

Turkey's Finance

Türkiye Finans



Setting new standards in participation banking...

We set new standards and open up new horizons in the banking industry through innovative and easy-to-use products and services, backed by our principle of offering easily accessible and effective services...

Annual Report 2013

Contents

Presentation

- 2** Türkiye Finans in Brief
- 3** Our Vision, Our Mission, Our Corporate Values
- 4** Corporate Strategy
- 5** Strategic Priorities and Basic Initiatives for 2013
- 6** Awards and Recognitions
- 10** Summary Financial Information
- 12** Amendments to the Articles of Association and the justifications for them
- 12** Capital and Shareholder Structure
- 13** Shares Held by the Members of the Board of Directors and Managers
- 14** Chairman's Message
- 16** CEO's Message
- 19** Customer Constitution
- 22** Macroeconomic Outlook and Sectoral Developments
- 25** An Assessment of the Bank's Position in the Sector in 2013
- 28** An Assessment of Türkiye Finans' Activities in 2013 and their Results
- 43** Türkiye Finans's plans for 2014
- 44** Research & Development; New Services and Activities
- 45** Compliance Opinion on the Annual Report

Management and Corporate Governance Practices

- 46** Board of Directors and Audit Committee
- 48** Executive Vice Presidents
- 50** Unit Managers within Internal Systems / Directors
- 52** Organization Chart
- 52** Governing Bodies and Committees at the Bank, Participation of Bank Directors and Committee Members in Meetings
- 54** Information About General Meetings Held in 2013
- 54** 2014 Annual General Assembly Meeting Agenda
- 55** Summary of the Board of Directors report presented to the General Assembly
- 57** Information about Human Resources Practices
- 60** Information about the Related Party Transactions, the Bank Enters
- 61** Information about Consolidated Affiliates
- 62** Other Information
- 63** Activities for Which Support Services are Outsourced and the Persons and Organizations from Which They are Obtained

Financial Information and Assessment on Risk Management

- 64** Audit Committee's Assessment of Internal Audit, Internal Control, Risk Management and Regulatory Compliance Functions; Committee Activities During the Reporting Period
- 66** Declaration Concerning the 2013 Annual Report
- 68** Independent Auditors' Report
- 69** The Unconsolidated Financial Report of Türkiye Finans Katılım Bankası A.Ş. For the Year Ended 31 December 2013
- 154** Independent Auditors' Report
- 155** The Consolidated Financial Report of Türkiye Finans Katılım Bankası A.Ş. For the Year Ended 31 December 2013
- 242** Information About the Bank's Dividend Policy
- 243** Assessment of Financial Position, Profitability and Solvency; Asset Quality and Profitability
- 245** Information About Risk Management Policies by Type of Risk
- 247** Information About Credit Rating Agency Rating Assignments and the Nature of Such Ratings
- 248** Summary Financial Information Pertaining to the Five-Year Period Including the Reported Period
- 249** Appendix: Amendments to Articles of Association
- 274** Directory

Türkiye Finans Katılım Bankası A.Ş.

Reporting Period	01.01.2013 - 31.12.2013
Corporate Title	Türkiye Finans Katılım Bankası A.Ş.
Headquarters Address	Yakaçık Mevkii Adnan Kahveci Cad. No: 139 Kartal 34876 İSTANBUL
Headquarters Telephone	0216 586 70 00 (pbx)
Headquarters Fax No	0216 586 63 26
Website	www.turkiyefinans.com.tr
E-mail	4442444@turkiyefinans.com.tr
SWIFT Code	AFKBTRIS

Setting new standards in participation banking...

We set new standards and open up new horizons in the banking industry through innovative and easy-to-use products and services, backed by our principle of offering easily accessible and effective services...

Through an array of products which comply with the principle of participation banking, we continue to realize our targets to expand our client base and raise customer satisfaction.



