KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD 1 JANUARY-30 JUNE 2014

Translated into English from the Original Turkish Report

To the Board of Directors of
Kuveyt Türk Katılım Bankası A.Ş.
Istanbul

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2014

We have reviewed the accompanying balance sheet of Kuveyt Türk Katılım Bankası A.Ş. (The "Bank") as of 30 June 2014, and the related statements of unconsolidated income, changes in shareholder's equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent auditors our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information; it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position, the results of its operations and its cash flows, of Kuveyt Türk Katılım Bankası A.Ş. for the period ended 30 June 2014 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency ("BRSA").

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Şehsuvaroğlu
Partner

İstanbul, 8 August 2014

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THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.

AS OF 30 JUNE 2014

Address of the head office	: Büyükdere Cad. No: 129/1 34394 Esentepe / İSTANBUL
Phone number	: 0212 354 11 11
Facsimile number	: 0212 354 12 12
Web page	: www.kuveytturk.com.tr
E-mail address	: kuveytturk@kuveytturk.com.tr

The unconsolidated financial report designed in line with the Banking Regulation and Supervision Agency's official communication on "Financial Statements to be Publicly Announced and the Related Policies and Disclosures" consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARTICIPATION BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE PARTICIPATION BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

The accompanying unconsolidated financial statements and notes have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and the Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and, unless otherwise indicated, have been prepared in thousands of Turkish Lira. Related appendices and interpretations on these are independently audited and presented hereby.

Abdullah TİVNİKLİ Vice Chairman of the Board of Directors	Adnan ERTEM Head of the Audit Committee	Mohammed Shujauddin AHMED Member of the Audit Committee
Ufuk UYAN Chief Executive Officer	Ahmet KARACA Chief Financial Officer	İsmail Hakkı YEŞİLYURT External Reporting Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname: İsmail Hakkı YEŞİLYURT
Position: External Reporting Manager
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

II. Shareholding Structure, Shareholders Jointly or Individually Having Direct or Indirect, Control over the Management and Supervision of the Bank and the Disclosures on Any Related Changes in the Current Period, if any and information about the Group that the Bank belongs to:

As of 30 June 2014 and 31 December 2013, 62.24% of the Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by The Public Institution For Social Security in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

III. Explanations on the Titles of Chairman and Members of the Board of Directors, Members of the Audit Committee, General Managers and Assistant General Managers and Their Shareholdings in the Bank:

Name	Title	Date of the assignment	Date of Audit Committee assignment	Educational degree	Ownership Percentage
Abdullah TİVNİKLİ	Vice Chairman of the BOD	16/05/2001		Master	0.0834%
Dr. Adnan ERTEM	Member of BOD and Chairman of the Audit Committee	22/12/2010	19/10/2010	Doctorate	-
Nadir ALPASLAN	Member of BOD	15/04/2011		Bachelor	-
Khaled Nasser Abdulaziz AL FOUZAN	Member of BOD	02/08/2006		Bachelor	-
Fawaz KH E AL SALEH	Member of BOD	20/10/2006		Bachelor	0.0105%
Mohammad Shujauddin AHMED	Member of BOD and Audit Committee	17/05/2012	13/11/2013	Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999		Master	0.0556%
Ahmed S. AL Kharji	Member of BOD	26/03/2014		Master	-
Ahmet KARACA	Assistant General Manager and Chief Financial Officer	12/07/2006		Master	0.0094%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003		Bachelor	0.0009%
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003		Bachelor	0.0029%
İrfan YILMAZ	Assistant General Manager, Retail Banking	27/10/2005		Bachelor	0.0118%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Corporate and International Banking	05/05/2005		Doctorate	0.0075%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010		Bachelor	0.0006%
Aslan Demir	Assistant General Manager, Strategy	08/10/2012		Bachelor	0.0010%
Mehmet ORAL	Assistant General Manager, Retail and SME Banking	01/10/2012		Bachelor	0.0023%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.19% of the Bank's share capital (31 December 2013 – 0.19%).

In the Board of Director's Meeting on May 21, 2014, resignation of the Board of Directors Chairman Mohammad S.A.I ALOMAR has been accepted and all the duties related to his board membership have been terminated. Abdullah Tivnikli represents the Board of Chairman as the Vice Chairman of the Board of Directors.

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

IV. Information on qualified shareholders:

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	1,425,325	%62.24	1,425,325	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	428,671	%18.72	428,671	-
Total	**1,853,996**	**%80.96**	**1,853,996**	-

As of 30 June 2014, the shares of parent shareholder of Bank, Kuwait Finance House (“KFH”) are 52.12% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

V. Explanations of the Bank’s services and field of operations

The Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Bank’s core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers. As of 30 June 2014, the Bank is operating through 281 domestic branches (31 December 2013 – 268) with 4,865 employees (31 December 2013 – 4,642). Summary of some of the Bank’s operations described in the Articles of Association are as follows:

- To collect funds through “Current Accounts” and “Profit/Loss Sharing Accounts” and special fund pools in line with the regulations;
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking;
- To offer financial and operational leasing;
- To handle all kinds of deposits and payments, including travelers’ checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services;
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking;
- To purchase, acquire and construct any kind of real estate and if necessary lease or transfer ownership to other persons;
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies);
- To provide socially responsible aid for the benefit of the community in the light of the legislations.

The Bank’s activities are not limited to the list above. If another transaction is decided to be beneficial to the Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Customs and Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association.

VI. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries:

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

I. Balance Sheet (Statement of Financial Position)

II. Statement of Off-Balance Sheet Commitments

III. Income Statement (Statement of Income / Loss)

IV. Statement of Profit and Loss Accounted for Under Equity
(Statement of Other Comprehensive Income and Loss)

V. Statement of Changes in Shareholders' Equity

VI. Cash Flows Statement

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

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

			Reviewed Current period (30.06.2014)			Audited Prior period (31.12.2013)		
		Note	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**CASH AND BALANCES WITH THE CENTRAL BANK**	(I-a)	**655,542**	**4,785,700**	**5,441,242**	**398,486**	**3,915,121**	**4,313,607**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)**	(I-b)	**57,340**	**7,415**	**64,755**	**99,320**	**15,472**	**114,792**
2.1	Held for trading financial assets		57,340	7,415	64,755	99,320	15,472	114,792
2.1.1	Public sector debt securities		-	-	-	-	-	-
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		51,057	7,415	58,472	92,304	15,472	107,776
2.1.4	Other marketable securities		6,283	-	6,283	7,016	-	7,016
2.2	Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	**BANKS**	(I-c)	**28,661**	**2,885,284**	**2,913,945**	**31,267**	**2,442,612**	**2,473,879**
IV.	**MONEY MARKET PLACEMENTS**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS AVAILABLE FOR SALE (Net)**	(I-d)	**1,551,939**	**398,288**	**1,950,227**	**1,104,437**	**219,260**	**1,323,697**
5.1	Equity securities		9,936	40,345	50,281	8,872	42,686	51,558
5.2	Public sector debt securities		1,537,783	177,453	1,715,236	1,092,138	176,574	1,268,712
5.3	Other marketable securities		4,220	180,490	184,710	3,427	-	3,427
VI.	**LOANS AND RECEIVABLES**	(I-e)	**16,356,840**	**1,969,416**	**18,326,256**	**14,803,658**	**1,429,248**	**16,232,906**
6.1	Loans and receivables		16,270,182	1,969,416	18,239,598	14,758,165	1,429,248	16,187,413
6.1.1	Loans to risk group of the Bank		27,757	95,358	123,115	30,320	92,221	122,541
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		16,242,425	1,874,058	18,116,483	14,727,845	1,337,027	16,064,872
6.2	Non-performing loans		451,924	-	451,924	381,676	-	381,676
6.3	Specific provisions (-)		365,266	-	365,266	336,183	-	336,183
VII.	**HELD TO MATURITY INVESTMENTS (Net)**	(I-f)	-	-	-	-	-	-
VIII.	**INVESTMENTS IN ASSOCIATES (Net)**	(I-g)	-	-	-	-	-	-
8.1	Accounted for under equity method		-	-	-	-	-	-
8.2	Unconsolidated associates		-	-	-	-	-	-
8.2.1	Financial associates		-	-	-	-	-	-
8.2.2	Non-financial associates		-	-	-	-	-	-
IX.	**INVESTMENTS IN SUBSIDIARIES (Net)**	(I-h)	**145,166**	-	**145,166**	**123,254**	-	**123,254**
9.1	Unconsolidated financial subsidiaries		122,486	-	122,486	50,401	-	50,401
9.2	Unconsolidated non-financial subsidiaries		22,680	-	22,680	72,853	-	72,853
X.	**ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)**	(I-i)	**10,500**	-	**10,500**	**5,500**	-	**5,500**
10.1	Accounted for under equity method		10,500	-	10,500	5,500	-	5,500
10.2	Unconsolidated		-	-	-	-	-	-
10.2.1	Financial subsidiaries		-	-	-	-	-	-
10.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XI.	**FINANCE LEASE RECEIVABLES**	(I-j)	**472,145**	**96,771**	**568,916**	**379,139**	**29,293**	**408,432**
11.1	Finance lease receivables		547,515	102,623	650,138	445,575	29,293	474,868
11.2	Operating lease receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned income (-)		75,370	5,852	81,222	66,436	-	66,436
XII.	**DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES**	(I-k)	-	-	-	-	-	-
12.1	Fair value hedge		-	-	-	-	-	-
12.2	Cash flow hedge		-	-	-	-	-	-
12.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIII.	**TANGIBLE ASSETS (Net)**		**493,465**	**519**	**493,984**	**471,386**	**375**	**471,761**
XIV.	**INTANGIBLE ASSETS (Net)**		**62,249**	**76**	**62,325**	**55,658**	**40**	**55,698**
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		62,249	76	62,325	55,658	40	55,698
XV.	**INVESTMENT PROPERTIES (Net)**		-	-	-	-	-	-
XVI.	**TAX ASSET**	(I-l)	**28,587**	-	**28,587**	**30,953**	-	**30,953**
16.1	Current tax asset		-	-	-	-	-	-
16.2	Deferred tax asset		28,587	-	28,587	30,953	-	30,953
XVII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**		**36,566**	-	**36,566**	**28,999**	-	**28,999**
17.1	Held for sale		36,566	-	36,566	28,999	-	28,999
17.2	Discontinued operations		-	-	-	-	-	-
XVIII	**OTHER ASSETS**	(I-m)	**425,594**	**42,805**	**468,399**	**251,895**	**58,169**	**310,064**
	TOTAL ASSETS		**20,324,594**	**10,186,274**	**30,510,868**	**17,783,952**	**8,109,590**	**25,893,542**

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

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

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

			Reviewed Current period (30.06.2014)			Audited Prior period (31.12.2013)		
		Note	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FUND COLLECTED**	(II-a)	**10,461,442**	**9,175,504**	**19,636,946**	**9,327,032**	**7,703,670**	**17,030,702**
1.1	Funds from risk group of the Bank		124,554	316,573	441,127	128,939	246,511	375,450
1.2	Other		10,336,888	8,858,931	19,195,819	9,198,093	7,457,159	16,655,252
II.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	(II-b)	**21,021**	**2,531**	**23,552**	**43,664**	**15,284**	**58,948**
III.	**FUNDS BORROWED**	(II-c)	**159,311**	**5,335,644**	**5,494,955**	**157,355**	**4,494,076**	**4,651,431**
IV.	**MONEY MARKET BALANCES**		**679,489**	**-**	**679,489**	**221,428**	**-**	**221,428**
V.	**MARKETABLE SECURITIES ISSUED (Net)**		-	-	-	-	-	-
VI.	**SUNDRY CREDITORS**	(II-d,h)	**115,275**	**8,604**	**123,879**	**110,396**	**7,960**	**118,356**
VII.	**OTHER LIABILITIES**	(II-d)	**580,750**	**37,978**	**618,728**	**426,108**	**24,398**	**450,506**
VIII.	**FINANCE LEASE PAYABLES**	(II-e)	**-**	**293,434**	**293,434**	**-**	**296,815**	**296,815**
8.1	Finance lease payables		-	341,878	341,878	-	345,512	345,512
8.2	Operating lease payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred finance lease expenses (-)		-	48,444	48,444	-	48,697	48,697
IX.	**DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES**	(II-f)	-	-	-	-	-	-
9.1	Fair value hedge		-	-	-	-	-	-
9.2	Cash flow hedge		-	-	-	-	-	-
9.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
X.	**PROVISIONS**	(II-g)	**256,007**	**64,833**	**320,840**	**241,124**	**69,007**	**310,131**
10.1	General loan loss provisions		157,802	44,066	201,868	142,814	31,437	174,251
10.2	Restructuring provisions		-	-	-	-	-	-
10.3	Reserve for employee benefits		53,448	517	53,965	66,362	520	66,882
10.4	Insurance technical reserves (net)		-	-	-	-	-	-
10.5	Other provisions		44,757	20,250	65,007	31,948	37,050	68,998
XI.	**TAX LIABILITY**	(II-h)	**34,161**	**-**	**34,161**	**20,096**	**-**	**20,096**
11.1	Current tax liability		34,161	-	34,161	20,096	-	20,096
11.2	Deferred tax liability		-	-	-	-	-	-
XII.	**PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	(II-i)	-	-	-	-	-	-
12.1	Held for sale		-	-	-	-	-	-
12.2	Discontinued operations		-	-	-	-	-	-
XIII.	**SUBORDINATED LOANS**	(II-j)	**-**	**430,802**	**430,802**	**-**	**433,080**	**433,080**
XIV.	**SHAREHOLDERS' EQUITY**	(II-k)	**2,853,977**	**105**	**2,854,082**	**2,306,762**	**(4,713)**	**2,302,049**
14.1	Paid-in capital		2,287,005	-	2,287,005	1,700,000	-	1,700,000
14.2	Capital reserves		53,084	105	53,189	17,712	(4,713)	12,999
14.2.1	Share premium		23,250	-	23,250	23,250	-	23,250
14.2.2	Share cancellation profits		-	-	-	-	-	-
14.2.3	Marketable securities revaluation reserve		42,110	105	42,215	6,738	(4,713)	2,025
14.2.4	Tangible assets revaluation reserve		-	-	-	-	-	-
14.2.5	Intangible assets revaluation reserve		-	-	-	-	-	-
14.2.6	Investment property revaluation reserve		-	-	-	-	-	-
14.2.7	Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
14.2.8	Hedging funds (effective portion)		-	-	-	-	-	-
14.2.9	Value increase on assets held for resale		-	-	-	-	-	-
14.2.10	Other capital reserves		(12,276)	-	(12,276)	(12,276)	-	(12,276)
14.3	Profit reserves		338,533	-	338,533	288,707	-	288,707
14.3.1	Legal reserves		77,869	-	77,869	60,800	-	60,800
14.3.2	Status reserves		-	-	-	-	-	-
14.3.3	Extraordinary reserves		208,951	-	208,951	203,396	-	203,396
14.3.4	Other profit reserves		51,713	-	51,713	24,511	-	24,511
14.4	Profit or loss		175,355	-	175,355	300,343	-	300,343
14.4.1	Prior period income/(losses)		-	-	-	-	-	-
14.4.2	Current period income/(losses)		175,355	-	175,355	300,343	-	300,343
14.5	Minority shares	(II-l)	-	-	-	-	-	-
	TOTAL LIABILITIES AND EQUITY		**15,161,433**	**15,349,435**	**30,510,868**	**12,853,965**	**13,039,577**	**25,893,542**

