
Interest Rate Forwards	-	-
Interest Rate Swaps	4,145,148	2,926,862
Interest Rate Options	-	-
Investment Security Options	1,003	2
Interest Rate Futures	-	-
Other Trading Derivatives (III)	3,962,577	1,671,932
A. Total Trading Derivatives (I+II+III)	27,096,959	14,631,366
Hedging Derivatives		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	27,096,959	14,631,366

	31 December 2013					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	6,466,775	2,235,281	536,697	151,078	-	9,389,831
Sale	3,732,391	993,337	535,505	144,173	-	5,405,406
Currency forwards:						
Purchase	224,713	147,847	294,718	-	-	667,278
Sale	224,586	147,772	294,499	-	-	666,857
Cross currency interest rate swaps:						
Purchase	-	353,100	107,000	936,756	-	1,396,856
Sale	-	250,998	77,250	792,895	-	1,121,143
Interest rate swaps:						
Purchase	-	-	-	1,044,578	1,027,996	2,072,574
Sale	-	-	-	1,044,578	1,027,996	2,072,574
Options:						
Purchase	32,224	14,002	124,204	-	-	170,430
Sale	32,224	14,002	124,204	-	-	170,430
Others:						
Purchase	1,000	-	-	-	3	1,003
Sale	2,724,841	1,237,736	-	-	-	3,962,577
Total purchases	6,724,712	2,750,230	1,062,619	2,132,412	1,027,999	13,697,972
Total sales	6,714,042	2,643,845	1,031,458	1,981,646	1,027,996	13,398,987
Total	13,438,754	5,394,075	2,094,077	4,114,058	2,055,995	27,096,959

	31 December 2012					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	2,905,537	175,123	397,452	101,297	-	3,579,409
Sale	1,207,110	175,022	390,123	101,114	-	1,873,369
Currency forwards:						
Purchase	188,955	144,204	124,587	-	-	457,746
Sale	188,895	144,156	124,548	-	-	457,599
Cross currency interest rate swaps:						
Purchase	-	106,800	44,500	1,175,757	-	1,327,057
Sale	-	90,990	38,250	1,131,559	-	1,260,799
Interest rate swaps:						
Purchase	-	-	-	766,705	696,726	1,463,431
Sale	-	-	-	766,705	696,726	1,463,431
Options:						
Purchase	444,751	61,477	32,067	-	-	538,295
Sale	444,746	61,483	32,067	-	-	538,296
Investment security options:						
Alım	-	-	-	-	2	2
Satım	1,671,932	-	-	-	-	1,671,932
Total purchases	3,539,243	487,604	598,606	2,043,759	696,728	7,365,940
Total sales	3,512,683	471,651	584,988	1,999,378	696,726	7,265,426
Total	7,051,926	959,255	1,183,594	4,043,137	1,393,454	14,631,366

6. Contingent assets and liabilities

The Group has set aside provision amounting to TL 16,023 for the lawsuits filed by real and legal entities having conflict (31 December 2012: TL 16,581).

7. Services rendered on behalf of third parties

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

The Parent Bank's custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

IV. Information and disclosures related to the consolidated statement of income**1. Interest income***Information on interest income received from loans*

	Current Year		Previous Year	
	TL	FC	TL	FC
Short-term loans	2,020,149	157,907	2,022,926	204,060
Medium and long-term loans	4,473,542	816,746	3,923,621	728,273
Loans under follow-up	151,397	-	124,160	-
Premiums received from resource utilization support fund	-	-	-	-
Total	6,645,088	974,653	6,070,707	932,333

Information on interest income received from banks

	Current Year		Previous Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	50,788	3,031	52,764	3,287
Foreign banks	78	3,129	32	4,454
Foreign head office and branches	-	-	-	-
Total	50,866	6,160	52,796	7,741