Türkiye Finans in Brief

As a joint venture between the Boydak Group, the Ülker Group, and The National Commercial Bank (Saudi Arabia), Türkiye Finans is grounded on Turkey's deeply rooted knowledge and experience of participation banking.

Anadolu Finans, which was founded by a group of entrepreneurs from Kayseri in 1991, was Turkey's first private finance house to be funded entirely by domestic capital. In July 1999, control of Anadolu Finans was taken over by the Boydak family.

Faisal Finans Kurumu, another private finance house that had been in business since 1985, joined the Ülker Group in 2001 when the group acquired a majority stake in the bank and changed its name to Family Finans.

In 2005 the Boydak Group and the Ülker Group combined these two participation banks under a single roof, transforming them into a potent economic force. This union of strengths was undertaken in order to create more value for Turkey and to bolster the competitive advantages of both.

The Anadolu Finans and Family Finans merger was approved by the Banking Regulation and Supervision Agency (BRSA) on 28 December 2005. Two days later on the 30th, the agency approved the renaming of the bank as "Türkiye Finans Katılım Bankası A.Ş." (Türkiye Finans Participation Bank Inc).

A new breath of fresh air in participation banking through a union of strengths...

Immediately after the merger the bank assumed a brand-new corporate identity, breathing new life into participation banking, a business line whose target audience has been growing steadily.

A new period of tremendous change and transformation at Türkiye Finans began on 31 March 2008 when The National Commercial Bank (NCB) acquired a 60% stake in the company. By bringing together the strengths of the Boydak and Ülker groups, two of Turkey's leading industrial conglomerates, with those of the Middle East's most deeply-capitalized bank, the capital structure and vision of this partnership resulted in its emergence as a leading player in the business of participation banking.

A stronger Türkiye Finans at the outset of 2014

In previous years, Türkiye Finans had laid out a five-year plan under which it redefined its goals and growth roadmap. As called for in that plan, the bank is currently undertaking a variety of projects with a customer-oriented approach and carrying out important progress aimed at further developing its technological infrastructure, business processes and service approach. Starting from the benchmark of providing a flawless customer experience, Türkiye Finans launched a new initiative entitled "Customer Experience and the Multichannel Strategy Project" in 2013 in order to implement a series of modifications and improvements in its business making styles and processes. During this period, the bank adopted a stronger growth roadmap by combining its experience, technological capability and vision.

At the end of 2013, Türkiye Finans commanded a strong service platform of 3,990 employees in 250 branches supported by effective alternative delivery channels. With this platform, the bank offers innovative products, services and solutions of high added value to a broad customer mass in the commercial/corporate banking, enterprise banking and retail/personal banking segments.

Our Vision, Our Mission, Our Corporate Values

Our Vision

To be recognized as the premier source of principles-based banking and investment for individuals and business owners in Turkey.

Our Mission

In line with the principles of Participation Banking, our mission is to foster value-creation rather than consumption and to share the value that is generated from these activities with our owners of the participation fund, our Employees and our Shareholders in a fair and transparent way. We believe in the Service Value Creation Chain whereby value is the outcome of effective employee interactions with our customers, where we are providing the right products and services, when and where the customer wants it, in the right way all the time. We also believe that, as our reputation is our most important asset, it is also the hardest to replace.

Our Corporate Values

Productive Sharing

We share in order to be productive; and the more that we share, the more productive we are.

Customer-Focused Service

We supply products and services that satisfy our customers' expectations, whenever and wherever they need them.

Satisfaction

We give importance to the satisfaction of our customers, our employees, our shareholders, and our community.

Superior Service Quality

We constantly improve our service quality by paying heed to our employees' and customers' suggestions.