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

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

			Reviewed Current period (30.06.2014)			Audited Prior period (31.12.2013)		
		Notes	TL	FC	Total	TL	FC	Total
A.	**OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**33,894,491**	**10,237,106**	**44,131,597**	**31,894,094**	**10,745,004**	**42,639,098**
I.	**GUARANTEES**	(III-a)	**4,298,999**	**4,369,173**	**8,668,172**	**4,093,800**	**4,578,547**	**8,672,347**
1.1.	Letters of guarantees		4,268,578	2,703,707	6,972,285	4,075,558	3,051,522	7,127,080
1.1.1.	Guarantees subject to state tender law		181,059	2,143	183,202	174,507	2,154	176,661
1.1.2.	Guarantees given for foreign trade operations		178,213	33,540	211,753	179,860	33,000	212,860
1.1.3.	Other letters of guarantee		3,909,306	2,668,024	6,577,330	3,721,191	3,016,368	6,737,559
1.2.	Bank loans		5,621	67,596	73,217	1,096	56,491	57,587
1.2.1.	Import letter of acceptances		5,621	67,596	73,217	1,096	56,491	57,587
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letter of credits		1,162	1,345,790	1,346,952	627	1,216,650	1,217,277
1.3.1.	Documentary letter of credits		227	538,071	538,298	227	526,708	526,935
1.3.2.	Other letter of credits		935	807,719	808,654	400	689,942	690,342
1.4.	Pre-financing given as guarantee		-	17,106	17,106	-	17,321	17,321
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Other guarantees		23,638	234,974	258,612	16,519	236,563	253,082
1.7.	Other collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	(III-a)	**26,302,533**	**665,946**	**26,968,479**	**23,651,192**	**794,002**	**24,445,194**
2.1.	Irrevocable commitments		1,667,924	665,946	2,333,870	1,617,579	794,002	2,411,581
2.1.1.	Forward asset purchase commitments		196,925	665,946	862,871	302,327	794,002	1,096,329
2.1.2.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.3.	Loan granting commitments		83,589	-	83,589	41,181	-	41,181
2.1.4.	Securities underwriting commitments		-	-	-	-	-	-
2.1.5.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6.	Payment commitment for checks		873,631	-	873,631	824,093	-	824,093
2.1.7.	Tax and fund liabilities from export commitments		106	-	106	106	-	106
2.1.8.	Commitments for credit card expenditure limits		513,673	-	513,673	449,872	-	449,872
2.1.9.	Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.10.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.11.	Payables for short sale commitments		-	-	-	-	-	-
2.1.12.	Other irrevocable commitments		-	-	-	-	-	-
2.2.	Revocable commitments		24,634,609	-	24,634,609	22,033,613	-	22,033,613
2.2.1.	Revocable loan granting commitments		24,634,609	-	24,634,609	22,033,613	-	22,033,613
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**3,292,959**	**5,201,987**	**8,494,946**	**4,149,102**	**5,372,455**	**9,521,557**
3.1.	Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1.	Fair value hedge		-	-	-	-	-	-
3.1.2.	Cash flow hedge		-	-	-	-	-	-
3.1.3.	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2.	Held for trading transactions		3,292,959	5,201,987	8,494,946	4,149,102	5,372,455	9,521,557
3.2.1	Forward foreign currency buy/sell transactions		3,290,408	4,705,920	7,996,328	4,139,512	5,208,626	9,348,138
3.2.1.1	Forward foreign currency transactions-buy		1,777,759	2,376,979	4,154,738	2,324,327	2,340,715	4,665,042
3.2.1.2	Forward foreign currency transactions-sell		1,512,649	2,328,941	3,841,590	1,815,185	2,867,911	4,683,096
3.2.2.	Other forward buy/sell transactions		2,551	496,067	498,618	9,590	163,829	173,419
3.3.	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**108,637,925**	**68,128,292**	**176,766,217**	**87,086,723**	**68,887,686**	**155,974,409**
IV.	**ITEMS HELD IN CUSTODY**		**4,587,096**	**875,697**	**5,462,793**	**3,785,834**	**673,347**	**4,459,181**
4.1.	Assets under management		-	-	-	-	-	-
4.2.	Investment securities held in custody		-	-	-	44,848	-	44,848
4.3.	Checks received for collection		3,911,164	421,966	4,333,130	3,279,385	400,775	3,680,160
4.4.	Commercial notes received for collection		675,932	97,424	773,356	461,601	91,583	553,184
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		-	-	-	-	-	-
4.8.	Custodians		-	356,307	356,307	-	180,989	180,989
V.	**PLEDGED ITEMS**		**104,039,153**	**67,227,353**	**171,266,506**	**83,289,213**	**68,188,947**	**151,478,160**
5.1.	Marketable securities		246,526	20,703	267,229	204,398	30,619	235,017
5.2.	Guarantee notes		102,015	860,772	962,787	102,015	865,325	967,340
5.3.	Commodity		2,600,619	232,251	2,832,870	2,539,780	224,442	2,764,222
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		47,492,674	624,154	48,116,828	38,528,360	644,430	39,172,790
5.6.	Other pledged items		53,597,319	65,489,473	119,086,792	41,914,660	66,424,131	108,338,791
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDET GUARANTEES AND WARRANTIES**		**11,676**	**25,242**	**36,918**	**11,676**	**25,392**	**37,068**
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**142,532,416**	**78,365,398**	**220,897,814**	**118,980,817**	**79,632,690**	**198,613,507**

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

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

III. INCOME STATEMENT (STATEMENT OF INCOME / LOSS)

		Notes	Current Period Reviewed 01.01 - 30.06.2014	Prior Period Reviewed 01.01 - 30.06.2013	Current Period Reviewed 01.04 - 30.06.2014	Prior Period Reviewed 01.04- 30.06.2013
I.	**PROFIT SHARE INCOME**	(IV-a)	**922,914**	**683,946**	**488,387**	**346,268**
1.1	Profit share on loans		836,799	635,969	440,391	321,324
1.2	Profit share on reserve deposits		-	-	-	-
1.3	Profit share on banks		1,898	3,534	950	1,517
1.4	Profit share on money market placements		-	-	-	-
1.5	Profit share on marketable securities portfolio		57,104	23,210	31,636	12,943
1.5.1	Held-for-trading financial assets		-	-	-	-
1.5.2	Financial assets at fair value through profit and loss		-	-	-	-
1.5.3	Available-for-sale financial assets		57,104	23,210	31,636	12,943
1.5.4	Investments held-to-maturity		-	-	-	-
1.6	Finance lease income		16,829	9,885	9,929	5,455
1.7	Other profit share income		10,284	11,348	5,481	5,029
II.	**PROFIT SHARE EXPENSE**	(IV-b)	**414,360**	**287,447**	**217,368**	**144,448**
2.1	Expense on profit sharing accounts		310,687	214,881	165,579	106,698
2.2	Profit share expense on funds borrowed		76,883	65,179	36,880	34,053
2.3	Profit share expense on money market borrowings		18,314	-	10,914	-
2.4	Expense on securities issued		-	-	-	-
2.5	Other profit share expense		8,476	7,387	3,995	3,697
III.	**NET PROFIT SHARE INCOME (I - II)**		**508,554**	**396,499**	**271,019**	**201,820**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**51,323**	**43,035**	**30,651**	**21,315**
4.1	Fees and commissions received		98,896	77,834	55,936	41,904
4.1.1	Non-cash loans		36,891	33,313	18,055	17,622
4.1.2	Other	(IV- l)	62,005	44,521	37,881	24,282
4.2	Fees and commissions paid		47,573	34,799	25,285	20,589
4.2.1	Non-cash loans		88	116	40	31
4.2.2	Other	(IV-l)	47,485	34,683	25,245	20,558
V.	**DIVIDEND INCOME**	(IV-c)	-	-	-	-
VI.	**NET TRADING INCOME**	(IV-d)	**81,200**	**77,738**	**26,287**	**54,681**
6.1	Capital market transaction gains / (losses)		525	(1,489)	(67)	(1,161)
6.2	Gains/ (losses) from derivative financial instruments		31,998	4,624	3,804	6,938
6.3	Foreign exchange gains / (losses)		48,677	74,603	22,550	48,904
VII.	**OTHER OPERATING INCOME**	(IV-e)	**114,056**	**99,865**	**53,409**	**52,195**
VIII.	**NET OPERATING INCOME (III+IV+V+VI+VII)**		**755,133**	**617,137**	**381,366**	**330,011**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	(IV-f)	**136,456**	**140,963**	**57,067**	**63,704**
X.	**OTHER OPERATING EXPENSES (-)**	(IV-g)	**395,165**	**295,286**	**198,413**	**149,582**
XI.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X)**		**223,512**	**180,888**	**125,886**	**116,725**
XII.	**AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER**		-	-	-	-
XIII.	**GAIN / (LOSS) ON EQUITY METHOD**		-	-	-	-
XIV.	**GAIN / (LOSS) ON NET MONETARY POSITION**		-	-	-	-
XV.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+…+XIV)**	(IV-h)	**223,512**	**180,888**	**125,886**	**116,725**
XVI.	**TAX CHARGE FOR CONTINUED OPERATIONS (±)**	(IV- i)	**(48,157)**	**(35,127)**	**(30,946)**	**(21,965)**
16.1	Current income tax charge		(55,837)	(29,381)	(41,421)	(22,999)
16.2	Deferred tax charge / benefit		7,680	(5,746)	10,475	1,034
XVII.	**NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)**		**175,355**	**145,761**	**94,940**	**94,760**
XVIII.	**INCOME ON DISCONTINUED OPERATIONS**		-	-	-	-
18.1	Income on assets held for sale		-	-	-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-	-	-	-
18.3	Income on other discontinued operations		-	-	-	-
XIX.	**LOSS FROM DISCONTINUED OPERATIONS (-)**		-	-	-	-
19.1	Loss from assets held for sale		-	-	-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-	-	-	-
19.3	Loss from other discontinued operations		-	-	-	-
XX.	**PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)**		-	-	-	-
XXI.	**TAX CHARGE FOR DISCONTINUED OPERATIONS (±)**	(IV-j)	-	-	-	-
21.1	Current income tax charge		-	-	-	-
21.2	Deferred tax charge / benefit		-	-	-	-
XXII.	**NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)**		-	-	-	-
XXIII.	**NET PROFIT/LOSS (XVII+XXII)**	(IV-k)	**175,355**	**145,761**	**94,940**	**94,760**
23.1	Group's income/loss		175,355	145,761	94,940	94,760
23.2	Minority interest income/loss (-)		-	-		-
	Earnings per share income/loss (full TL)		-	-		-

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

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY (STATEMENT OF OTHER COMPREHENSIVE INCOME AND LOSS)

		Reviewed	Reviewed
		Current period	**Prior period**
	Statement of income and expenses accounted under equity	**(01.01-30.06.2014)**	**(01.01-30.06.2013)**
I.	**Additions to marketable securities revaluation differences from available for sale financial assets**	**51,051**	**(14,424)**
II.	**Tangible assets revaluation differences**	**-**	**-**
III.	**Intangible assets revaluation differences**	**-**	**-**
IV.	**Currency translation differences for foreign currency transactions**	**-**	**-**
V.	**Profit/loss from derivative financial instruments for cash flow hedge purposes (effective portion of fair value differences)**	**-**	**-**
VI.	**Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)**	**-**	**-**
VII.	**The effect of corrections of errors and changes in accounting policies**	**-**	**-**
VIII.	**Other profit loss items accounted under equity as per Turkish accounting standards**	**-**	**-**
IX.	**Deferred tax on valuation differences**	**(10,046)**	**2,885**
X.	**Total net profit/loss accounted under equity (I+II+…+IX)**	**41,005**	**(11,539)**
XI.	**Profit/loss**	**(815)**	**-**
XI.1	Change in fair value of marketable securities (transfer to profit/loss)	(815)	-
XI.2	Reclassification of derivatives accounted for cash flow hedge purposes to income statement	-	-
XI.3	Reclassification of hedge of net investments in foreign operations to income statement	-	-
XI.4	Other	-	-
XII.	**Total profit/loss accounted for the period (X±XI)**	**40,190**	**(11,539)**

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

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note	Paid-in capital	Effect of inflation accounting on paid-in capital and other capital reserves	Share Premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves	Asset held for sale and disc.op. valuation fund	Total excluding minority interest	Minority interest	Total equity
I.	**Balances at beginning of the period**		**1,700,000**	**-**	**23,250**	**-**	**60,800**	**-**	**203,396**	**12,235**	**-**	**300,343**	**2,025**	**-**	**-**	**-**	**-**	**2,302,049**		**2,302,049**
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted balances at beginning of the period (I+II)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Changes during the period																			
IV.	**Increase/decrease related to merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Marketable securities revaluation differences**		-	-	-	-	-	-	-	-	-	-	**40,190**	-	-	-	-	**40,190**	-	**40,190**
VI.	**Hedging funds (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Tangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Bonus shares obtained from associates, subsidiaries and jointly controlled operations**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Foreign exchange differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Changes related to the disposal of assets (*)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Changes related to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**The effect of change in associate's equity**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Capital increase**		**590,000**	-	-	-	-	-	-	**27,202**	-	**(229,093)**	-	-	-	-	-	**388,109**	-	**388,109**
14.1	Cash		360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	-	360,000
14.2	Internal sources		230,000	-	-	-	-	-	-	27,202	-	(229,093)	-	-	-	-	-	28,109	-	28,109
XV.	**Share issue premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	**Inflation adjustment to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	**Other(**)**		**(2,995)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**(2,995)**	-	**(2,995)**
XIX.	**Net income/(loss) for the period**		-	-	-	-	-	-	-	-	**175,355**	-	-	-	-	-	-	**175,355**	-	**175,355**
XX.	**Profit distribution**		-	-	-	-	**17,069**	-	**5,555**	-	-	**(71,250)**	-	-	-	-	-	**(48,626)**	-	**(48,626)**
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	(20,517)	-	-	-	-	-	(20,517)	-	(20,517)
20.2	Transfers to reserves		-	-	-	-	17,069	-	5,555	-	-	(50,733)	-	-	-	-	-	(28,109)	-	(28,109)
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV+V+......+XVIII+XIX+XX)	**(II–k)**	**2,287,005**	**-**	**23,250**	**-**	**77,869**	**-**	**208,951**	**39,437**	**175,355**	**-**	**42,215**	**-**	**-**	**-**	**-**	**2,854,082**	**-**	**2,854,082**

(*) In the Ordinary General Assembly Meeting dated 27 March 2014, after deducting the financial obligations from the profit of the year 2013, the remaining balance of TL 300,343 classified as follows: TL 5,555 as extraordinary reserve; TL 17,069 as legal reserves of which TL 15,017 as the first legal reserves and TL 2,052 as the second legal reserves; TL 20,517 as dividend payable to Shareholders' and Board of Members; TL 27,202 as other reserves and TL 230,000 capital transfer from retained earnings.

(**) It represents the Bank's acquisition of its own shares amounting to TL 2,995 as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note	Paid-in capital	Effect of inflation accounting on paid-in capital and other capital reserves	Share premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves	Asset held for sale and disc.op. valuation fund	Total excluding minority interest	Minority interest	Total equity
	Prior period (01.01-30.06.2013)																			
I.	**Beginning balance**		**1,100,000**	**-**	**23,250**	**-**	**46,405**	**-**	**246,279**	**4,739**	**-**	**250,156**	**13,208**	**-**	**-**	**-**	**-**	**1,684,037**	**-**	**1,684,037**
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	**Increase/decrease related to merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Marketable securities revaluation differences**		-	-	-	-	-	-	-	-	-	-	**(11,539)**	-	-	-	-	**(11,539)**	-	**(11,539)**
IV.	**Hedging funds (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Tangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Bonus shares obtained from associates, subsidiaries and jointly controlled operations**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Foreign exchange differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Changes related to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Changes related to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**The effect of change in associate's equity**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital increase**		**600,000**	**-**	**-**	**-**	**-**	**-**	**(188,461)**	**(1,509)**	**-**	**(50,000)**	**-**	**-**	**-**	**-**	**-**	**360,000**	**-**	**360,000**
12.1	Cash		360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	-	360,000
12.2	Internal sources		240,000	-	-	-	-	-	(188,461)	(1,509)	-	(50,000)	-	-	-	-	-	-	-	-
XIII.	**Share issue premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Inflation adjustment to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Other**		-	-	-	-	-	-	-	**21,281**	-	-	-	-	-	-	-	**21,281**	-	**21,281**
XVII.	**Net income/(loss) for the period**		-	-	-	-	-	-	**145,608**	-	**145,761**	-	-	-	-	-	-	**291,369**	-	**291,369**
XVIII.	**Profit distribution(*)**		-	-	-	-	**14,395**	-	-	-	-	**(200,156)**	-	-	-	-	-	**(185,761)**	-	**(185,761)**
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	(18,872)	-	-	-	-	-	(18,872)	-	(18,872)
18.2	Transfers to reserves		-	-	-	-	14,395	-	-	-	-	(181,284)	-	-	-	-	-	(166,889)	-	(166,889)
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing balance (I+II+III+…+XVI+XVII+XVIII)	**(II–k)**	**1,700,000**	**-**	**23,250**	**-**	**60,800**	**-**	**203,396**	**24,511**	**145,761**	**-**	**1,669**	**-**	**-**	**-**	**-**	**2,159,387**	**-**	**2,159,387**

(*) In the Ordinary General Assembly Meeting dated 28 March 2013, after deducting the financial obligations from the profit of the year 2012, the remaining balance of TL 250,156 classified as follows: TL 145,608 as extraordinary reserve; TL 14,395 as legal reserves of which TL 12,508 as the first legal reserves and TL 1,887 as the second legal reserves; TL 18,872 as dividend payable to Shareholders' and Board of Members, TL 21,281 as other reserves and TL 50,000 capital transfer from retained earnings.