Information on interest income received from securities portfolio

	Current Year		Previous Year	
	TL	FC	TL	FC
Trading financial assets	14,045	864	29,799	2,660
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	996,648	201,659	910,376	204,135
Held-to-maturity investments	402,262	1,116	595,970	64,204
Total	1,412,955	203,639	1,536,145	270,999

Information on interest income received from associates and subsidiaries

	Current Year	Previous Year
Interests received from the associates and subsidiaries	-	38

2. Interest Expense*Interest expenses on funds borrowed*

	Current Year		Previous Year	
	TL	FC	TL	FC
Banks	21,684	143,802	26,046	143,852
Central Bank of Turkey	-	-	-	-
Domestic banks	19,281	10,682	12,939	17,150
Foreign banks	2,403	133,120	13,107	126,702
Foreign head offices and branches	-	-	-	-
Other institutions	-	10,266	-	9,000
Total	21,684	154,068	26,046	152,852

Interest expenses paid to associates and subsidiaries

	Current Year	Previous Year
Interests paid to the associates and subsidiaries	16,033	25,821

Interest expense on securities issued

	Current Year		Previous Year	
	TL	FC	TL	FC
Interest expense on securities issued	147,363	110,395	136,873	36,370

Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposit					1 Year and Over	Accumulating Deposit Accounts	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year				
<i>Turkish Lira:</i>									
Bank Deposits	-	60,848	-	-	-	-	-	-	60,848
Saving Deposits	16	14,008	1,051,181	143,107	33,770	10,949	-	-	1,253,031
Public Sector Deposits	336	99,774	419,263	51,417	23,920	1,892	-	-	596,602
Commercial Deposits	63	140,738	544,528	127,197	48,747	4,846	-	-	866,119
Other Deposits	3	31,115	162,324	58,773	54,161	1,206	-	-	307,582
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-	-
Total	418	346,483	2,177,296	380,494	160,598	18,893	-	-	3,084,182
<i>Foreign Currency:</i>									
Foreign Currency Deposits	3,590	16,343	228,699	50,142	37,279	95,224	-	-	431,277
Bank Deposits	-	27,950	-	-	-	-	-	-	27,950
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-	-
Precious Metals Deposits	-	-	-	-	-	-	-	-	-
Total	3,590	44,293	228,699	50,142	37,279	95,224	-	-	459,227
Grand Total	4,008	390,776	2,405,995	430,636	197,877	114,117	-	-	3,543,409

3. Dividend income

	Current Year	Previous Year
Trading financial assets	-	62
Financial assets at fair value through profit or loss	5	-
Available-for-sale financial assets	144	322
Others	16,280	6,532
Total	16,429	6,916

4. Trading income/losses

	Current Year	Previous Year
Income	5,813,655	1,948,308
Income from capital market transactions	198,383	256,145
Income from derivative financial instruments	979,332	370,543
Foreign exchange gains	4,635,940	1,321,620
Losses	(5,556,387)	(1,608,917)
Losses from capital market transactions	(8,076)	(5,222)
Losses from derivative financial instruments	(913,428)	(394,203)
Foreign exchange losses	(4,634,883)	(1,209,492)
Trading income/losses, net	257,268	339,391

Net gain arising from changes in foreign exchange rate that relate to the Group's derivative financial instruments based on foreign exchange rate is TL 29,600 as at and for the year ended 31 December 2013 (31 December 2012 net gain of TL 13,330).