Contributing to the National Economy

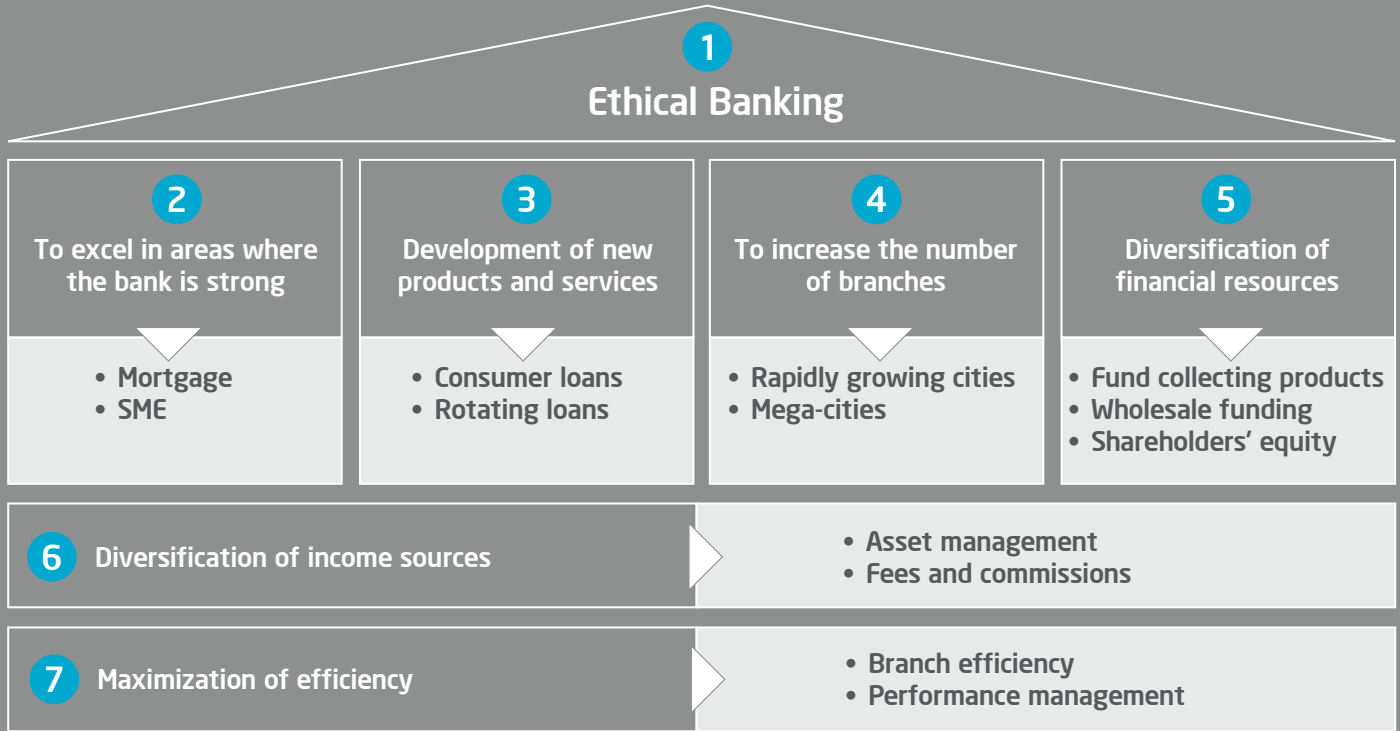
We marshal our resources so as to contribute to the development of the national economy. We support local development by preferentially lending such resources back to the places where we have gathered them.

Constant Renewal

We keep a close watch in developments taking place in Turkey and around the world. We provide our employees with current technological and informational support.