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

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

VI. CASH FLOWS STATEMENT

		Note	Reviewed Current period 01.01.2013 –30.06.2014	Reviewed Prior period 01.01.2013–30.06.2013
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**217,940**	**193,822**
1.1.1	Profit share income received		869,903	663,756
1.1.2	Profit share expense paid		(420,238)	(292,452)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		99,566	79,662
1.1.5	Other income		71,613	41,124
1.1.6	Collections from previously written off loans		33,885	33,133
1.1.7	Payments to personnel and service suppliers		(307,076)	(235,415)
1.1.8	Taxes paid		(56,302)	(28,737)
1.1.9	Others		(73,411)	(67,259)
1.2	**Changes in operating assets and liabilities**		**(804,015)**	**(362,579)**
1.2.1	Net (increase) decrease held for trading financial assets		733	(1,961)
1.2.2	Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions		(2,474,704)	(543,064)
1.2.4	Net (increase) decrease in loans		(2,306,068)	(2,251,330)
1.2.5	Net (increase) decrease in other assets		(1,299)	(302,183)
1.2.6	Net increase (decrease) in bank deposits		737,281	408,376
1.2.7	Net increase (decrease) in other deposits		1,867,596	1,580,753
1.2.8	Net increase (decrease) in funds borrowed		860,600	485,750
1.2.9	Net increase (decrease) in due payables		-	-
1.2.10	Net increase (decrease) in other liabilities		511,846	261,080
I.	**Net cash provided from / (used in) banking operations**		**(586,075)**	**(168,757)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from / (used in) investing activities**		**(667,789)**	**(413,395)**
2.1	Cash paid for purchase jointly controlled operations, associates and subsidiaries		(26,912)	(32,384)
2.2	Cash obtained from sale of jointly controlled operations, associates and subsidiaries		-	-
2.3	Fixed assets purchases		(64,380)	(20,429)
2.4	Fixed assets sales		208	28
2.5	Cash paid for purchase of financial assets available for sale		(580,489)	(354,609)
2.6	Cash obtained from sale of financial assets available for sale		18,846	-
2.7	Cash paid for purchase of investment securities		-	-
2.8	Cash obtained from sale of investment securities		-	-
2.9	Other		(15,062)	(6,001)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash provided from / (used in) financing activities**		**336,488**	**360,000**
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Capital increase		357,005	360,000
3.4	Dividends paid		(20,517)	-
3.5	Payments for finance leases		-	-
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(V-c)**	**10,373**	**5,270**
V.	**Net increase (decrease) in cash and cash equivalents (I + II + III + IV)**		**(907,003)**	**(216,882)**
VI.	**Cash and cash equivalents at the beginning of the period**	**(V-a)**	**3,167,289**	**1,831,067**
VII.	**Cash and cash equivalents at the end of the period**	**(V-a)**	**2,260,286**	**1,614,185**

SECTION THREE

ACCOUNTING PRINCIPLES

I. Explanations on basis of presentation

a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

As per the Article 37 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, the Bank keeps its accounting records and prepares its unconsolidated 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 Regulatory and Supervisory Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances.

As per the Decree Law no. 660 published in the Official Gazette and become effective on 2 November 2011, the Additional Clause 1 of the Law no. 2499 was abolished and the Public Oversight, Accounting and Auditing Standards Authority was established. The financial statements are prepared based on the TAS/TFRS and the related statements and guidances announced by the Public Oversight, Accounting and Auditing Standards Authority.

b. Classification

None

c. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements:

The financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities held for trading carried at fair value.

The preparation of unconsolidated financial statements in conformity with TAS requires the Bank management to make assumptions and estimates with respect to assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates are mainly related with the determination of the fair values of the financial instruments and determination of the impairments on assets and these assumptions are being reviewed regularly and, when necessary, appropriate corrections are made and the effects of these corrections are reflected to the income statement.

I. Explanations on basis of presentation (continued)

d. Preparation of the financial statements in the current purchasing power of money:

Until 31 December 2004, the financial statements of the Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29"). BRSA explained with its decision numbered 1623 and dated 21 January 2005 and its circular dated 28 April 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied beginning from 1 January 2005.

II. Explanations on strategy of using financial instruments and foreign currency transactions

The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank's equity. The assets-liabilities committee (ALCO) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The Bank's portion of risk regarding loans originating from participation accounts followed in receivables to be written off, doubtful commission, fees and other receivables, uncollectible loans and other receivables, along with foreign currency (FC) loans and receivables originating from the Bank's equity and private current accounts are converted to Turkish Lira with the rates prevailing at the date of the transfer of such receivables to non-performing loan portfolio. The participation accounts' portion of the risk of the foreign currency loans and FC pegged loans, originating from participation accounts, is evaluated with the current foreign currency rates and the differences are recorded foreign currency gains/losses account in the income statement.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Bank.

III. Investments in associates and subsidiaries

Turkish currency denominated associates and subsidiaries are measured at cost value in accordance with the "Consolidated and Separate Financial Statements" ("TAS 27") and then deducted by provisions for impairment losses, if any, reflected to the accompanying unconsolidated financial statements.

IV. Explanations on forward transactions and option contracts and derivative instruments

The Bank enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. The Bank classifies its derivative instruments as "Derivative Financial Instruments Held for Hedging Purposes" and "Derivative Financial Instruments Held for Trading" in accordance with TAS 39. Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as "held for trading" within the framework of TAS 39, and are reflected in the "Derivative Financial Assets/Liabilities Held for Trading" account in the balance sheet. The Bank has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their notional amounts.

Fair values of foreign currency forward transactions and swaps are calculated by using the discounted cash flow model. Differences resulting from the changes in the fair values of derivatives held for trading are accounted under 'Trading Income/Loss' line in the income statement.

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

V. Explanations on profit share income and expense

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. In accordance with the related regulation, the profit share accruals of non-performing loans are cancelled and are not recorded until the profit share income is realized.

The Bank calculates expense accrual in accordance with the unit value calculation method on profit/loss sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

VI. Explanations on fees and commission income and expenses

Except for the fees and commission income and expenses obtained for some banking services which are recorded as income when collected, fees and commission income/expenses are reflected in the income statement over the period of the related transaction.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

VII. Explanations on financial assets

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

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

This category has two sub categories: "Trading financial assets" and "Financial assets designated at fair value through profit/loss at initial recognition".

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or dealers' margin, or are financial assets included in a portfolio and derivative instruments in which a pattern of short-term profit making exists.

Trading financial assets are initially recognized at transaction prices, which are assumed to be the fair value, and subsequently measured at fair value. All gains and losses arising from these valuations are reflected in the income statement.

Other than trading financial assets, the Bank has no financial assets at fair value through profit or loss.

b. Financial assets available for sale:

Financial assets available for sale are initially recognized at cost; which reflects their fair values; including the transaction costs. Financial assets classified as available for sale financial assets which do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less impairment, if any.

Financial assets available-for-sale gains and losses are valued using internal rate of return and recorded in the income statement as profit share income. Financial assets available-for-sale profit share rediscounts recognized in the profit/share account, current value differences recognized in the "securities value increase fund" under the shareholders' equity. In case of sales, the realized gain/losses in the shareholders' equity are recognized directly in the income statement.

VII. Explanations on financial assets (continued)

c. Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and are not classified as held for trading, financial assets at the fair value through profit or loss or as available for sale. Loans and receivables are initially recognized at cost, which is assumed to reflect their fair value and subsequently recognized at the amortized cost calculated using the internal rate of return method. The expenses incurred for the loans and receivables received as collateral are not considered as transaction costs and are recognized in the expense accounts.

d. Held to maturity financial assets:

Held to maturity financial assets are financial assets with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity that are not classified under ‘Loans and receivables’. Held to maturity financial assets are initially recognized at cost which is assumed to reflect their fair value, and subsequently carried at ‘Amortized Cost’ using the ‘Internal Rate of Return’. Profit share income from held to maturity financial assets is reflected in the income statement. The Bank does not have any held to maturity financial assets as of the balance sheet date.

VIII. Explanations on impairment of financial assets

At each balance sheet date an assessment is made as to whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, impairment is provided for financial asset categories as explained below.

i) Loans and receivables:

If there is objective evidence that the loans might not be collected, the Bank reclassifies such loans to III. IV. and V. groups and provides impairment reserve in accordance with the Communiqué of “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published on 1 November 2006 in the Official Gazette No: 26333. For the loans with poor financial position and/or payment capability, the Bank can provide a specific impairment reserve in excess of the amounts calculated using the minimum required rates for the related group.

Collections related to the provisions provided in the current period for such loans are deducted from ‘Provisions for Loan Losses and Other Receivables’ account in the income statement. Subsequent recoveries of amounts previously written off or provisions made in prior periods are included in “Other Operating Income” in the income statement.

VIII. Explanations on impairment of financial assets (continued)

ii) Financial assets held to maturity:

If there is objective evidence indicating that the value of financial assets held to maturity is impaired, the amount of the loss is measured as the difference between the present values of future estimated cash flows discounted using the original profit share and the carrying value; provision is made for impairment and the provision is associated with expense accounts.

iii) Financial assets available for sale:

If there is objective evidence indicating that the fair value of an available for sale financial asset, for which decreases in the fair value has been accounted under the equity, has been impaired then the total loss which was accounted directly in the equity is transferred from equity to the income statement.

Impairment losses recognized in the income statement related to the investments in equity instruments classified as available for sale financial assets cannot be reversed through the income statement. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on equity instruments cannot be reversed.

IX. Explanations on offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sale and repurchase agreements and lending of securities

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. In this content, initial OMT transaction was performed with CBRT on 14 June 2013 by selling rent certificates that are recognized in the assets of the Bank in return for conditional repurchasing. Beginning from this date, the Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for Treasury rent certificates that are reported as assets in balance sheet in order to raise funds.

As of 30 June 2014, the Bank has repurchasing agreements amounting to TL 679,489 (31 December 2013 –TL 221,428).

XI. Explanations on assets held for sale and discontinued operations and related liabilities

As mandated by the Banking Act 5411 Article 57 "banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

The principles for valuation and accounting for disposal of assets acquired by banks in return for their nonperforming loans are determined by the official communication of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale" No. 26333 published on 1 November 2006 and No. 26592 published on 24 April 2007 in the Official Gazette.

XI. Explanations on assets held for sale and discontinued operations and related liabilities (continued)

Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

Although the Bank has assets acquired due to receivables and debtors’ obligations to the Bank, such assets are classified as fixed assets rather than assets held for sale and are amortized due to inability to dispose them or to produce a solid plan for disposal within a year within the provisions of banking legislation.

On the other hand properties acquired by the Bank due to receivables and debtors’ obligations to the Bank are reflected as assets held for sale in the financial statements provided that there is a contracted term sale agreement.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale. Discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

XII. Explanations on goodwill and other intangible assets

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Bank comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years.

There is no goodwill related to associates and subsidiaries.

XIII. Explanations on tangible assets

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates used for amortization are as follows:

Property	2%
Movables, Leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

XIV. Explanations on leasing transactions

Bank as a lessee

Assets acquired under finance lease contracts are recorded both as an asset and a liability at the beginning date of the lease. The basis for the determination of these amounts is the lower of fair value of the leased asset or the present value of the lease payments. The direct costs incurred during a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period.

Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets and if a diminution in recoverable value of the leased asset is identified, a provision for impairment is recognized.

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

Bank as a lessor

The Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Bank presents finance leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

XV. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities are accounted for in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Bank recognizes provisions for obligations which arose from prior periods in current financial year, only if, the possibility of realization is high and a reliable estimation can be made.

A provision is provided if liabilities have been originated as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a "Contingent" liability and is disclosed in the related notes to the financial statements.

XVI. Explanations on liabilities relating to employee benefits

a) Defined benefit plans:

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to "Turkish Accounting Standard on Employee Benefits" ("TAS 19") is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm. Bank is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Bank's employees are not members of any pension fund, foundations, union or other similar entities.

b) Defined contribution plans:

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

c) Short term benefits to employees:

In accordance with "TAS 19", vacation pay liabilities are defined as "Short Term Benefits to Employees" and accrued as earned.

Bank management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.

XVII. Explanations on taxation

Current tax

The corporate tax rate in Turkey is 20%. This rate is applied on taxable income which is calculated by adjusting the income before tax for certain disallowable expenses, tax exempt income and other allowances. No further tax is applicable unless the profit is distributed. According to the tax code, each quarter advance tax amount is calculated using a rate of 20% over tax base and paid, then the paid advance taxes are deducted from the corporate tax liability that is calculated for the year.

Withholding taxes is not applied to dividends distributed to companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister's decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 15% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

Each quarter advance tax amount is calculated using a rate of 20% over tax base and Corporate tax returns are filed by the fourteenth day of the second month following the balance sheet date and taxes is paid by the seventeenth day of the second until evening. Paid advance taxes are paid during the year are belong to the current year, then the paid advance taxes are deducted from the corporate tax liability that is calculated for the year. If the balance of paid advance taxes remains after deduction of paid advance taxes, it can be paid back in cash or it can be deducted from financial loans to the government.

Shares held for at least two years and 75% of real estate proceeds are exempt from tax to the extent that they are included in capital as required in Corporate Tax Law or they are held under a special account in liabilities for five years.

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for gains from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the twenty fifth day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

Deferred tax

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). Deferred tax asset is calculated on all temporary differences other than general provisions to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. If transactions and events are recorded directly in the shareholders' equity, the related tax effects are recognized directly in the shareholders' equity.

XVIII. Explanations on additional disclosures on borrowings

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Bank does not apply hedging techniques on related borrowings.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

Borrowing through the rent certificates (Sukuk)

In order to collect funds from various investors, the Bank issued a 5 year term rent certificate amounting to USD 350 million on 31 October 2011 with a profit share rate of 5.875%. The Bank has performed this issue through KT Sukuk Varlık Kiralama A.Ş. (Note V Part I-h), which is a subsidiary of the Bank that is established specifically for this transaction (the issuance of the rent certificates). Funds collected by KT Sukuk Varlık Kiralama A.Ş. from rent certificate investors, amounting to USD 350 million, is transferred to the Bank in exchange of some of the real estate assets, loan receivables and leasing receivables of the Bank. Within the scope of the aforementioned transaction, the Bank sold its real estate properties with a net book value of TL 61,195 to KT Sukuk Varlık Kiralama A.Ş. for a consideration equal to their market price of TL 248,734 (USD 136,870 thousand) and leased back these real estate assets for 5 years with a repurchase option at the end of the fifth year.

In accordance with the letter received from BRSA, numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and dated 13 March 2012 this transaction is accounted for as “sale and lease back” transaction in accordance with TAS 17. As a consequence of this accounting treatment, the net book value of the real estate property transferred and leased back increased from TL 61,195 to TL 248,734. The difference of TL 187,539 between the net book value of TL 61,195 before the aforementioned transaction and the net book value of TL 248,734 after the aforementioned transaction will be recognized as income in 5 years using the effective interest method and accounted for as deferred income under other liabilities. Current period TL 16,828 of the aforementioned deferred income is recognized as income in the income statement. The difference accounted as tangible assets mentioned above, will be recognized as expense by accounting under “other expenses” in the income statement during the period of lease.

As a result of the lease back of the real estate property, the total amount of semi-annual rental payments to be made to KT Sukuk Varlık Kiralama A.Ş. in 5 years and total amounting to USD 177,076 thousand is discounted with a profit share rate of 5.875% to the date of the transaction as USD 136,870 thousand and accounted for as financial lease payables.

The remaining part of the total funds of USD 350 million transferred by KT Sukuk Varlık Kiralama A.Ş. to the Bank which is not part of the sale and leaseback transaction and amounting to USD 213,130 thousand is accounted for as Funds Borrowed in the balance sheet.

Additionally; in order to collect funds from various investors, the Parent Bank issued rent certificate with TL 150.000.000 nominal shares, with maturity of 364 days, at 18 November 2014, and has an ISIN code TRDKTVKK1411, which is started to be traded in Outright Purchases and Sales Market in Istanbul Stock Exchange Debt Securities Market since 20 November 2013 with the decision of Board of Directors of Stock Exchange dated 24 October 2013. The Parent Bank has performed this issue through KT Kira Sertifikaları A.Ş., which is an associate of the Parent Bank. The underlying asset of the rent certificate is finance lease receivables. Revenue distribution of rent certificates is determined 9.10% yearly in public offering (periodic revenue distribution 2.27%) so, rent certificates which has TL 100 nominal shares is publicly offered with TL 100 sales price. The first payment period transactions regarding the rent certificate with TRDKTVKK1411 ISIN code, has been performed on 18 February 2014, payment amounts (amounting to TL 3,405,000 fully) are transferred to related participants’ Takasbank A.Ş accounts.

The Bank issued a 5 year rent certificate amounting to USD 500 million on 26 June 2014 with a semi annual profit payment schedule and a profit share rate of 5.16% will be matured on 26 June 2019. Rent certicifate has been issued to qualified foreign investors.