5. Other operating income

	Current Year	Previous Year
Earned insurance premiums (net of reinsurance share)	649,142	583,351
Income from reversal of the impairment losses	457,762	426,842
Communication income	85,215	81,146
Gain on sale of assets	53,924	28,023
Income from private pension business	38,266	34,068
Rent income	2,050	8,358
Other income	178,903	136,873
Total	1,465,262	1,298,661

6. Provision expenses for losses on loans and other receivables

	Current Year	Previous Year
Specific provisions on loans and other receivables	1,306,590	749,678
<i>Loans and receivables in Group III</i>	281,208	181,193
<i>Loans and receivables in Group IV</i>	969,808	535,664
<i>Loans and receivables in Group V</i>	55,574	32,821
Non-performing commissions and other receivables	-	-
General provision expenses	234,417	284,755
Provision for possible losses	8,871	43,006
Impairment losses on securities	88,630	128,226
<i>Trading securities</i>	-	14,827
<i>Investment securities available-for-sale</i>	88,630	113,399
Other impairment losses	53,581	64,111
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	53,581	64,111
Others ^(*)	248,488	181,792
Total	1,940,577	1,451,568

^(*)Other provision expenses amounting to TL 248,488 (31 December 2012: TL 181,792) is comprised of provision expenses for dividends to the personnel amounting to TL 118,800 (31 December 2012: TL 105,300), provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 37,941 (31 December 2012: TL 52,391), free provision expenses amounting to TL 30,750, insurance receivables provisions amounting to TL 33,605 (31 December 2012: TL 17,753) and other provision expenses amounting to TL 27,392 (31 December 2012: TL 6,348).

7. Other operating expenses

	Current Year	Previous Year
Personnel costs	1,236,020	1,030,983
Reserve for employee termination benefits	19,045	58,502
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	-	-
Depreciation expenses on tangible assets	109,670	110,852
Impairment losses on intangible assets	-	-
Amortisation expenses on intangible assets	13,820	11,915
Impairment losses on assets to be disposed	4,000	5,341
Depreciation expenses on assets to be disposed	10,773	12,799
Impairment losses on assets held for sale	484	-
Other operating expenses	1,275,794	978,952
<i>Operational lease related expenses</i>	163,719	137,506
<i>Repair and maintenance expenses</i>	26,286	20,249
<i>Advertisement expenses</i>	98,096	77,923
<i>Other expenses</i>	987,693	743,274
Loss on sale of assets	1,106	664
Others	659,253	822,347
Total	3,329,965	3,032,355

^(*)Other operating expenses amounting to TL 659,253 (31 December 2012: TL 822,347) is comprised of insurance loss paid amounting to TL 351,155 (31 December 2012: TL 316,653), tax, fees and funds expenses amounting to TL 87,311 (31 December 2012: TL 75,532), "Saving Deposits Insurance Fund" expenses amounting to TL 91,780 (31 December 2012: TL 60,450), insurance outstanding loss expense amounting to TL 112,070 (31 December 2012: TL 40,573) and other operating expenses amounting to TL 16,937 (31 December 2012: TL 329,139).

8. Information on income/loss from continuing and discontinued operations

The Group has no discontinued operations. Detailed tables and information on profit before tax from continuing operations are presented in disclosures 1-7 in this section.

9. Information on tax provision from continuing and discontinued operations

The Group has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section.

10. Information on net profit/loss from continuing and discontinued operations

The Group has no discontinued operations. Information on net profit/loss from continuing operations is presented in disclosures 1-12 in this section.

11. Provision for taxes on income***Current year taxation benefit or charge and deferred tax benefit or charge***

In the current year, the Group recorded a tax provision of TL 351,394 (31 December 2012: TL 463,099) from the net taxable profit calculated in accordance the loss and regulations in effects.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

Sources of deferred tax benefit/charge	Current Year	Previous Year
Arising from Origination/(Reversal) of Deductible Temporary Differences	(41,652)	5,701
Arising from (Origination)/Reversal of Taxable Temporary Differences	(20,205)	12,987
Arising from Origination/(Reversal) of Tax Losses	11,120	6,450
Arising from Change in Tax Rate	-	-
Total	(50,737)	25,138

12. Net profit and loss

Any further explanation on operating results needed for a proper understanding of the Bank's performance

Group has earned TL 9,440,435 interest income and TL 629,107 net fee and commission income also incurred TL 4,553,280 amount of interest expense from its ordinary banking operations (31 December 2012: TL 8,999,981 interest income, TL 4,744,503 interest expense, TL 418,105 net fee and commission income).