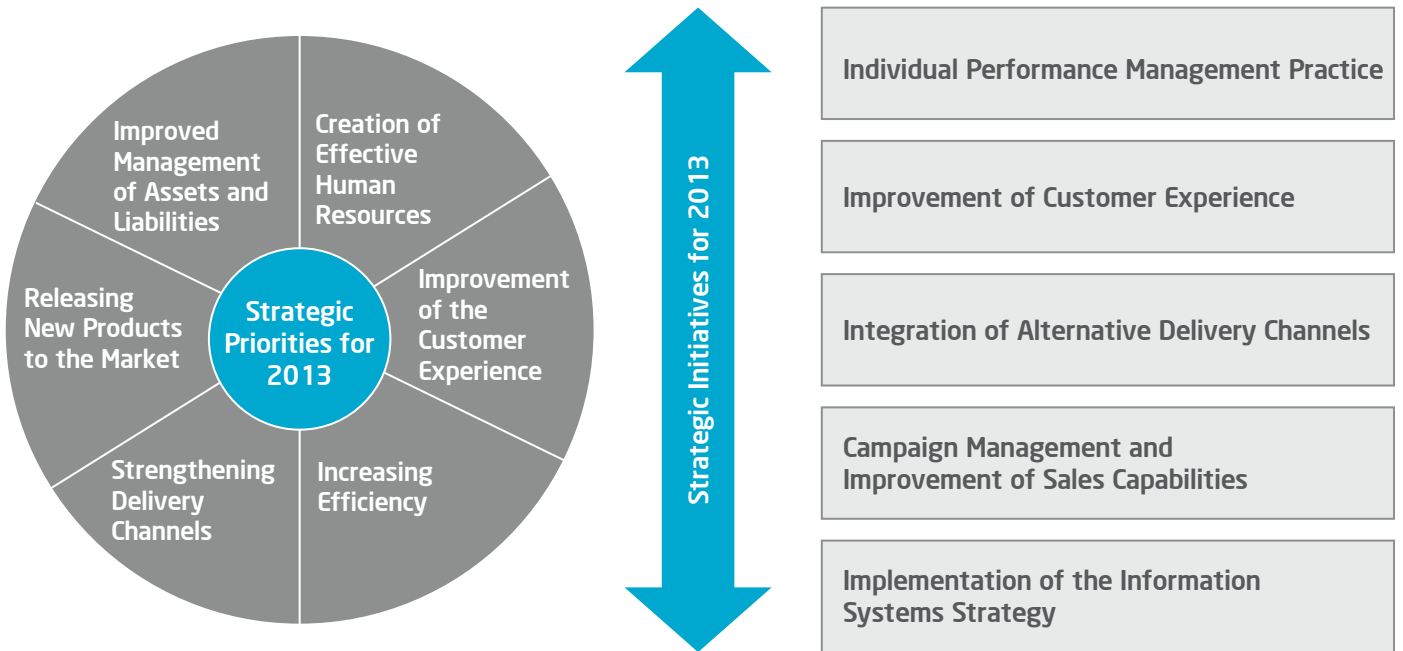
Respect for Shared Values

We are respectful of society's shared values in the conduct of all of our activities.



Driven by its commitment to sustainable growth and change, Türkiye Finans is blending market dynamics with its own corporate dynamics in order to better adopt them while also advancing strongly in its pursuit of growth in participation banking.

Strategic Priorities and Basic Initiatives for 2013



Increasing Efficiency	<ul style="list-style-type: none"> • Pressing ahead with process improvement activities • Increasing operational efficiency • Increasing the volume of funds collected / supplied per branch or employee • Diversifying income sources in order to increase the «wallet share»
Strengthening Delivery Channels	<ul style="list-style-type: none"> • Expanding the branch network • Increasing the number of functions of alternative delivery channels and launching efforts for channel integration • Raising corporate reputation and developing various communication activities to support brand management
Improved Management of Assets and Liabilities	<ul style="list-style-type: none"> • Expanding the deposit base • Extending the average funding maturity • Developing non-deposit borrowing instruments • Enabling balanced, risk-sensitive growth
Releasing New Products to the Market	<ul style="list-style-type: none"> • Developing individual and commercial products • Improving the product development process • Improving cross sales ratios • Campaign management and improvement of sales capabilities
Improvement of Customer Experience	<ul style="list-style-type: none"> • Raising the quality of services provided through branches and other channels • Rationalizing the sales and service model (reviewing the micro segment business model) • Creating the necessary platform to improve sustainability and predictability
Creation of Effective Human Resources	<ul style="list-style-type: none"> • Extending the Individual Performance Management starting from those areas in branches and the headquarters which would provide the maximum added value

Awards and Recognitions

In 2013, Türkiye Finans has received awards and recognitions in a wide array of different categories from respected national and international banks, agencies, publications and organizations.