XIX. Explanations on share certificates issued

There is no significant amount of transaction costs on Bank about share certificates.

XX. Explanations on acceptances and availed drafts

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

XXI. Explanations on government grants

There are no government grants received by the Bank.

XXII. Explanations on segment reporting

The Bank operates in three main segments; Corporate and Commercial Banking; Retail Banking; International Banking, Treasury and Investment Banking. Each segment operates with unique products, and the operational results are followed based on these segments.

Segment reporting is disclosed in Section Four, Note X.

XXIII. Explanations on other matters

There are no other matters to be disclosed by the Bank.

XXIV. Additional paragraph for convenience translation

The effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411, the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations on capital adequacy standard ratio

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation")", "Communiqué on Credit Risk Mitigation Techniques" and "Communiqué on Calculation of Risk Weighted Amounts for Securitizations" published in the Official Gazette No: 28337 dated 28 June 2012 and the "Communiqué on Equities of Banks" published in the Official Gazette No: 28756 dated 5 September 2013.

For the calculation of the capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. Such accounting information is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the regulation. Trading books include in and off the balance sheet accounts and positions over which derivative financial instruments and speculative-purpose derivative instruments are followed up, the financial instruments and commodities held by the Bank for the purpose of performing purchase and sales transactions in order to benefit from the price differences expected or realized as short term and/or between the purchase and sales prices or the other price and rate of exchange changes and in order to protect from the risks or reduce such risks arising of the positions relevant to the mentioned financial instruments and commodities. The accounts other than the trading books are defined "as banking books".

Banking books include Due from Central Bank, Due from Banks, Loans and Receivables, Leasing Receivables, Transactions and Other Assets items in the assets; and Funds Collected, Securities Issued, Borrowings, Subordinated Loans, Other Liabilities items in the liabilities. The derivative financial instruments and available-for-sale financial assets are followed up over the Trading Books.

Risk measurement methods used in the determination of the standard rate capital adequacy ratio by way of determination of the risk-weighted assets and non-cash loans according to the risk weight rates in the relevant regulation and inclusion within the capital adequacy standard rate calculations after calculation of the market risk and the operational risk in compliance with the relevant regulations. Credit risk is calculated by subjecting the risk-weighted assets and non-cash loans to the risk weight rates in the relevant legislation and application of the risk reduction techniques, and the standard method is used for the market risk and the basic indicator method is used for the operational risk.

Based on the Communiqué concerning "Measurement and Assessment of Capital Adequacy of Banks", the capital adequacy ratio of the Bank is 15.63 % (31 December 2013: 14.24%).

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

I. Explanations on capital adequacy standard ratio (continued)

Information for unconsolidated capital adequacy standard ratio:

	30 June 2014							
	Risk Weights (*)							
Current Period	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**200**	**250%**
Value at Credit Risk	**-**	**458,935**	**3,817,839**	**2,524,285**	**11,068,410**	**99,888**	**117,116**	**23,545**
Exposure Categories	**5,961,671**	**2,294,673**	**7,635,678**	**3,365,713**	**11,068,410**	**66,592**	**58,558**	**9,418**
Conditional and unconditional receivables from central governments or central banks	3,960,136	-	1	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	58,617	2,291,654	1,025,177	-	644,712	-	-	-
Conditional and unconditional receivables from corporates	237,468	-	-	-	8,099,520	-	-	-
Conditional and unconditional retail receivables	90,353	-	-	3,365,713	6,833	-	-	-
Conditional and unconditional receivables secured by mortgages	31,582	-	6,600,728	-	1,093,966	-	-	-
Past due receivables	21	-	9,772	-	30,930	-	-	-
Receivables defined in high risk category by BRSA	153	-	-	-	-	66,592	58,558	9,418
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1,583,341	3,019	-	-	1,192,449	-	-	-

(*)Since the Bank does not perform securitization, 1250% risk weight is not shown in the tables above.

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

I. Explanations on capital adequacy standard ratio (continued)

	31 December 2013 Risk Weights (*)							
Prior Period(*)	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**
Value at Credit Risk	**-**	**288,497**	**3,255,024**	**2,528,361**	**10,532,501**	**181,986**	**105,642**	**37,368**
Exposure Categories	**4,993,804**	**1,442,483**	**6,510,048**	**3,371,148**	**10,532,501**	**121,324**	**52,821**	**14,947**
Conditional and unconditional receivables from central governments or central banks	3,228,145	-	-	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	41,649	1,442,482	1,032,671	-	625,689	-	-	-
Conditional and unconditional receivables from corporates	312,784	-	-	-	7,996,754	-	-	-
Conditional and unconditional retail receivables	144,708	-	-	3,371,148	14,412	-	-	-
Conditional and unconditional receivables secured by mortgages	45,172	-	5,469,600	-	907,099	-	-	-
Past due receivables	24	-	7,777	-	14,815	-	-	-
Receivables defined in high risk category by BRSA	211	-	-	-	-	121,324	52,821	14,947
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1,221,111	1	-	-	973,732	-	-	-

(*)Since the Bank does not perform securitization, 1250% risk weight is not shown in the tables above.

Summary of the capital adequacy standard ratio of the Bank:

	Current Period (*)	**Prior Period**
Capital Requirement for Credit Risk (Amount Subject to Credit Risk *0.08) (CRCR)	1,448,801	1,354,350
Capital Requirement for Market Risk (MRCR)	46,905	33,767
Capital Requirement for Operational Risk (ORCR)	147,418	116,665
Shareholders' Equity	3,210,583	2,678,763
Shareholders' Equity / ((TRWA + ASMR + ASOR) *12.5) *100	15.63	14.24
Core Capital /((TRWA+ASMR+ASOR) *12.5)*100	13.26	-
Tier I Capital/((TRWA+ASMR+ASOR) *12.5)*100	13.62	-

(*)The Bank calculates its capital in accordance with "Regulations on the Capital of the Banks" published in Official Gazette, dated 5 September 2013, numbered 28756 and also calculates its Capital Adequacy Standard Ratio depending on this framework. The information given as prior period were calculated in the framework of prior regulations.

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

I. Explanations on capital adequacy standard ratio (continued)

Information on shareholders' equity:

	Current Period
TIER I CAPITAL	**2,796,443**
Paid-in Capital to be Entitled for Compensation after All Creditors	2,287,005
Share Premium	23,250
Share Cancellation Profits	-
Reserves	286,820
Other Comprehensive Income according to TAS	93,929
Profit	175,355
Current Period Profit	175,355
Prior Period Profit	-
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	**2,866,359**
Deductions From Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	12,276
Leasehold Improvements on Operational Leases (-)	39,457
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	12,465
Net Deferred Tax Asset/Liability (-)	5,718
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions from Tier I Capital	**69,916**
Total Tier I Capital	**2,796,443**
ADDITIONAL CORE CAPITAL	-
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	**72,730**
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	49,861
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	22,869
Total Core Capital	**2,723,713**

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

I. Explanations on capital adequacy standard ratio (continued)

Information on shareholders' equity (continued):

	Current Period
TIER II CAPITAL	**498,921**
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	360,821
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	138,100
Tier II Capital before Deductions	**498,921**
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**498,921**
CAPITAL	**3,222,634**
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	2,456
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	9,595
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where The Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
EQUITY	**3,210,583**
Amounts lower than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-

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

I. Explanations on capital adequacy standard ratio (continued)

Information on shareholders' equity (continued):

	Prior Period
CORE CAPITAL	
Paid-in Capital	1,700,000
Nominal capital	2,060,000
Capital commitments (-)	360,000
Inflation indexation difference on paid-in capital	-
Share premium	23,250
Share cancellations profits	-
Legal Reserves(*)	252,306
Inflation Adjustments to Legal Reserves	-
Profit	300,343
Current Period's Profit	300,343
Prior Periods' Profit	-
Provision for Possible Losses (up to 25% of Core Capital)	-
Income on Sale of Equity Shares and Real Estates	24,125
Primary subordinated loans up to 15% of the core capital	-
Loss (in excess of Reserves) (-)	-
Current Period's Losses -	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	38,046
Intangible Assets (-)	55,698
Deferred Tax Asset in excess of 10% of Core Capital (-)	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-
Total core capital	**2,206,280**
SUPPLEMENTTARY CAPITAL	
General provisions	126,414
45% of the revaluation reserve for movable fixed assets	-
45% of the of revaluation reserve for properties	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Primary subordinated loans excluded in the calculation of the core capital	-
Secondary subordinated loans	350,741
45% of Securities Value Increase Fund	911
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit / Loss	-
Total supplementary capital	**478,066**
CAPITAL	**2,684,346**
DEDUCTIONS FROM CAPITAL	**5,583**
Shareholdings of banks and financial institutions (Domestic, Foreign) in which the Bank has investments of ten percent or more	-
Shareholdings of banks and financial institutions (Domestic, Foreign) in which the Bank has investments less than ten percent total of which exceed ten percent of Bank's Core and Supplementary Capital	-
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	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years from foreclosure	2,431
Securitization Positions to be Deducted from Equity	-
Other	3,152
TOTAL SHAREHOLDER'S EQUITY	**2,678,763**

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

I. Explanations on capital adequacy standard ratio (continued)

Information on shareholders' equity (continued):

The Bank has established market risk operations and has taken the necessary precautions in order to manage market risk within its financial risk management purposes under "Risk Management Systems" in accordance with BRSA Regulation on "Banks' Internal Systems" published in the Official Gazette No. 26333 dated 1 November 2006.

Organizational and functional internal applications of risk management systems have been determined by the Board of Directors in accordance with the regulation mentioned above. The Bank approved the regulation related to the "Risk Management Systems and Working Procedures and Principles of the Risk Management Presidency". With this internal regulation and Treasury Directorship's Marketing and Liquidity Risk Management Policy and Application Procedures which are also approved by the Board of Directors, the procedures with respect to management of market risk are determined. Additionally, the Board of Directors, without transfer of its responsibility, requires the consent of the risk management group and the top management of the Bank to take necessary actions in order to identify, measure, control and manage the risks that the Bank is exposed to.

Additionally, in accordance with the official communication on "Measurement and Assessment of Capital Adequacy of Banks", published in the same Official Gazette as mentioned above, and in the context of other related regulations, the Bank has started to calculate and report to BRSA the amount subject to market risk with the Standard Method and the amount thus calculated has been considered in the capital adequacy calculation of the Bank.

The capital which should be kept against general market risk and specifics risks, is calculated and monthly reported in accordance with the "Marketing risk measurement process with standard method" which is the third chapter of "Calculation of Marketing Risk Amount" of the "Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks". The following table indicates the details of the market risk calculation as of 30 June 2014, in accordance with the Market Risk Calculation principles pursuant to the Part 2 of the Second Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette No. 28337 on 28 June 2012.

II. Information related to market risk:

	Current Period 30.06.2014	**Prior Period 31.12.2013**
(I) Capital Obligation against General Market Risk - Standard Method	18,884	14,451
(II) Capital Obligation against Specific Risk - Standard Method	14,489	3,392
Capital Requirement against Specific Risks of Securitization Positions– Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	7,443	8,408
(IV) Capital Obligation against Commodity Risk - Standard Method	4,444	5,493
(V) Capital Obligation against Settlement Risk - Standard Method	-	-
(VI) Total Capital Obligation against Market Risks of Options – Standard	-	-
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	1,645	2,023
(VIII) Total Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(IX) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI+VII)	46,905	33,767
(X) Value-At-Market Risk (12.5 x VIII) or (12.5 x IX)	**586,313**	**422,088**

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

III. Explanations on currency risk

Foreign currency risk represents the Bank's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to Standard Method.

The Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 30 June 2014, the Bank carries a net foreign currency long position of TL 349,422 (31 December 2013 – TL 605,188 long position) comprising TL 311,761 balance sheet short position (31 December 2013 - TL 558,509 short position) and TL 37,662 off balance sheet long position (31 December 2013 - TL 46,679 long position).

The announced current foreign exchange buying rates of the Bank as of 30 June 2014 and the previous five working days are as follows (Full TL):

	23/06/2014	24/06/2014	25/06/2014	26/06/2014	27/06/2014	Balance sheet evaluation rate
USD	2.1373	2.1392	2.1312	2.1384	2.1292	2.1234
EURO	2.9069	2.9070	2.9024	2.9104	2.8992	2.8919
GBP	3.6375	3.6350	3.6176	3.6218	3.6154	3.6094
CHF	2.3830	2.3829	2.3798	2.3865	2.3775	2.3722
100 JPY	0.0209	0.0210	0.0209	0.0209	0.0209	0.0209

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days preceding the balance sheet date are as follows (full TL):

	Monthly average FC purchase rate
USD	2.1155
EUR	2.8756
GBP	3.5667
CHF	2.3550
100 JPY	0.0207

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

III. Explanations on currency risk (continued):

Currency risk of the Bank:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey (****)	85,653	2,798,378	1,901,669	4,785,700
Banks	496,848	2,233,464	154,972	2,885,284
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Available-for-sale financial assets (**)	-	399,002	-	399,002
Loans and finance lease receivables (*)	1,791,050	5,545,372	154,982	7,491,404
Subsidiaries, associates and joint ventures (**)	-	72,213	-	72,213
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	297	222	-	519
Intangible assets	7	69	-	76
Other assets	13,452	28,647	144	42,243
Total assets	**2,387,307**	**11,077,367**	**2,211,767**	**15,676,441**
Liabilities				
Current account and funds collected from Banks via participation accounts	294,096	316,915	106,989	718,000
Current and profit sharing accounts FC(****)	1,941,536	4,660,845	1,855,123	8,457,504
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	257,466	5,802,414	-	6,059,880
Marketable securities issued	-	-	-	-
Miscellaneous payables	4,258	3,953	393	8,604
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	14,943	66,092	1,996	83,031
Total liabilities	**2,512,299**	**10,850,219**	**1,964,501**	**15,327,019**
Net balance sheet position	(124,992)	227,148	247,266	349,422
Net off-balance sheet position	139,619	(197,156)	(254,224)	(311,761)
Financial derivative assets	645,563	1,919,980	212,543	2,778,086
Financial derivative liabilities	505,944	2,117,136	466,767	3,089,847
Non-cash loans (***)	1,336,391	2,645,856	386,926	4,369,173
Prior period				
Total assets	2,419,977	8,976,856	2,221,665	13,618,498
Total liabilities	2,096,525	8,605,171	2,311,614	13,013,310
Net balance sheet position	323,452	371,685	(89,949)	605,188
Net off-balance sheet position	(306,654)	(336,898)	85,043	(558,509)
Financial derivative assets	560,227	1,997,013	246,734	2,803,974
Financial derivative liabilities	866,881	2,333,911	161,691	3,362,483
Non-cash loans (***)	1,484,520	2,613,401	480,626	4,578,547

(*) Includes foreign currency indexed loans amounting to TL 5,425,217 (31 December 2013 – TL 5,474,647) followed as TL on the balance sheet.
(**) Includes TL 714 (31 December 2013 – TL 714) of foreign currency denominated available for sale financial assets, which are followed in Turkish Lira as TL 1,551,939 on the balance sheet and TL 72,213 (31 December 2013 – TL 50,301) of foreign currency denominated subsidiaries, which are followed in Turkish Lira as TL 145,166 on the balance sheet.
(***) Does not have any effect to the net off-balance sheet position.
(****) Precious metals are included in “Other FC” column.

Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading TL 7,415 (31 December 2013 – TL 15,472)
- Prepaid expenses : TL 562 (31 December 2013– TL 1,282)
- Derivative financial liabilities held for trading : TL 2,531 (31 December 2013 – TL 15,284)

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

III. Explanations on currency risk (continued):

Currency risk of the Bank:

Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions that are amounting to;

- Forward foreign currency purchase transactions TL 293,520 (31 December 2013 - TL 346,835)
- Forward foreign currency sale transactions: TL 372,426 (31 December 2013 - TL 447,167)
- Future precious metal purchase transactions: TL 107,586 (31 December 2013 - TL 116,424)
- Future precious metal sale transactions: TL 388,480 (31 December 2013 – TL 47,405)

IV. Explanations on position risk of equity securities in banking book

a) Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes:

The Bank's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

b) Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value:

	Current Period		**Comparison**	
	Equity Securities (shares)	**Carrying Value**	**Fair Value**	**Market Value**
1	**Securities Available-for-Sale (*)**	**50,281**	-	-
	Quoted Securities	-	-	-
2	**Investments in Associates**	-	-	-
	Quoted Securities	-	-	-
3	**Investment in Subsidiaries**	**145,166**	-	-
	Quoted Securities	-	-	-
4	**Other**	**10,500**	-	-
	Quoted Securities	-	-	-

	Prior Period		**Comparison**	
	Equity Securities (shares)	**Carrying Value**	**Fair Value**	**Market Value**
1	**Securities Available-for-Sale (*)**	**51,558**	-	-
	Quoted Securities	-	-	-
2	**Investments in Associates**	-	-	-
	Quoted Securities	-	-	-
3	**Investment in Subsidiaries**	**123,254**	-	-
	Quoted Securities	-	-	-
4	**Other**	**5,500**	-	-
	Quoted Securities	-	-	-

(*)Valuation of equity share investments are accounted at cost value due to its fair value cannot be measured reliably.

c) Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals: None.