Any changes in estimations that might have a material effect on current and subsequent year results

None.

13. Income/loss related to non-controlling interest

	Current Year	Previous Year
Income/(losses) related to non-controlling interest	(24,295)	169

14. 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

Other fees and commission income of the Group mainly consist of credit card fees and commissions, receipt and payment commissions, money transfer commissions, research fees and reinsurance commissions received due to insurance business.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks and commissions to agent's due to insurance business.

V. Information and disclosures related to consolidated statement of changes in equity**1. Information on increases of valuation differences of available-for-sale investments**

Movement tables related to valuation differences of available-for-sale investments where valuation differences arising from the fair value measurement of available-for-sale assets, subsidiaries and affiliates are recorded are as follows:

Valuation differences of marketable securities	Current Year	Previous Year
Valuation differences at the beginning of the year	757,401	(71,561)
Fair value changes in the current year	(798,682)	943,955
Effect of deferred and corporate taxes	91,747	(75,054)
Valuation differences transferred to the statement of income	(246,869)	(33,742)
Effect of deferred and corporate taxes	(6,282)	(6,197)
Valuation differences at the end of the year	(202,685)	757,401

Valuation difference of the subsidiaries and affiliates	Current Year	Previous Year
Valuation differences at the beginning of the year	(36,590)	(19,393)
Fair value changes in the current year	90,100	(16,627)
Effect of deferred and corporate taxes	(544)	(570)
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	52,966	(36,590)

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

As at 31 December 2013, foreign currency translation differences amounting of TL 73,162 (31 December 2012: TL 6,641), arising as a result of the conversion of the financial statements of the foreign subsidiaries into TL, have been booked under other reserves in the consolidated financial statements.

4. Information on differences in equity accounts due to inflation accounting

In compliance with BRSA's Circular on 28 April 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at 31 December 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for "capital reserves from inflation adjustments". The balance of "capital reserves from inflation adjustments" account is transferred to "other capital reserves" account. In 2006, the Parent Bank has increased its paid in capital through "other capital reserves" by TL 605,763.

5. Information on profit distribution

As per the resolution of 59th Annual General Assembly held on 29 March 2013, it was decided to distribute the net profit of the year 2012 after the deduction of deferred tax income amounting to TL 1,436,165 as legal reserves amounting to TL 143,616, dividends to equity holders of the Bank amounting to TL 100,000, extraordinary reserves amounting to TL 1,189,475 and special funds amounting to TL 3,075.

6. Information on increases of valuation differences of available-for-sale investments

Valuation differences of available-for-sale financial assets has increased in the current year. Detailed information about the increase is explained below in Note 1.

VI. Information and disclosures on consolidated statement of cash flows

1. Disclosures for “other” items in the consolidated statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” balance under the “Operating profit before changes in operating assets and liabilities” amounting to TL (221,790) (31 December 2012: TL 283,714) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

“Net increase/decrease in other liabilities” amounting to TL 6,972,033 (31 December 2012: TL 3,795,910) under “Changes in operating assets and liabilities” is mainly comprised of cash inflows from repurchase agreements.

“Other” balance under the “Net cash flow from investing activities” amounting to TL (38,870) (31 December 2012: TL (31,952)) is comprised of intangibles asset purchases.

Since unrealized gains and losses arising from foreign exchange rate changes are not regarded as cash flows, the effect of changes in foreign exchange rate on cash and cash equivalents in foreign currency has been calculated as TL (9,013) (31 December 2012: TL (1,666)) and presented in the statement of cash flows in order to reconcile cash and cash equivalents balances at the beginning and end of the year.