World Finance - Islamic Finance Awards (London); Best Islamic Bank in Turkey (Turkey's Best Participation Bank Award)



Ekovitrin Magazine - Stars of the Year Awards; Participation Bank of the Year Award



Türkiye Finans: First Bank in Turkey to Receive the Uptime Institute "TIER III Design" and "TIER III Constructed Facility" Certificates with its New Datacenter



IMI Conferences - 8th Turkey Call Center Awards: "Turkey's Best Call Center" (with less than 500 seats) Award and "Most Praiseworthy Team Leader" Award to Eda Dikici, one of our personnel employed at the Customer Communication Center



Kariyer.net, 12th "Respect for People" Awards; Respect for People Award



TIDE (The Institute of Internal Auditing - Turkey) - Internal Audit Awareness Awards; Corporate Awareness Award



Global Banking and Finance Review Magazine; "Turkey's Best Common Brand Credit Card", "Turkey's Fastest Growing Retail Bank", "Turkey's Fastest Growing Commercial Bank" and "Turkey's Fastest Growing SME Bank" Award in 2013



Call Centers Association; EN15838:2009 Customer Communication Center Services Certificate

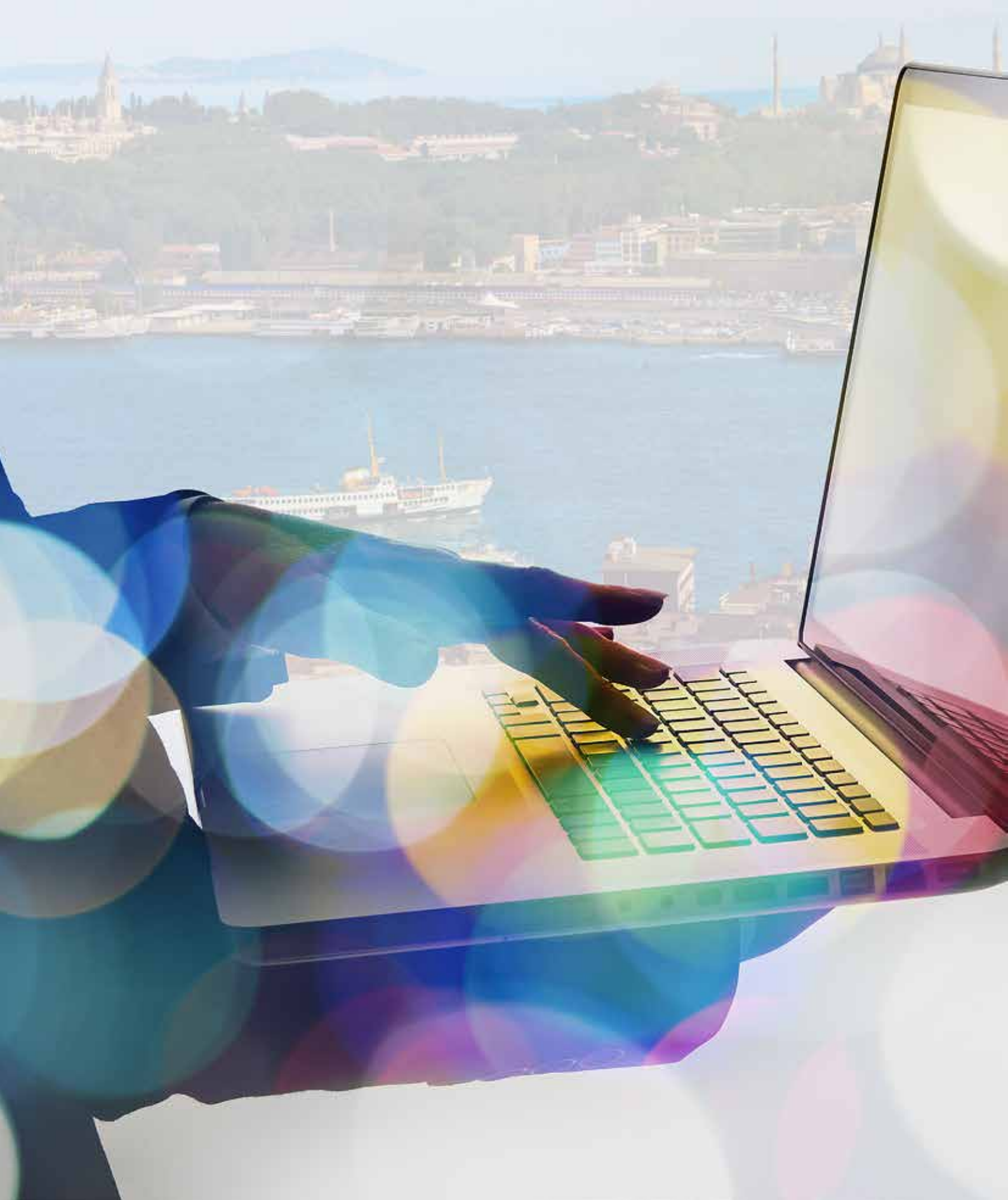


Bureau Veritas; ISO 10002:2004 Customer Satisfaction Management System Quality Certificate



LACP (League of American Communications Professional) Vision Awards 2012; Bronze Award in Banks Annual Reports Category

- ▶ CIO Magazine CIO Award; Fahri Öbek - Deputy General Manager Responsible for the Information Systems of Türkiye Finans
- ▶ Pozitron Insights; Turkey's Most Admired Mobile Banking Practice