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

V. Explanations on liquidity risk

Liquidity risk represents risk of not having sufficient cash or cash inflows to completely meet the cash outflows on time as a result of imbalance in cash flows.

Liquidity risk may also result from inability to penetrate to market or change positions quickly at suitable prices and amounts due to market disruptions or barriers. To mitigate liquidity risk, the Bank diversifies funding sources (customer funds and funds borrowed from abroad) and keeps a certain level of assets as cash and cash equivalents.

The Bank determines the liquidity position daily and the treasury department manages market transactions in accordance with the liquidity position of the Bank. Indicators of liquidity conditions are analyzed at the weekly Asset/Liability meetings with the participation of top management.

The liquidity position of the Bank's assets and liabilities within the framework of the monitoring and evaluation of the liquidity ratio is calculated on a weekly basis.

Presentation of assets and liabilities according to their remaining maturities:

Current period	**Demand**	**Up to 1 month**	**1-3 Months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Unallocated (**)**	**Total**
Assets								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	1,947,385	3,493,857	-	-	-	-	-	5,441,242
Banks	2,913,945	-	-	-	-	-	-	2,913,945
Financial assets at fair value through profit and loss	6,283	36,087	6,986	14,012	1,387	-	-	64,755
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	697,626	42,626	211,186	810,464	138,044	50,281	1,950,227
Loans (*)	-	2,136,609	2,883,618	7,324,043	5,700,069	764,175	86,658	18,895,172
Held-to-maturity investments	-	-	-	-	-	-	-	-
Other assets (**)	11,011	455,006	22,411	-	28,587	-	728,512	1,245,527
Total assets	**4,878,624**	**6,819,185**	**2,955,641**	**7,549,241**	**6,540,507**	**902,219**	**865,451**	**30,510,868**
Liabilities								
Current account and funds collected from banks via participation accounts	247,362	107,845	347,475	34,058	541	-	-	737,281
Current and profit sharing accounts	5,078,509	6,915,564	5,678,178	753,079	474,335	-	-	18,899,665
Funds provided from other financial institutions	-	296,177	163,681	3,181,935	2,146,596	430,802	-	6,219,191
Money market borrowings	-	679,489	-	-	-	-	-	679,489
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	92,516	31,363	-	-	-	-	-	123,879
Other liabilities (**)	-	628,182	38,032	10,227	-	-	3,174,922	3,851,363
Total liabilities	**5,418,387**	**8,658,620**	**6,227,366**	**3,979,299**	**2,621,472**	**430,802**	**3,174,922**	**30,510,868**
Net liquidity gap	(539,763)	(1,839,435)	(3,271,725)	3,569,942	3,919,035	471,417	(2,309,471)	-
Prior period								
Total assets	3,589,897	13,416,974	1,965,825	2,145,351	3,691,762	352,645	731,088	25,893,542
Total liabilities	5,093,102	6,113,744	6,691,104	2,904,162	2,046,222	433,028	2,612,180	25,893,542
Net liquidity gap	(1,503,205)	7,303,230	(4,725,279)	(758,811)	1,645,540	(80,383)	(1,881,092)	-

(*) Includes receivables from leasing transactions.
(**) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets. The unallocated other liabilities column consists of equity and provisions balances.

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

VI. Explanations on securitization positions

None.

VII. Credit risk mitigation techniques

The Bank applies the Comprehensive Financial Collateral Techniques explained in "Credit Risk Mitigation Techniques Communiqué" published in Official Gazette No. 28337 as of 28 June 2012.There is no balance sheet and off-balance sheet offsetting.

Credit risk mitigation techniques used by the Bank in terms of credit facility are listed as follows:

- Financial Collaterals (Cash, Deposit Pledges, Gold)
- Guarantees
- Real Estate Mortgage

Financial collaterals are evaluated on a daily basis.

For loans that are amounting over TL 3,000 or loans amounting to over 5% of the equity, real estate valuation should be repeated minimum every 3 year by the rating companies authorized from the Banking Regulation and Supervision Agency or Capital Markets Boards of Turkey.

Volatility in real estate market is closely followed by the Bank; values of real estate for commercial real estates are revised at least every year whereas housing real estates are revised at least in every 3 year.

Current Period 30.06.2014 **Exposure Categories**	**Amount(*)**	**Financial Collaterals**	**Other/Physical Collaterals**	**Guaranties and Credit Derivatives**
Conditional and unconditional receivables from central governments or central banks	3,960,137	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,546,555	-	-	-
Conditional and unconditional receivables from corporates	33,099,472	237,468	-	-
Conditional and unconditional retail receivables	8,342,525	90,353	-	-
Conditional and unconditional receivables secured by Mortgages	8,050,870	31,582	-	-
Past due receivables	40,723	21	-	-
Receivables defined in high risk category by BRSA	134,721	153	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	2,778,809	-	-	-
Total	**60,953,812**	**359,577**	**-**	**-**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

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

VII. Credit risk mitigation techniques (continued)

Prior Period 31.12.2013 **Exposure Categories (Prior Period)**	**Amount(*)**	**Financial Collaterals**	**Other/Physical Collaterals**	**Guaranties and Credit Derivatives**
Conditional and unconditional receivables from central governments or central banks	3,228,145	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3,828,194	-	-	-
Conditional and unconditional receivables from Corporates	30,210,236	312,784	-	-
Conditional and unconditional retail receivables	8,554,173	144,708	-	-
Conditional and unconditional receivables secured by Mortgages	6,841,108	45,172	-	-
Past due receivables	22,616	24	-	-
Receivables defined in high risk category by BRSA	189,303	211	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	2,194,844	-	-	-
Total	**55,068,619**	**502,899**	**-**	**-**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

VIII. Explanations on risk management objectives and policies

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee (“ALCO”) and the Risk Management Department (“RMD”) which has been composed in order to manage systemic risks that the Bank is exposed. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows and the level & the quality of related activities.

In accordance with Bank’s strategies, risk policies and vision, the analyses that Risk Management Service presents to Internal Systems Committee and Audit Committee are credit risks, market risks, liquidity risks, operational risks and IT risk evaluations. Besides, in accordance to market trends, economic conduct and Bank’s strategic growth, capital adequacy stress test and scenario analyses, evaluation of economic development in the World and Turkey are presented to Internal Systems Committee and Board of Directors by Risk Management Service. These analyses contribute to Bank Top Management’s resolution process about risk appetite and awareness of risks, capital adequacy, strategy revisions and future estimation.

In addition, Risk Management Service verifies its own coordination to be ready proactively in business availability of Kuveyt Türk and situations connected with it.

Risk Management Service continues risk monitoring and analyzing operations in accordance to Board of Director’s Kuveyt Türk’s mission, vision and growth strategy to prevent the potential risks. In this context credit and market risks, liquidity risk, operational risks and all limits, internal personal scoring and corporate rating modeling with IT risks issues, IT risk evaluation, operational lost data base, key risk indicators, operational risk insurances, market risk calculations, following up of treasury transactions and asset-liability risks are being monitorized.

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

IX. Explanations on the activities carried out on behalf and account of other persons

The Bank does not perform purchases, sales and custody services in the name of others. The Bank has no fiduciary based transactions.

X. Explanations on business segments

The Bank operates in Corporate and Commercial Banking, Retail Banking, International Banking – Treasury and Investment Banking sectors.

Corporate and Commercial Banking: to meet the financial needs of the customers', unique cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail Banking; there are four main activities: fund collection, consumer financing, credit cards and alternative distribution channels. The Bank serves in the range of products of profit share accounts creation, banking services, Trade Finance, Checks, POS services, Credit Cards, ATM services, Online Banking and Mobile Banking in these fields.

In International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified "corporate" customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (Forward, Swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts Murabaha transactions with foreign banks.

Selected balance sheet and income statement items according to segments:

Current Period 1 January – 30 June 2014	**Retail and enterprise banking**	**Commercial banking**	**Corporate and international banking**	**Unallocated**	**Bank's total operation**
Operating income	493,134	678,980	44,952	-	1,217,066
Operating expenses	414,081	147,842	56,813	374,818	993,554
Transfers between segments	186,228	(197,580)	11,352	-	-
Net operating income(loss)	**265,281**	**333,558**	**(509)**	**(374,818)**	**223,512**
Income from associates	-	-	-	-	-
Income (loss) before tax	**265,281**	**333,558**	**(509)**	**(374,818)**	**223,512**
Provision for taxation	-	-	-	48,157	48,157
Net income for the period	**265,281**	**333,558**	**(509)**	**(422,975)**	**175,355**
Current Period 30 June 2014					
Segment assets	6,610,928	12,186,464	10,467,949	-	29,265,341
Associates, subsidiaries and joint Ventures	-	-	-	155,666	155,666
Undistributed assets	-	-	-	1,089,861	1,089,861
Total assets	**6,610,928**	**12,186,464**	**10,467,949**	**1,245,527**	**30,510,868**
Segment liabilities	14,266,225	5,364,227	6,249,236	-	25,879,688
Undistributed liabilities	-	-	-	1,777,098	1,777,098
Shareholders' equity	-	-	-	2,854,082	2,854,082
Total liabilities	**14,266,225**	**5,364,227**	**6,249,236**	**4,631,180**	**30,510,868**

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

X. Explanations on business segments (continued)

Prior Period 1 January – 30 June 2013	**Retail and enterprise banking**	**Commercial banking**	**Corporate and international banking**	**Unallocated**	**Bank's total operation**
Operating income	388,673	521,328	29,382	-	939,383
Operating expenses	217,246	184,195	77,074	279,980	758,495
Transfers between segments	83,466	(87,505)	4,039	-	-
Net operating income(loss)	**254,893**	**249,628**	**(43,653)**	**(279,980)**	**180,888**
Income from associates	-	-	-	-	-
Income (loss) before tax	**254,893**	**249,628**	**(43,653)**	**(279,980)**	**180,888**
Provision for taxation	-	-	-	(35,127)	(35,127)
Net income for the period	**254,893**	**249,628**	**(43,653)**	**(315,107)**	**145,761**
Prior Period					
31 December 2013					
Segment assets	5,266,657	9,716,138	9,884,518	-	24,867,313
Associates, subsidiaries and joint ventures	-	-	-	128,754	128,754
Undistributed assets	-	-	-	897,475	897,475
Total assets	**5,266,657**	**9,716,138**	**9,884,518**	**1,026,229**	**25,893,542**
Prior Period					
31 December 2013					
Segment liabilities	12,095,960	4,733,518	5,641,498	-	22,470,976
Undistributed liabilities	-	-	-	1,120,517	1,120,517
Shareholders' equity	-	-	-	2,302,049	2,302,049
Total liabilities	**12,095,960**	**4,733,518**	**5,641,498**	**3,422,566**	**25,893,542**

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

SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets:

a. Cash and balances with the Central Bank of Republic of Turkey:

1. Cash and balances with the Central Bank of Republic of Turkey:

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Cash/foreign currency	240,261	248,268	243,463	460,195
The Central Bank of Republic of Turkey	415,281	3,493,858	155,023	2,988,091
Other (*)	-	1,043,574	-	466,835
Total	**655,542**	**4,785,700**	**398,486**	**3,915,121**

(*) As of 30 June 2014, precious metal account amounting to TL 1,040,555 (31 December 2013 - TL 466,835) and money in transit amounting to TL 3,019 are presented in this line.

2. Balances with the Central Bank of Turkey:

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Unrestricted demand deposit	415,281	-	155,023	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	3,493,858	-	2,988,091
Total	**415,281**	**3,493,858**	**155,023**	**2,988,091**

In accordance with the "Communiqué on Reserve Requirements no. 2005/1", published by the Central Bank of the Republic of Turkey, required reserves in Turkish Lira, Foreign Currency and Gold are included in the table.

b. Information on financial assets at fair value through profit and loss:

1. As of 30 June 2014, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2013 – None).

2. Positive Differences Related to Derivative Financial Assets Held-for-Trading:

Derivative financial assets held-for-trading	**Current period**		**Prior period**	
	TL	**FC**	**TL**	**FC**
Forward transactions	41,058	5,258	87,054	15,364
Swap transactions	9,999	2,157	5,250	108
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**51,057**	**7,415**	**92,304**	**15,472**

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

I. Explanations and notes related to assets (continued)

2. Balances with the Central Bank of Turkey: (continued)

c. Information on Banks:

1. Information on Banks:

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Banks	28,661	2,885,284	31,267	2,442,612
Domestic	28,453	1,186,516	30,558	1,183,614
Foreign	208	1,698,768	709	1,258,998
Branches and head office abroad	-	-	-	-
Total	**28,661**	**2,885,284**	**31,267**	**2,442,612**

2. Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted Amount	**Restricted Amount**	**Unrestricted Amount**	**Restricted Amount**
EU Countries	640,683	-	504,629	-
USA and Canada	970,553	-	246,196	-
OECD Countries(*)	15,778	-	372,325	-
Off-shore Banking Regions	537	-	386	-
Other	71,425	-	136,171	-
Total	**1,698,976**	**-**	**1,259,707**	**-**

(*) OECD countries other than European Union countries, USA and Canada.

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

The details of the Rent Certificates which are in Bank's Portfolio "Financial Assets Available for-Sale" are presented below as of 30 June 2014

a) The Bank invested in domestic currency rent certificates ("Sukuk") issued by private companies which are presented below. The "Sukuk" is classified under "Other Marketable Securities" at the accompanying financial statements.

On 20 November 2013, the Bank invested in "Sukuk" issued by KT Kira Sertifikaları Varlık Kiralama A.Ş with 9% annual profit share payment schedule, maturity of 1 year and amounting to TL 4,219,874 (full amount)

On 29 May 2014, the Bank invested in "Sukuk" issued by International Islamic Liquidity Management Corporation - Kuala Lumpur with 0.5% annual profit share payment schedule, maturity of 3 months and amounting to USD 20,000,000 (full amount)

On 30 June 2014, the Bank invested in "Sukuk" issued by Albaraka Turk with 6.25% semiannual profit share payment schedule, maturity of 5 years and amounting to USD 65,000,000 (full amount)

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

I. Explanations and notes related to assets (continued)

d. Information on financial assets available-for-sale: (continued)

b) In addition; the Bank included rent certificates which are presented below and these amounts are classified under "Government debt securities" at the accompanying financial statements.

On 26 September 2012, the Bank invested in foreign currency rent certificate issued by T.R Undersecretariat of the Treasury with an annual profit rate of 2.8%, semiannual profit share payment schedule, maturity of 5.5 years and amounting to USD 75,000,000 (full amount).

On 3 October 2012, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury with an annual profit rate of 7.4%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 382,820,168 (full amount).

On 20 February 2013, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury again with an annual profit rate of 5.7%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 352,504,059 (full amount).

On 21 August 2013, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury again with an annual profit rate of 9%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 323,000,000 (full amount).

On 10 October 2013, the Bank invested in foreign currency rent certificate issued by T.R Undersecretariat of the Treasury with an annual profit rate of 4.5%, semiannual profit share payment schedule, maturity of 5 years and amounting to USD 9,800,000 (full amount).

On 19 February 2014, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury again with an annual profit rate of 5,3%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 400,000,000 (full amount).