2. Cash outflows from acquisition of associates, subsidiaries and joint-ventures

In the current period, the capital of İstanbul Takas ve Saklama Bankası, an associate of the Bank, has been increased from TL 60,000 to TL 420,000, TL 180,000 is paid from its own resources and TL 180,000 is paid in cash amounting to TL 360,000 in total. The share of the Bank amounting to TL 8,745 is presented as bonus shares received and TL 8,745 is presented as acquisitions and capital increases in the movement table of investments in associates.

In the current period, subsequent to the approval of the decision to increase the paid capital of Taksim Otelcilik AŞ, a subsidiary of the Bank, from TL 97,150 to TL 269,257, by the Extraordinary General Assembly of the company on 27 August 2013, the share of the Bank is increased from TL 49,547 to TL 137,324 (TL 57,176 from retained earnings and TL 30,601 from cash, in total TL 87,777) and the share portion of the Bank is remained the same. TL 7,650 is paid on 13 September 2013 and TL 22,950 is paid on 2 December 2013 from TL 30,601 which is Bank’s share of cash capital commitment. The share of the Bank amounting to TL 57,176 is presented in the bonus shares received and TL 30,601 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

There is not any associate, subsidiary or joint-venture disposed in the current and prior year.

4. Information on cash and cash equivalents***Information on cash and cash equivalents at the beginning of the year***

	Current Year 31 December 2012	Previous Year 31 December 2011
Cash on hand	983,020	716,004
Cash in TL	793,004	604,234
Cash in Foreign Currency	190,016	111,770
Cash equivalents	4,392,777	4,290,104
CBT	11,323,157	6,424,827
Banks	2,656,490	2,541,335
Receivables from money markets	6,645	190,467
Others	25,317	1,031
Loans and advances to banks having maturity of more than 3 months	(191,913)	(303,391)
Restricted cash and cash equivalents	(9,423,459)	(4,560,702)
Income accruals on cash equivalents	(3,460)	(3,463)
Total	5,375,797	5,006,108

Information on cash and cash equivalents at the end of the year

	Current Year 31 December 2013	Previous Year 31 December 2012
Cash on hand	1,156,445	983,020
Cash in TL	867,546	793,004
Cash in Foreign Currency	288,899	190,016
Cash equivalents	4,931,458	4,392,777
CBT	17,793,235	11,323,157
Banks	3,158,351	2,656,490
Receivables from money markets	5,095	6,645
Others	25,502	25,317
Loans and advances to banks having maturity of more than 3 months	(13,260)	(191,913)
Restricted cash and cash equivalents	(16,036,144)	(9,423,459)
Income accruals on cash equivalents	(1,321)	(3,460)
Total	6,087,903	5,375,797

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBT amounting to TL 15,826,492 as at 31 December 2013 (31 December 2012: TL 9,179,761) has not been included in cash and cash equivalents.

Group's deposits amounting to TL 344,816 (31 December 2012: TL 243,698) are blocked due to securitization loans of the Parent Bank and other ordinary banking operations.

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 year end and income and expenses in the current year*****Information on loans borrowed by the Parent Bank's risk group***

Current Year	Associates and Subsidiaries and Joint-Ventures		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 year	-	552,273	-	37,919	9,372	13,136
Balance at the end of the year	13	659,911	-	27,065	26,102	24,339
Interest and commission income	-	356	-	14	679	11

Previous Year	Associates and Subsidiaries and Joint-Ventures		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 year	-	591,730	-	6,572	4,443	1,385
Balance at the end of the year	-	552,273	-	37,919	9,372	13,136
Interest and commission income	38	341	-	37	570	11

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

The Parent Bank's Risk Group	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Deposits						
Balance at the beginning of the year	817,244	855,959	443,103	728,474	76,597	85,795
Balance at the end of the year	419,918	817,244	968,601	443,103	46,793	76,597
Interest on deposits	16,033	25,821	25,286	47,919	5	2

Information on forward and option agreements made with the Parent Bank's risk group

None.