- ▶ BSI-British Standards Institute; First and Only Bank to Receive the ISO22301 Business Continuity Certificate



easy access

We undertake an ever increasing volume of investment in alternative delivery channels that make effective use of the latest technology in order to provide easier and higher access.



internet şubesi
şubede ne varsa internette

ana sayfa güvenlik hakkında yenilik & duyurular müşteri hizmetleri

kullanıcı girişi

Müşteri No
Parola
Çevrimiçi Üstünlük / Ambleti
Kullanıcı Kodu
(Ek kullanıcılar için)

Giriş

Anadolu Hısar güvenlik uygulaması sadece Microsoft Internet Explorer 5.5 ve üzeri tarayıcılarda kullanılabilir.

Mobil Şube şimdi Android'te!

Siz de Android için hazırladığımız özel uygulamayı indirin, elinizin altında barkod okuyarak fatura ödeyebilen, çok marifetli bir banka şubesi olsun.

Türkiye Finans Mobil Uygulaması
Android APP ON
Google play

yenilik ve duyurular

- Kıymetli Maden işlemlerinizi İnternet Şubesi üzerinden gerçekleştirebilirsiniz.
- Bankamız link içeren, şifrenizi ve kişisel bilgilerinizi talep eden e-mailer göndermemektedir. İnternet şube girişinde TCKN, cep telefonu marka/model gibi bilgiler kesinlikle istenmemektedir.
- Müşteri No, Parola ve Şifre bilgilerinizi kimseye paylaşmayınız.

İnternet Şubemiz, VeriSign Extended Validation (EV) SSL güvenlik sertifikasını kullanmaya başladı.

Detaylı bilgi için tıklayınız.

VeriSign

Summary Financial Information

As of and for the period ended 31.12.2013 (TL thousand)

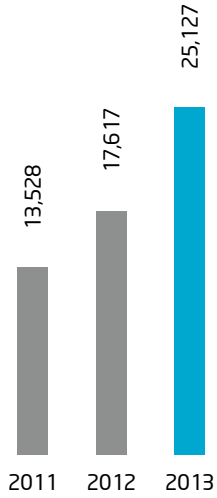
Türkiye Finans demonstrated stronger growth than the sector and reflected also its successful performance in 2013 to its financial results.