	Current period	Prior period
Debt Securities	**1,900,798**	**1,282,841**
Quoted on stock exchange	1,900,798	1,282,841
Not quoted on stock exchange	-	-
Share certificates	**50,281**	**51,558**
Quoted on stock exchange	-	-
Not quoted on stock exchange	50,281	51,558
Impairment provision	**(852)**	**(10,702)**
Total	**1,950,227**	**1,323,697**

e. Information on loans and receivables:

1. All types of loans and advances given to shareholders and employees of the Bank:

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	635	12,488	621	676
Corporate Shareholders	-	12,488	-	676
Real Person Shareholders	635	-	621	-
Indirect Loans Granted to Shareholders	63,859	41	80,270	55
Loans Granted to Employees	6,496	10	6,031	7
Total	**70,990**	**12,539**	**86,922**	**738**

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

I. Explanations and notes related to assets (continued)

e. Information on loans and receivables: (continued)

2. Information on first and second category loans and other receivables including restructured or rescheduled loans:

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
Cash Loans	**Loans and Other Receivables (Total)**	**Loans and Receivables with Revised Contract Terms**		**Loans and Other Receivables (Total)**	**Loans and Receivables with Revised Contract Terms**	
		Extension of Repayment Plan	**Other**		**Extension of Repayment Plan**	**Other**
Loans	**17,510,918**	**202,454**	**-**	**344,055**	**177,963**	**-**
Financing commodity against document	10,334	-	-	-	-	-
Exports Loan	19,511	-	-	-	-	-
Imports Loans	1,284,566	-	-	2,923	-	-
Enterprise Loans	10,368,118	197,004	-	250,104	172,302	-
Consumer Loans	3,305,245	4,416	-	80,622	5,661	-
Credit Cards	191,058	-	-	4,419	-	-
Precious Metal Loans	149,435	-	-	1,440	-	-
Loans Given to Financial Sector	533,406	-	-	-	-	-
Loans Extended Abroad	260,954	1,034	-	2,617	-	-
Other	1,388,291	-	-	1,930	-	-
Other Receivables	**605**	**-**	**-**	**3,603**	**-**	**-**
Total	**17,511,523**	**202,454**	**-**	**347,658**	**177,963**	**-**

Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
Cash Loans	**Loans and Other Receivables (Total)**	**Loans and Receivables with Revised Contract Terms**		**Loans and Other Receivables (Total)**	**Loans and Receivables with Revised Contract Terms**	
		Extension of Repayment Plan	**Other**		**Extension of Repayment Plan**	**Other**
Loans	**15,523,862**	**210,740**	**-**	**286,797**	**161,224**	**-**
Financing commodity against document	9,234	-	-	-	-	-
Exports Loan	32,836	-	-	38	3,200	-
Imports Loans	1,217,096	-	-	1,953	-	-
Enterprise Loans	9,547,566	206,091	-	208,831	149,792	-
Consumer Loans	2,584,387	3,571	-	68,844	4,223	-
Credit Cards	186,981	-	-	3,025	-	-
Precious Metal Loans	136,359	-	-	-	-	-
Loans Given to Financial Sector	3	-	-	-	-	-
Loans Extended Abroad	471,397	1,078	-	322	4,009	-
Other	1,338,003	-	-	3,784	-	-
Other Receivables	**2,636**	**-**	**-**	**2,154**	**-**	**-**
Total	**15,526,498**	**210,740**	**-**	**288,951**	**161,224**	**-**

In accordance with the Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans'' published in Official Gazette dated 28 May 2011 and numbered 27947, information related to the restructuring (after publish date of the aforementioned Communiqué) of the standard loans and loans and other receivables under close monitoring with respect to the payment schedules and terms is as follows (average maturities are taken into the account):

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

I. Explanations and notes related to assets (continued)

e. Information on loans and receivables (continued)

	Number of Extensions for Repayment Plan	
Current Period	**Performing Loans and Other Receivables**	**Performing Loans and Other Receivables**
1 or 2 times	202,454	177,963
3,4 or 5 times	-	-
Over 5 times	-	-
Total	**202,454**	**177,963**

	Extensions Periods for Repayment Plan Changes	
	Performing Loans and Other Receivables	**Loans and Other Receivables under Follow-Up**
0 - 6 months	718	8,106
6 - 12 months	13,952	12,041
1 - 2 years	41,521	83,738
2 - 5 years	85,258	73,877
5 years and over	61,005	201
Total	**202,454**	**177,963**

	Number of Extensions for Repayment Plan	
Prior Period	**Performing Loans and Other Receivables**	**Loans and Other Receivables under Follow-Up**
1 or 2 times	210,740	161,224
3,4 or 5 times	-	-
Over 5 times	-	-
Total	**210,740**	**161,224**

Extension Periods for Repayment Plan Changes	**Performing Loans and Other Receivables**	**Loans and Other Receivables under Follow-Up**
0 - 6 months	5,621	3,249
6 - 12 months	17,753	18,652
1 - 2 years	44,252	57,256
2 - 5 years	82,244	81,585
5 years and over	60,870	482
Total	**210,740**	**161,224**

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

I. Explanations and notes related to assets (continued)

e. Information on loans and receivables (continued)

3. Breakdown of loans and other receivables according to their maturities:

Current Period	Performing Loans and Other Receivables		Loans and other receivables under Follow-Up	
Cash loans	**Loans and other receivables**	**Loans and Receivables with Revised Contract Terms**	**Loans and other receivables**	**Loans and Receivables with Revised Contract Terms**
Short-term loans and other receivables	**5,646,044**	**5,432**	**53,784**	**10,674**
Loans	5,645,439	5,432	50,181	10,674
Other receivables	605	-	3,603	-
Medium and long-term loans and other receivables (*)	**11,865,479**	**197,022**	**293,874**	**167,289**
Loans	11,865,479	197,022	293,874	167,289
Other receivables	-	-	-	-
Total	**17,511,523**	**202,454**	**347,658**	**177,963**

(*) Loans with have original maturities longer than a year are classified as "Medium and Long Term Loans".

Prior Period	Performing Loans and Other Receivables		Loans and other receivables under Follow-Up	
Cash Loans	**Loans and other receivables**	**Loans and Receivables with Revised Contract Terms**	**Loans and other receivables**	**Loans and Receivables with Revised Contract Terms**
Short-term loans and other receivables	**5,186,102**	**6,395**	**48,683**	**1,568**
Loans	5,183,466	6,395	46,529	1,568
Other receivables	2,636	-	2,154	-
Medium and long-term loans and other receivables (*)	**10,340,396**	**204,345**	**240,268**	**159,656**
Loans	10,340,396	204,345	240,268	159,656
Other receivables	-	-	-	-
Total	**15,526,498**	**210,740**	**288,951**	**161,224**

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

I. Explanations and notes related to assets: (continued)

e. Information on loans and receivables: (continued)

4. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	**27,662**	**3,229,663**	**3,257,325**
Housing Loans	3,749	3,090,366	3,094,115
Vehicle Loans	3,384	115,847	119,231
Consumer Loans	20,488	21,353	41,841
Other	41	2,097	2,138
Consumer Loans-FC Indexed	**-**	**16,308**	**16,308**
Housing Loans	-	14,870	14,870
Vehicle Loans	-	4	4
Consumer Loans	-	-	-
Other	-	1,434	1,434
Consumer Loans-FC	**7**	**120,121**	**120,128**
Housing Loans	-	41,945	41,945
Vehicle Loans	-	47	47
Consumer Loans	-	-	-
Other	7	78,129	78,136
Retail Credit Cards-TL	**104,251**	**9,635**	**113,886**
With Installment	32,677	9,633	42,310
Without Installment	71,574	2	71,576
Retail Credit Cards-FC	**-**	**-**	**-**
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	**454**	**1,729**	**2,183**
Housing Loans	-	541	541
Vehicle Loans	46	850	896
Consumer Loans	408	337	745
Other	-	1	1
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**4,645**	**187**	**4,832**
With Installment	1,556	187	1,743
Without Installment	3,089	-	3,089
Personnel Credit Cards-FC	**-**	**-**	**-**
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	**137,019**	**3,377,643**	**3,514,662**

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

I. Explanations and notes related to assets: (continued)

e. Information on loans and receivables: (continued)

4. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards: (continued)

Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	**4,212**	**2,522,900**	**2,527,112**
Housing Loans	1,245	2,380,610	2,381,855
Vehicle Loans	2,185	122,276	124,461
Consumer Loans	750	18,214	18,964
Other	32	1,800	1,832
Consumer Loans-FC Indexed	**-**	**20,470**	**20,470**
Housing Loans	-	19,031	19,031
Vehicle Loans	-	22	22
Consumer Loans	-	-	-
Other	-	1,417	1,417
Consumer Loans-FC	**-**	**111,847**	**111,847**
Housing Loans	-	36,658	36,658
Vehicle Loans	-	57	57
Consumer Loans	-	-	-
Other	-	75,132	75,132
Retail Credit Cards-TL	**98,775**	**17,009**	**115,784**
With Installment	38,792	17,004	55,796
Without Installment	59,983	5	59,988
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	**37**	**1,559**	**1,596**
Housing Loans	-	454	454
Vehicle Loans	30	752	782
Consumer Loans	7	351	358
Other	-	2	2
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**4,559**	**313**	**4,872**
With Installment	1,883	313	2,196
Without Installment	2,676	-	2,676
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	**107,583**	**2,674,098**	**2,781,681**

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

I. Explanations and notes related to assets: (continued)

e. Information on loans and receivables: (continued)

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

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	**96,994**	**2,259,160**	**2,356,154**
Business Loans	4,449	525,829	530,278
Vehicle Loans	44,012	615,180	659,192
Consumer Loans	-	100,279	100,279
Other	48,533	1,017,872	1,066,405
Commercial Installment Loans-FC Indexed	**22,136**	**1,178,011**	**1,200,147**
Business Loans	4,112	317,521	321,633
Vehicle Loans	2,774	267,353	270,127
Consumer Loans	-	-	-
Other	15,250	593,137	608,387
Commercial Installment Loans-FC	**-**	**341,800**	**341,800**
Business Loans	-	63,642	63,642
Vehicle Loans	-	2,675	2,675
Consumer Loans	-	-	-
Other	-	275,483	275,483
Corporate Credit Cards-TL	**76,705**	**54**	**76,759**
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	**195,835**	**3,779,025**	**3,974,860**

Prior Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	**79,056**	**1,905,718**	**1,984,774**
Business Loans	4,105	424,021	428,126
Vehicle Loans	35,493	625,331	660,824
Consumer Loans	-	69,683	69,683
Other	39,458	786,683	826,141
Commercial Installment Loans-FC Indexed	**16,047**	**1,099,590**	**1,115,637**
Business Loans	460	270,187	270,647
Vehicle Loans	7,713	283,186	290,899
Consumer Loans	-	-	-
Other	7,874	546,217	554,091
Commercial Installment Loans-FC	**-**	**286,114**	**286,114**
Business Loans	-	71,951	71,951
Vehicle Loans	-	973	973
Consumer Loans	-	-	-
Other	-	213,190	213,190
Corporate Credit Cards-TL	**69,350**	**-**	**69,350**
With Installment	10,159	-	10,159
Without Installment	59,191	-	59,191
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	**164,453**	**3,291,422**	**3,455,875**

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

I. Explanations and notes related to assets: (continued)

e. Information on loans and receivables: (continued)

5. Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	17,974,993	15,710,613
Foreign loans	264,605	476,800
Total	**18,239,598**	**16,187,413**

6. Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	85,069	46,064
Loans granted indirectly to subsidiaries and associates	-	-
Total	**85,069**	**46,064**

(*) Loans given to subsidiaries and associates mentioned above is presented under "Banks" in the accompanying financial statements.

7. Specific provisions for loans:

	Current period	Prior period
Specific provisions		
Loans and receivables with limited collectability	24,025	27,935
Loans and receivables with doubtful collectability	67,435	72,971
Uncollectible loans and receivables	273,806	235,277
Total	**365,266**	**336,183**

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	7,008	2,528	223
Rescheduled loans and other receivables	-	-	-
Prior period 31.12.2013			
(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	4,156	245	11,903
Rescheduled loans and other receivables	-	-	-

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

I. Explanations and notes related to assets: (continued)

e. Information on loans and receivables: (continued)

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

Current Period	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Ending balance of prior period 31.12.2013	**41,393**	**99,295**	**240,988**
Additions in the current period (+)	61,433	62,383	9,370
Transfers from other categories of non-performing loans(+)	-	32,689	77,657
Transfers to other categories of non-performing loans (-)	33,445	76,900	-
Collections in the current period (-)	3,940	12,558	17,387
Disposals in the current period (-)	1,536	602	11,903
Write offs (-)	-	-	15,013
Corporate and commercial loans	-	-	7,370
Retail loans	-	-	6,825
Credit Cards	-	-	818
Other	-	-	-
Ending balance of the current period	**63,905**	**104,307**	**283,712**
Specific provisions (-)	24,025	67,435	273,806
Net balance at the balance sheet	**39,880**	**36,872**	**9,906**

(iii). Information on non-performing loans granted as foreign currency: None (31 December 2013 – None).

(iv). Gross and net amounts of non-performing loans with respect to user groups:

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period (Net)			
Loans granted to real persons and legal entities (Gross)	63,905	104,307	283,712
Specific provision (-)	24,025	67,435	273,806
Loans to real persons and legal entities (Net)	39,880	36,872	9,906
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (net) 31.12.2013			
Loans to real persons and legal entities (Gross)	41,393	99,295	240,988
Specific provision (-)	27,935	72,971	235,277
Loans to real persons and legal entities (Net)	13,458	26,324	5,711
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

The Bank holds collaterals like mortgage pledge, customer cheques and other collaterals against these financial assets.

I. Explanations and notes related to assets: (continued)

e. Information on loans and receivables: (continued)

9. Main guidelines for liquidation process of uncollectible loans and other receivables:

Loans and other receivables, which were deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated 1 November 2006 and for which a full impairment provision has been made, are written-off per the decision of the Bank top management. Within 2014, non-performing loans amounting to TL 15,013 have been written-off (31 December 2013 – TL 40,467).

10. Information on the write-off policy:

The Bank ‘s write-off policy is to write-off the loan receivables that have been already transferred to legal follow-up and fully provided for and for which there is no possibility of collection through legal process and for which there is no collateral. Such loans are written off as per the decision of top management.

f. Information on held-to-maturity investments:

None (31 December 2013 – None).

g. Information on investment in associates (Net):

1. The 1.75% ownership of Kredi Garanti Fonu A.Ş. of TL 4,210 (31 December 2013 – TL 4,210), 8.36% ownership of Islamic International Rating Agency of TL 714 (31 December 2013 – TL 714), and 6.99% ownership of Neova Sigorta A.Ş. of TL 4,815 (31 December 2013 – TL 3,752) and TL 181 amount of swift shares (31 December 2013 – TL 181) are classified as financial assets available for sale since the Bank’s ownership in these institutions is less than 20% and the Bank does not have a significant influence on these institutions.

   In order to generate revenue from the “Sukuk” investments, the Parent Bank invested USD 19.000 corresponding to 19% ownership of KFH Global Sukuk Fund A.Ş which has a capital amounting to USD 100.000. The 19% ownership of the Bank is classified as financial assets available for sale since the Bank’s ownership in this institution is less than 20% and the Bank does not have a significant influence on this institution.

2. Information about investments in unconsolidated associates: None (31 December 2013 – None).
3. Information related to consolidated associates: None (31 December 2013 – None).

h. Information on subsidiaries (Net):

1. Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş does not confirm to the definition of financial subsidiary in accordance with “Regulation related to the Preparation of Consolidated Financial Statements by Banks” published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated. The Bank has reflected its subsidiary at restated cost less any provision for impairment in its financial statements until 31 December 2004.

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

I. Explanations and notes related to assets (continued)

h. Information on subsidiaries (Net): (continued)

2. Information on subsidiaries:

Title	Address (City/ Country)	Bank's share percentage, if different-voting Percentage (%)	Bank's risk group share Percentage (%)
Kuwait Turkish Participation Bank Dubai Ltd. (*)	Dubai/United Arab Emirates	%100	%100
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş. (**)	İstanbul/Turkey	%99.99	%99.99
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş. (***)	İstanbul/Turkey	%75.00	%97.89
KT Sukuk Varlık Kiralama A.Ş. (**)	İstanbul/Turkey	%100	%100
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Turkey	%100	%100

Information on subsidiaries in the order presented in the above table:

Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair Value
103,929	84,936	197	9,817		3,730	1,949	
23,230	23,203	8			565	(27)	-
103,175	49,308	6,534	1,225	-	(546)	(1,303)	-
750,444	83	-	-	-	10	8	-
1,221,364	44	-	-	-	14	-	-

(*) As of 30 June 2014, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.

(**) These figures are shown per Turkish Trade Law financial statements as of 30 June 2014.

(***) The previous name of the company is Körfez Gayrimenkul İnşaat Taahhüt Turizm Sanayi ve Anonim Şirketi. On 29 December 2011 the company completed its conversion to real estate investment trust company and registered as Körfez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi.The Company has been publicly traded and consolidated since 25 April 2014. These figures are shown per Capital Market Law financial statements as of 30 June 2014.

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

I. Explanations and notes related to assets (continued)

h. Information on subsidiaries (Net) (continued):

Movement for subsidiaries

	Current period 30.06.2014	Prior period 30.06.2013
Balance at the beginning of the year	123,254	75,830
Movements during the year		
Purchases	21,912	32,384
Transfers from subsidiaries	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	10,530
Impairment	-	-
Capital commitment payments(**)	-	-
Balance at the end of the year	**145,166**	**118,744**
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

(**) In accordance with decision of the Bank's Board of Directors numbered 158 and dated 20 March 2014, the capital of Bank's subsidiary, Kuwait Turkish Participation Bank Dubai Ltd., has been increased from 30,000,000 USD to 40,000,000 USD.

Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current period	Prior period
Banks	72,213	50,301
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	50,273	100

Subsidiaries that are quoted on the stock exchange: None (31 December 2013 – None).

3. Information on capital adequacies of major subsidiaries:

The Bank does not have any major subsidiary.

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

I. Explanations and notes related to assets: (continued)

j. Information on joint ventures (business partnerships) (Net):

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit /loss
Katılım Emeklilik ve Hayat A.Ş. (*) (**)	%50	16,741	16,127	2,609	(3,783)	-

(*) These figures are shown per Turkish Trade Law financial statements as of 30 June 2014.
(**) In accordance with decision of the Bank's Board of Directors on 25 April 2013, Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. decided to establish the Pension Company in line with main shares. Bank decided to establish that pension company with the equal share amounts with Albaraka Türk Katılım Bankası A.Ş, and that pension company is registered with the trade name "Katılım Emeklilik ve Hayat Anonim Şirketi", 895027 registry numbered dated 17 December 2013 by İstanbul Ticaret Sicil Müdürlüğü.

k. Information on finance lease receivables (Net):

1. Presentation of remaining maturities of net finance leases:

	Current period		Prior period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	324,336	289,070	243,846	208,397
1 to 4 years	285,196	243,689	207,259	178,361
More than 4 years	40,606	36,157	23,763	21,674
Total	**650,138**	**568,916**	**474,868**	**408,432**

2. Net investments in finance leases:

	Current period	Prior period
Gross receivable from finance leases	650,138	474,868
Unearned finance lease income (-)	(81,222)	(66,436)
Cancelled amounts (-)	-	-
Net receivable from finance leases	**568,916**	**408,432**

3. Information on finance lease contracts:

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non performing finance lease receivables amounting to TL 11,046 are included in the non-performing loans in the balance sheet (31 December 2013– TL 3,905).

Impairment provision amounting to TL 10,995 (31 December 2013– TL 3,043) for financial lease receivables are included under the specific provision account under loans in the balance sheet.

l. Information on derivative financial assets for hedging purposes:

None (31 December 2013 – None).

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

I. Explanations and notes related to assets: (continued)

m. Information on deferred tax asset

In accordance with the related regulations deferred tax asset calculated as of 30 June 2014 is TL 51,577 (31 December 2013– TL 47,829) and deferred tax liability is TL 22,990 (31 December 2013 – TL 16,876).

	Current period	**Prior period**
Reserve for employee benefits	4,200	7,621
Retirement pay liability	6,593	5,755
Deferred income	23,749	21,195
Impairment provision for subsidiaries, fixed assets and assets held for sale	12,626	9,260
Precious metals valuation difference	4,129	2,525
Other	280	1,473
Deferred tax asset	**51,577**	**47,829**
Financial lease adjustments	(1)	-
Difference between carrying value and tax base of tangible assets	(4,690)	(4,552)
Precious metals valuation difference	(6,919)	(9,620)
Other	(11,380)	(2,704)
Deferred tax liability	**(22,990)**	**(16,876)**
Deferred tax asset, (net)	**28,587**	**30,953**

Table of deferred tax asset movement:

	Current period	**Prior period**
As of January 1	30,953	20,804
Deferred tax (expense)/income	7,680	(5,746)
Deferred tax accounted under other comprehensive income	(10,046)	2,885
Deferred tax asset	**28,587**	**17,943**

n. Information on other assets:

As of balance sheet date, the Bank’s other assets amount to TL 468,399 (31 December 2013 - TL 310,064). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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

SECTION FIVE

II. Explanations and notes related to liabilities

a. Information on funds collected:

1. Information on maturity structure of funds collected:

i. Current period:

	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	**1,489,679**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,489,679**
II. Real persons profit sharing accounts TL	**-**	**2,109,848**	**3,337,463**	**590,939**	**-**	**176,630**	**294,622**	**-**	**6,509,502**
III. Other current accounts-TL	**1,293,985**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,293,985**
Public sector	116,436	-	-	-	-	-	-	-	116,436
Commercial sector	1,142,189	-	-	-	-	-	-	-	1,142,189
Other institutions	22,690	-	-	-	-	-	-	-	22,690
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	12,670	-	-	-	-	-	-	-	12,670
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	719	-	-	-	-	-	-	-	719
Foreign banks	5,997	-	-	-	-	-	-	-	5,997
Participation banks	2,953	-	-	-	-	-	-	-	2,953
Others	3,001				-	-	-	-	3,001
IV. Profit sharing accounts-TL	**-**	**255,710**	**573,753**	**110,672**	**-**	**121,419**	**106,713**	**-**	**1,168,267**
Public sector	-	1,544	1,802	40	-	19,356	-	-	22,742
Commercial sector	-	237,061	544,362	107,572	-	92,566	105,733	-	1,087,294
Other institutions	-	17,105	26,962	3,060	-	9,497	439	-	57,063
Commercial and other institutions	-	-	607	-	-	-	-	-	607
Banks and participation banks	-	-	20	-	-	-	541	-	561
V. Real persons current accounts-FC	**1,059,665**	**-**	**-**	**-**	**-**			**-**	**1,059,665**
VI. Real persons profit sharing accounts-FC	**-**	**947,789**	**1,702,324**	**473,567**	**-**	**202,023**	**166,971**	**-**	**3,492,674**
VII. Other current accounts-FC	**765,299**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**765,299**
Commercial residents in Turkey	621,342	-	-	-	-	-	-	-	621,342
Commercial residents in Abroad	16,295	-	-	-	-	-	-	-	16,295
Banks and participation banks	127,662	-	-	-	-	-	-	-	127,662
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	971	-	-	-	-	-	-	-	971
Foreign banks	47,737	-	-	-	-	-	-	-	47,737
Participation banks	78,954	-	-	-	-	-	-	-	78,954
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	**-**	**402,392**	**1,299,675**	**36,676**	**-**	**82,526**	**125,619**	**-**	**1,946,888**
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	206,738	923,119	31,445	-	78,891	68,069	-	1,308,262
Other institutions	-	75,093	32,888	2,326	-	67	3,202	-	113,576
Commercial and other institutions	-	3,664	24,028	4	-	1,464	6,619	-	35,779
Banks and participation banks	-	116,897	319,640	2,901	-	2,104	47,729	-	489,271
IX. Precious metal funds	**717,243**	**-**	**1,089,135**	**62,070**	**-**	**42,539**	**-**	**-**	**1,910,987**
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	**5,325,871**	**3,715,739**	**8,002,350**	**1,273,924**	**-**	**625,137**	**693,925**	**-**	**19,636,946**

There are no 7 day notification and accumulative deposit accounts of the Bank.

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

II. Explanations and notes related to liabilities (continued)

a. Information on funds collected: (continued)

1. Information on maturity structure of funds collected: (continued)

ii. Prior period:

	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	**1,258,677**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,258,677**
II. Real persons profit sharing accounts-TL	**-**	**1,787,884**	**2,767,949**	**432,619**	**-**	**186,385**	**333,875**	**-**	**5,508,712**
III. Other current accounts-TL	**1,381,890**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,381,890**
Public sector	55,130	-	-	-	-	-	-	-	55,130
Commercial sector	1,298,169	-	-	-	-	-	-	-	1,298,169
Other institutions	20,476	-	-	-	-	-	-	-	20,476
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	8,115	-	-	-	-	-	-	-	8,115
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	288	-	-	-	-	-	-	-	288
Foreign banks	1,801	-	-	-	-	-	-	-	1,801
Participation banks	3,026	-	-	-	-	-	-	-	3,026
Others	3,000	-	-	-	-	-	-	-	3,000
IV. Profit sharing accounts-TL	**-**	**269,772**	**562,122**	**128,288**	**-**	**127,289**	**90,281**	**-**	**1,177,752**
Public sector	-	1,928	74	38	-	4,294	-	-	6,334
Commercial sector	-	246,838	525,164	125,066	-	109,720	89,846	-	1,096,634
Other institutions	-	21,006	36,627	3,184	-	13,275	435	-	74,527
Commercial and other institutions	-	-	238	-	-	-	-	-	238
Banks and participation banks	-	-	19	-	-	-	-	-	19
V. Real persons current accounts-FC	**730,758**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**730,758**
VI. Real persons profit sharing accounts-FC	**-**	**718,971**	**1,129,443**	**352,656**	**-**	**183,833**	**170,752**	**-**	**2,555,655**
VII. Other current accounts-FC	**887,209**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**887,209**
Commercial residents in Turkey	705,942	-	-	-	-	-	-	-	705,942
Commercial residents in Abroad	68,892	-	-	-	-	-	-	-	68,892
Banks and participation banks	112,375	-	-	-	-	-	-	-	112,375
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	609	-	-	-	-	-	-	-	609
Foreign banks	105,397	-	-	-	-	-	-	-	105,397
Participation banks	6,369	-	-	-	-	-	-	-	6,369
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	**-**	**271,128**	**856,418**	**39,595**	**-**	**67,423**	**125,513**	**-**	**1,360,077**
Public sector	-	-	35	-	-	-	-	-	35
Commercial sector	-	126,944	653,020	26,457	-	67,396	64,919	-	938,736
Other institutions	-	51,138	4,687	12,236	-	27	3,345	-	71,433
Commercial and other institutions	-	9,532	12,308	902	-	-	13,648	-	36,390
Banks and participation banks	-	83,514	186,368	-	-	-	43,601	-	313,483
IX. Precious metal funds	**745,794**	**-**	**1,306,651**	**72,840**	**-**	**44,687**	**-**	**-**	**2,169,972**
X. Profit sharing accounts special funds - TL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	**5,004,328**	**3,047,755**	**6,622,583**	**1,025,998**	**-**	**609,617**	**720,421**	**-**	**17,030,702**

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

II. Explanations and notes related to liabilities (continued)

a. Information on funds collected: (continued)

2. Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund:

i. Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	**Prior period**	**Current period**	**Prior period**
Real persons current and profit sharing accounts that are not subject to commercial activities				
TL accounts	5,037,179	4,075,680	2,925,717	2,663,583
FC accounts	2,991,476	2,774,746	3,257,669	2,559,062
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 100 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411.

ii. If the headquarters of the Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained:

The headquarters of the Bank is in Turkey.

iii. Current and Profit Share Accounts of the real persons who are not in the scope of Saving Deposits Insurance Fund:

The Bank has no current or profit sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the current and profit sharing accounts of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first degree relatives.

	Current period	**Prior period**
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	10,109	2,484
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	209	208

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

II. Explanations and notes related to liabilities (continued)

b. Information on derivative financial liabilities held for trading:

Derivative financial liabilities held for trading:

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Forward transactions	16,773	1,869	24,364	8,116
Swap transactions	4,248	662	19,300	7,168
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**21,021**	**2,531**	**43,664**	**15,284**

c. Information on funds borrowed:

1. Information on banks and other financial institutions:

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Loans from The Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks and Institutions	151,842	1,519,216	150,000	459,343
From Foreign Banks, Institutions and Funds	7,469	3,816,428	7,355	4,034,733
Total	**159,311**	**5,335,644**	**157,355**	**4,494,076**

2. Information on maturity structure of borrowings:

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Short-term	159,311	3,482,482	157,355	3,519,838
Medium and Long-Term	-	1,853,162	-	974,238
Total	**159,311**	**5,335,644**	**157,355**	**4,494,076**

As explained in Section Three Note XVIII, On 31 October 2011 the Bank issued 5-year rent certificate (sukuk) amounting USD 350 million with a profit share rate of 5.875%. The remaining part of the borrowing transferred from KT Sukuk Varlık Kiralama A.Ş. USD 350 million out of the sale and leaseback transaction amounting to USD 213,130 thousand is booked in funds borrowed.

The Bank invested in domestic currency rent certificate issued by KT Kira Sertifikaları Varlık Kiralama A.Ş. with permission of Capital Markets Boards of Turkey on 7 November 2013, quarterly profit share payment schedule, maturity of 364 day and amounting to TL 150,000,000 (full amount) and classified under "Funds Borrowed" at the accompanying financial statements.

The Bank provided subordinated loans, with maturity of 1 and 2 years respectively, amounting to USD 275 million and EUR 83 million in the current period. Subordinated loans have profit share of Libor/Euribor + %0.90 for annual maturity and profit share of Libor/Euribor + %1.25 for 2 years maturity. Besides on 26 June 2014, The Bank issued 5 – year rent certificate (sukuk) amounting to USD 500 million with a profit share rate of 5.162 %.

3. Explanations Related to the Concentrations of the Bank's Major Liabilities:

All of the borrowings consist of foreign currency loans and majorly they are formed by the transactions with the off-shore financial institutions. There is no risk concentration of the Bank's current and profit sharing accounts.

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

II. Explanations and notes related to liabilities (continued)

d. Information on other liabilities and miscellaneous payables:

As of 30 June 2014, other liabilities amount to TL 618,728 (31 December 2013 - TL 450,506), sundry creditors amount to TL 123,879 (31 December 2013- TL 118,356), both of them do not exceed 10% of the balance sheet total.

e. Information on finance lease payables (net):

The Bank bought some of the information technology equipment through financial lease and the liabilities originated from the agreements are paid in monthly installments to the leasing firms. These agreements do not raise any further liabilities other than already committed payments by the Bank.

As of 30 June 2014, finance lease payables details of the transaction of issuing certificate of rent (sukuk) is explained under section three and disclosure XVIII, with the permission of BRSA's decision numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and as of 13 March 2012, it is accounted as sale and leaseback transaction in accordance with TAS 17.

i. Information on the changes in agreements and new obligations originating from these changes: None (31 December 2013 – None).

ii. Information on Financial Lease Obligations

	Current period		Prior period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	-	-	-	-
Between 1-4 years	341,878	293,434	345,512	296,815
More than 4 years	-	-	-	-
Total	**341,878**	**293,434**	**345,512**	**296,815**

iii. Information on Operational Leases:

The leasing transactions, in which all risks and benefits of the leased asset are held by the lessor, are classified as operational leases. Such transactions consist of rent contracts of branches which may be cancelled by declaration.

There are no significant commitments regarding the changes at the operational lease agreements.

The payments related with operational leases are recognized as expense in the income statement during the period of the agreement in equal installments.

iv. Information on sale and leaseback transactions:

The transaction of issuing certificate of rent (sukuk) is explained under section three and disclosure XVIII, with the permission of BRSA's decision numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and dated as 13 March 2012, it is accounted as sale and leaseback transaction in accordance with TAS 17.

f. Information on hedging derivative financial liabilities: None (31 December 2013 – None).

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

II. Explanations and notes related to liabilities (continued)

g. Information on provisions:

1. Information on general provisions:

	Current period	Prior Period
General Provisions	**201,868**	**174,251**
I.For Loans and Receivables in Group I (Total)	**146,129**	**127,687**
Profit Sharing Accounts' Share	51,586	37,629
The Bank's Share	85,278	83,227
Other	-	-
I.Additional Provision for Loans and Receivables with Extended Maturities	**9,265**	**6,831**
Profit Sharing Accounts' Share	2,869	1,900
The Bank's Share	6,396	4,931
Other	-	-
II.Loans and Receivables in Group II (Total)	**17,231**	**15,016**
Profit Sharing Accounts' Share	1,475	2,721
The Bank's Share	4,786	4,567
Other	-	-
II.Additional Provision for Loans and Receivables with Extended Maturities	**10,970**	**7,728**
Profit Sharing Accounts' Share	7,837	5,587
The Bank's Share	3,133	2,141
Other	-	-
Provisions for Non Cash Loans	**16,234**	**15,775**
Other	**22,274**	**15,773**

2. Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 30 June 2014, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 42,209 (31 December 2013 – TL 548) and TL 11,488 for leasing receivables (31 December 2013 – TL 5,622) is offset against loans and receivables.

3. Information on other provisions:

	Current period	Prior period
Provisions for non- liquidated non cash loans (*)	33,167	27,593
Provisions for cheque books (*)	10,901	9,605
Provisions from equity/profit sharing accounts	20,599	30,430
Credit card bonus provisions	206	-
Other	134	1,370
Total	**65,007**	**68,998**

(*) Effective from 1 March 2011, according to temporary article 2 of "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside", the Bank recognizes provisions for non-liquidated non-cash loans and check books of customers who have any other non-performing exposures within the Bank.

4. Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 32,964 (31 December 2013 – TL 28,776), vacation pay liability amounting to TL 6,118 (31 December 2013 – TL 608), performance premium amounting to TL 12,900 (31 December 2013 – TL 36,700), retirement bonuses on payment of TL 1,983 (31 December 2013 – TL 15), overtime payment amounting TL - (31 December 2013 – TL 783).