2. Disclosures of transactions with the Parent Bank's risk group***Relations with entities in the risk group of / or controlled by the Bank***

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

The branches of the Bank engage with insurance agency activities in relation with the operations of Güneş Sigorta AŞ and Vakıf Emeklilik AŞ, subsidiaries operating in the insurance sector. Vakıf Yatırım Menkul Değerler AŞ engages with the management of the funds established by the Bank.

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

Pricing policy and other conditions of transactions with the risk group of the Bank are determined and applied on arm's length basis. The ratio of cash and non-cash loans extended to the the risk group to the overall cash and non-cash loans are 0.03% (31 December 2012: 0.01%) and 3.26% (31 December 2012: 3.50%).

Current Year	Amount	Compared with the Financial Statement Amount %
Cash Loans	26,115	0.03
Non-Cash Loans	711,315	3.26
Deposits	1,435,312	1.83
Previous Year	Amount	Compared with the Financial Statement Amount %
Cash Loans	9,372	0.01
Non-Cash Loans	603,328	3.50
Deposits	1,336,944	1.95

VIII. Information on domestic, foreign and off-shore branches or investments and foreign representative offices of the Parent Bank

Domestic and foreign branches and representative offices of the Parent Bank

	Number of Branches	Number of Employees			
Domestic Branches ^(*)	856	14,900			
			Country		
Foreign Representative Offices	-	-	-		
				Total Assets	Capital
Foreign Branches	1	23	USA	2,938,068	35,310
	1	16	Iraq	336,628	14,980
Off-shore Branches	1	4	Bahrain	16,070,869	-

^(*) Free zone branches in Turkey is included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure of the Parent Bank

During 2013, 115 domestic (during 2012: 65 domestic) new branches have been opened and no branches have been closed (during 2012: None).

SECTION SIX**Other Disclosures****I. Other disclosures on the Parent Bank's activity**

None.

II. Information on the Parent Bank's ratings given by international institutions

February 2014 ^(*)	Standard & Poors
Foreign Currency Credit Rating	BB+ / Negative / B
Foreign Currency Deposit Rating	BB+ / Negative / B
National	trAA+ / -- / trA-1
Continuance Rating	NR

May 2013 ^(*)	Moody's Investors' Service
Financial Strength Rating	D+(ba1)
Local Currency Deposit Rating	Baa2 / P-2
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Baa3 / P-3
Foreign Currency Outlook	Stable

November 2012 ^(*)	Fitch Ratings
Long Term Foreign Currency	BBB-
Short Term Foreign Currency	F3
Foreign Currency Outlook	Stable
Long Term Local Currency	BBB
Short Term Local Currency	F3
Local Currency Outlook	Stable
National Long Term	AAA (tur)
National Outlook	Stable
Support	2
Base Support Rating	BBB-

March 2013 ^(*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Outlook	Stable

^(*) Dates represent the last change dates of credit ratings and outlook.

III. Significant events and matters subsequent to balance sheet date that are not resulted

In the scope of issuing TL 4,300,000,000 bond and/or bill, Bank has carried out book-building process to issue bond on 13-14-15 January 2014, TL 300 million nominal with 154 days of maturity at 20 June 2014.

As a result, Bank has confirmed to issue bond with TRQVKFB61429 ISIN code, TL 450,000,000 nominal, 154 days maturity, 20 June 2014 maturity date, annual compound interest rate 9.5677%, simple interest rate 9.3156% and issue price 96,218.

IV. Significant foreign currency exchange rate fluctuations that are subsequent to reporting date

None.

SECTION SEVEN

I. Independent Auditors' Report

1. Information on the independent auditors' report

The Bank's and its financial subsidiaries' consolidated financial statements and footnotes as at 31 December 2013, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International) and a positive opinion has been declared in their independent auditors' report dated 28 February 2014.

2. Disclosures and footnotes prepared by Independent Auditors

None.