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

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

II. Explanations and notes related to liabilities (continued)

4. Information on provisions for employee benefits:

The amount payable consists of one month's salary limited to a maximum of TL 3,438 (31 December 2013 – TL 3,129) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current period	Prior period
Discount rate (%)	3.29	3.29
Inflation rate (%)	6.5	6.5
Interest rate (%)	10.0	10.0

Movements in the reserve for employment termination benefits during period are as follows:

	Current period	Prior period
Balance at the beginning of the period	28,776	11,710
Provisions recognized during the period	5,548	2,154
Paid during the period	(1,360)	(1,277)
Actuarial gain/loss	-	-
Balances at the end of the period	**32,964**	**12,587**

h. Explanations on tax liability:

1. Explanations on current tax liability:

i. Information on tax provisions: As of 30 June 2014, the Bank has current tax liability after deducting temporary taxes paid during the period from the provision for corporate income tax amounting to TL 34,161.

	Current period	Prior period
Provision for corporate income tax	55,837	73,152
Prepaid taxes	(21,676)	(53,056)
Total (*)	**34,161**	**20,096**

(*) Related amount is presented in the current tax liability line, under liabilities.

ii. Information on taxes payable (*):

	Current period	Prior period
Taxation of marketable securities	8,935	6,284
Taxation of immovable property	825	662
Banking Insurance Transaction Tax (BITT)	8,870	9,104
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	908	1,820
Income tax deducted from wages	4,442	4,340
Other	799	1,630
Total	**24,779**	**23,840**

(*) Included in sundry creditors line item on the balance sheet.

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

II. Explanations and notes related to liabilities (continued)

h. Explanations on tax liability (continued)

iii. Information on premiums (*):

	Current period	Prior period
Social Security Premiums-Employee	2,840	2,492
Social Security Premiums-Employer	3,089	2,671
Unemployment insurance-Employee	203	178
Unemployment insurance-Employer	452	401
Total	**6,584**	**5,742**

(*) Included in sundry creditors line item on the balance sheet.

iv. Information on deferred tax liability: None (31 December 2013 - None).

i. Information on payables related to assets held for sale:

None (31 December 2013 – None).

j. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	430,802	-	433,080
From Other Foreign Institutions	-	-	-	-
Total	-	**430,802**	-	**433,080**

The Bank obtained a subordinated loan with 10-years maturity, amounting to USD 200 million, from Kuwait Finance House on 29 June 2011. Profit share amount will be calculated as the purchase price multiplied by a profit return rate equal to the applicable margin in the Murabaha period. Classification of this subordinated loan as tier-II capital upon the receipt of the cash amounting to USD 200 million by the Bank for the purpose of supplementary capital calculation was confirmed by the BRSA by their notification dated 30 June 2011.

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current period	Prior period
Common stock	2,287,005	1,700,000
Preferred stock	-	-

2. Amount of Paid-in Capital, Disclosure on whether the Bank Applies the Registered Share Capital System, and, if so, the Ceiling Amount of the Registered Share Capital: Registered capital system is not applied in the Bank.

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

II. Explanations and notes related to liabilities (continued)

k. Information on shareholders' equity (continued)

3. Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period:

Date of Increase	Increase Amount	Cash	Profit Reserves Subjected to Capital Increase
April 4 2014	230,000	-	230,000
July 26 2014	360,000	360,000	-

4. Information on share capital increases from capital reserves during the current period: None (31 December 2013 – None).

5. Possible effect of estimations made for the Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:

   Based on the evaluation made considering the Bank's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

6. Summary of privileges given to shares representing the capital: None.

7. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference(*)	42,110	105	6,738	(4,713)
Foreign Exchange Difference	-	-	-	-
Total	**42,110**	**105**	**6,738**	**(4,713)**

(*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under available for sale in the balance sheet.

l. Information on minority shares: None (31 December 2013 – None).

III. Explanations and notes related to off-balance sheet commitments

a. Explanations on off-balance sheet accounts:

1. Type and amount of irrevocable commitments: Commitment for credit card limits, as of 30 June 2014 is TL 513,673 (31 December 2013 – TL 449,872); payment commitments for cheque books are TL 873,631 (31 December 2013 – TL 824,093).

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

i. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

   As of 30 June 2014, the Bank has guarantees and surety ships constituting of TL 6,972,285 (31 December 2013 – TL 7,127,080) letters of guarantee; TL 73,217 (31 December 2013 – TL 57,587) acceptances and TL 1,346,952 (31 December 2012 – TL 1,217,277) letters of credit.

ii. Revocable, irrevocable guarantees and other similar commitments and contingencies: There are no other than those explained in 2.i.

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

III. Explanations and notes related to off-balance sheet commitments (continued)

a. Explanations on off-balance sheet accounts: (continued)

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

	Current period	Prior period
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	8,668,172	8,672,347
Total	**8,668,172**	**8,672,347**

IV. Explanations and disclosures related to the income statement

a. Information on profit share income:

1. Information on profit share received from loans:

	Current period		Prior period	
	TL	FC		TL
Profit share on loans	**799,161**	**37,638**	**603,563**	**32,406**
Short term loans	260,268	4,827	183,502	4,038
Medium and long term loans	535,816	32,811	417,951	28,368
Profit share on non-performing loans	3,077	-	2,110	-
Premiums received from resource utilization support fund	-	-	-	-

2. Information on profit share received from banks:

	Current period		Prior period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	319	1,579	1,578	1,956
Branches and head office abroad	-	-	-	-
Total	**319**	**1,579**	**1,578**	**1,956**

i. Information on profit share income from securities portfolio:

The Bank has received TL 57,104 profit share income from rent certificates (sukuk) which is given the details in available for sale financial assets information. (1 January-30 June 2013: TL 23,210)

ii. Information on profit share income received from associates and subsidiaries:

	Current period	Prior period
Profit share income received from associates and subsidiaries	661	245

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

IV. Explanations and disclosures related to the income statement (continued)

b. Information on profit share expenses:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	**1,369**	**39,313**	**188**	**33,310**
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	1,369	39,313	188	33,310
Branches and head office abroad	-	-	-	-
Other Institutions	**6,773**	**29,428**	**-**	**31,681**
Total	**8,142**	**68,741**	**188**	**64,991**

i. Profit share expense given to associates and subsidiaries:

	Current period	Prior period
Profit share expenses given to associates and subsidiaries	35,720	35,213

ii. Profit share expense paid to securities issued: None (1 January-30 June 2013: None).

c. Information on dividend income: None (1 January-30 June 2013: None).

d. Distribution of profit share on funds based on maturity of funds:

Current period	Profit Sharing Accounts							
Account name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	Above 1 year	Accumulated profit sharing accounts	Total
TL								
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1
Real person's non-trading profit sharing account	64,729	104,326	19,710	-	6,134	11,557	-	206,456
Public sector profit sharing account	24	27	1	-	676	-	-	728
Commercial sector profit sharing account	7,024	17,759	4,263	-	1,300	915	-	31,261
Other institutions profit sharing account	602	1,176	87	-	262	16	-	2,143
Total	**72,379**	**123,289**	**24,061**	**-**	**8,372**	**12,488**	**-**	**240,589**
FC								
Banks	1,549	4,069	9	-	7	749	-	6,383
Real person's non-trading profit sharing account	10,751	19,533	6,107	-	2,661	2,509	-	41,561
Public sector profit sharing account	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	2,234	11,763	359	-	1,038	94	-	15,488
Other institutions profit sharing account	871	582	24	-	6	105	-	1,588
Precious metal accounts	-	4,643	261	-	174	-	-	5,078
Total	**15,405**	**40,590**	**6,760**	**-**	**3,886**	**3,457**	**-**	**70,098**
Grand Total	**87,784**	**163,879**	**30,821**	**-**	**12,258**	**15,945**	**-**	**310,687**

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

IV. Explanations and disclosures related to the income statement (continued)

d. Distribution of profit share on funds based on maturity of funds: (continued)

Prior period	Profit Sharing Accounts							
Account name	**Up to 1 month**	**Up to 3 month**	**Up to 6 month**	**Up to 9 month**	**Up to 1 year**	**Above 1 year**	**Accumulated profit sharing accounts**	**Total**
TL								
Collected funds from banks through current and profit share accounts	-	584	1,160	-	2,770	-	-	4,514
Real person's non-trading profit sharing account	34,088	76,711	8,910	-	4,357	13,412	-	137,478
Public sector profit sharing account	51	84	15	-	330	7	-	487
Commercial sector profit sharing account	3,935	14,020	2,266	-	1,823	1,122	-	23,166
Other institutions profit sharing account	414	3,106	452	-	10	37	-	4,019
Total	**38,488**	**94,505**	**12,803**	**-**	**9,290**	**14,578**	**-**	**169,664**
FC								
Banks	338	256	4	-	-	577	-	1,175
Real person's non-trading profit sharing account	6,099	12,198	2,509	-	1,542	2,372	-	24,720
Public sector profit sharing account.	-	1	-	-	-	-	-	1
Commercial sector profit sharing account	1,214	6,191	269	-	2,061	366	-	10,101
Other institutions profit sharing account	462	2,139	63	-	1	46	-	2,711
Precious metal accounts	-	6,132	206	-	171	-	-	6,509
Total	8,113	26,917	3,051	-	3,375	3,361	-	45,217
Grand Total	**46,601**	**121,422**	**15,854**	**-**	**13,065**	**17,939**	**-**	**214,881**

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

	Current period	**Prior period**
Net		
Income	**3,629,248**	**7,355,787**
Gain on capital market transactions	778	132
Gain on derivative financial instruments	322,603	192,282
Foreign exchange gains	3,305,867	7,163,373
Losses (-)	**3,548,048**	**7,278,049**
Losses on capital market transactions	253	1,621
Losses on derivative financial instruments	290,605	187,658
Foreign exchange losses	3,257,190	7,088,770

f. Information on other operating income:

The details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Bank.

	Current period	**Prior period**
Reversal of prior period provisions	71,148	56,154
Income from sale of assets	8,980	10,347
Income from the real estate sales' gains by rent certificates	16,828	12,716
Expertise fees	32	6,193
Income from EFT and money transfers	6,458	4,566
Income from checkbooks	2,007	1,625
Income from bounced check provisions	846	1,399
Income from check provisions	971	1,050
Lease income	925	774
Other Income	5,861	5,041
Total	**114,056**	**99,865**

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

IV. Explanations and disclosures related to the income statement (continued)

g. Provisions for loan losses and other receivables of the Bank:

	Current period	Prior period
Specific provisions for loans and other receivables	101,157	84,859
III. group loans and receivables	28,770	13,811
IV. group loans and receivables	39,942	52,295
V. group loans and receivables	32,445	18,753
Doubtful commissions, fees and other receivables	1	-
General provision expenses	27,617	36,567
Provision expenses for possible losses	-	-
Impairment provision of marketable securities	538	2,419
Financial Assets at fair value through profit and loss	538	2,419
Investment securities available for sale	-	-
Impairment provision of associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	7,143	17,118
Total	**136,456**	**140,963**

h. Information on other operating expenses:

	Current period	Prior period
Personnel expenses	203,272	157,756
Provision for retirement pay liability	4,188	877
Depreciation expenses of fixed assets	17,338	14,148
Impairment expenses of tangible assets	16,828	12,716
Depreciation expenses of intangible assets	8,435	5,589
Depreciation expenses of assets held for sale	216	226
Other operating expenses	90,887	65,228
Rent expenses	35,029	27,428
Maintenance expenses	6,474	4,845
Advertisement expenses	5,089	5,581
Communication expenses	8,205	6,194
Heating, electricity and water expenses	3,633	3,001
Cleaning expenses	1,807	926
Vehicle expenses	2,376	1,837
Stationery expenses	2,008	1,409
Other expenses	26,266	14,007
Losses on sales of assets	13	142
Deposit insurance fund expenses	20,347	15,305
Other	33,641	23,299
Total	**395,165**	**295,286**

IV. Explanations and disclosures related to the income statement (continued)

i. Information on profit/loss from continued and discontinued operations before taxes:

Income before tax amounting to TL 223,512 TL increased by %23.56 as compared to the prior period (1 January-30 June 2013 – TL180,888). Income before tax includes TL 508,554 (1 January-30 June 2013 – TL 396,499) net profit share income and TL 51,323(1 January -30 June 2013 – TL 43,035) net fees and commission income. Other operating expense amount is TL 395,165 (1 January -30 June 2013 – TL 295,286).

j. Information on tax provision for continued and discontinued operations:

As of 30 June 2014, deferred tax expense of the Bank is TL 7,680 (1 January-30 June 2013 – TL 5,746 deferred tax expense) and current tax provision expense is TL 55,837 (1 January-30 June 2013 –TL 29,381).

k. Information on net income/loss from continued and discontinued operations:

There is no income or loss for discontinued operation in net operating income after tax.

l. Information on net income/loss:

i. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period: As of 30 June 2014, net profit share income is TL 508,554 (1 January-30 June 2013 – TL 396,499), net fees and commission income is TL 51,323 (1 January-30 June 2013 – TL 43,035).

ii. Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (1 January-30 June 2013 – None).

iii. Profit/Loss attributable to minority interest: None (30 June 2013 – None).

m. Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement:

As of 30 June 2014, other fees and commissions received is TL 62,005 (1 January-30 June 2013 – TL 44,521), TL 11,330 of this amount is related with credit card fees and commissions (30 June 2013 – TL 5,500) and TL 14,914 of this amount is related with POS machine commissions (1 January-30 June 2013 – TL 11,518).

As of 30 June 2014, other fees and commissions given is TL 47,485 (1 January-30 June 2013 – TL 34,683), TL 19,243 (1 January-30 June 2013 – TL 12,409) of this amount is related with POS clearing commissions and installation expenses, TL 3,258 (1 January-30 June 2013 – TL 2,324) of this amount is related with fees and commissions paid for credit cards.

V. Explanations and notes related to cash flow statement

a. Information regarding the balances of cash and cash equivalents at the beginning of the period:

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

“Cash” is defined as cash in vault and foreign currency cash, cash in transit, checks purchased, unrestricted amount in the Central Bank and demand deposits in Banks. “Cash equivalents” is defined as money market placements, investments in securities and time deposits in banks with original maturity less than three months.

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

V. Explanations and notes related to cash flow statement (continued)

a. Information regarding the balances of cash and cash equivalents at the beginning of the period (continued):

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

	Current period	Prior period
Cash	**3,167,289**	**1,831,067**
Cash in TL/foreign currency, others	703,658	304,080
Demand deposits at banks	2,463,631	1,526,987
Cash equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	**3,167,289**	**1,831,067**

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

	Current period	Prior period
Cash	**2,260,286**	**1,614,185**
Cash in TL/foreign currency, others	488,529	279,014
Demand deposits at banks	1,771,757	1,335,171
Cash equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	**2,260,286**	**1,614,185**

b. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations: None.

c. Effects of the change in foreign currency rates on cash and cash equivalents:

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL 10,373 as of 30 June 2014 (1 January-30 June 2013 – TL 5,270).

VI. Explanations and notes related to risk group of the Bank:

a. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses for the period:

1. Current period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	46,064	78	621	676	96,077	55
Balance at end of period	58,621	132	635	12,488	63,859	41
Profit share and commission income	661	-	26	-	2,959	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

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

VI. Explanations and notes related to risk group of the Bank: (continued)

b. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses for the period:

1. Prior period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	126,633	30	1,146	544	84,723	13,157
Balance at end of period	41,650	78	621	676	80,270	55
Profit share and commission income	245	-	29	-	3,904	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

2. (i). Information on current and profit sharing accounts of the Bank's risk group:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans Received						
Balance at beginning of period	175,431	78,331	28,882	21,047	171,137	107,600
Balance at end of period	212,947	175,431	45,418	28,882	182,762	171,137
Profit share expense	3,872	1,535	1,769	612	2,279	1,651

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

(ii) Forward and option agreements and other similar agreements with the risk group of the Bank: None.

3. Information on loans received from the Bank's risk group:

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Current and profit sharing accounts						
Balance at the beginning of period	459,343	383,651	2,300,361	1,919,506	61,173	271,130
Balance at the end of period	1,964,176	459,343	2,393,020	2,300,361	18,824	61,173
Profit share expense	31,848	33,678	36,780	55,324	79	24,026

c. Information on remunerations provided to top management:

As of 1 January-30 June 2014, the Bank has paid TL 10,042 to top management (1 January-30 June 2013- TL 7,798).

VII. Significant Events and Matters Arising Subsequent to Balance Sheet Date

None.

SECTION SIX

OTHER EXPLANATIONS AND DISCLOSURES

I. Other matters which must be explained in terms of explicitly, interpretability and understandability of the balance sheet: None.

SECTION SEVEN

LIMITED REVIEW REPORT

I- Explanations on the limited review report:

The unconsolidated financial statements as of and for the three months period then ended 30 June 2014 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' limited review report dated 8 August 2014 is presented preceding the financial statements.

II- Notes and disclosures prepared by independent auditors: None.