43%

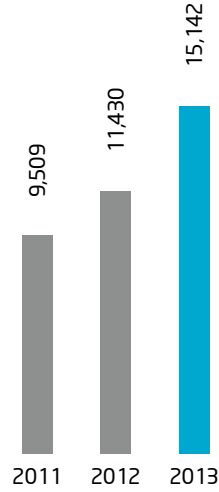
The total assets of Türkiye Finans rose by 43% YoY in 2013, exceeding TL 25 billion.

	2013	2012	Change %
Assets	25,126,629	17,616,504	42.63
Cash and Banks	4,790,457	3,315,196	44.50
Securities	1,413,025	665,115	112.45
Loans	17,447,961	12,763,400	36.70
Receivables from Leases	841,649	304,369	176.52
Fixed Assets (Net)	248,838	215,498	15.47
Other Assets	384,699	352,926	9.00
Liabilities	25,126,629	17,616,504	42.63
Funds Collected	15,141,718	11,429,536	32.48
-Special Current Accounts	3,440,407	2,527,809	36.10
-Participation Accounts	11,701,311	8,901,727	31.45
Loans Received	5,166,009	2,503,943	106.31
Shareholders' Equity	2,522,381	2,125,162	18.69
Paid-up Capital	1,775,000	1,650,000	7.58
Other Liabilities	2,296,521	1,557,863	47.41
Non-Cash Loans	8,904,139	7,108,697	25.26
Income and Expense Accounts			
Profit Share Income	1,566,233	1,410,356	11.05
Profit Share Expenses	-692,150	-618,245	11.95
Net Profit Share Income	874,083	792,111	10.35
Net Fee and Commission Income	128,272	108,231	18.52
Other Non-Profit Income	179,911	148,508	21.15
Non-Profit Share Expenses	-769,754	-687,024	12.04
Profit Before Tax	412,512	361,826	14.01
Provision for Taxes	-83,235	-78,253	6.37
Net Period Profit	329,277	283,573	16.12
Key Ratios (%)			
Capital Adequacy Ratio	12.81	14.76	
Return on Equity (Annual)	14.17	15.17	
Loans / Total Assets	72.79	74.18	
Current Accounts / Funds Collected	22.72	22.12	
Non-Performing Loans (Gross) / Loans	2.41	2.74	
Other			
Total Number of Branches	250	220	13.64
Total Number of Personnel	3,990	3,595	10.99

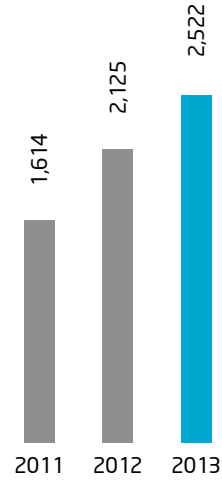
Total Assets
(TL million)



Funds Collected
(TL million)



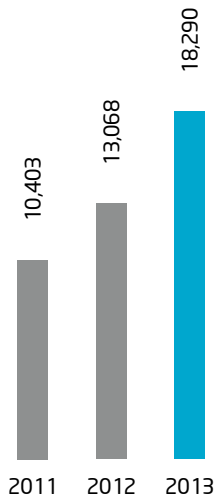
Shareholders' Equity
(TL million)



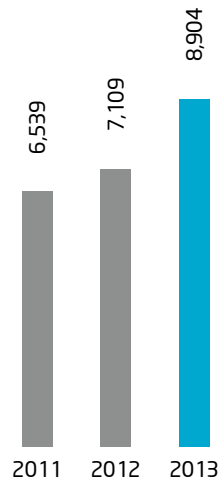
32%

The total size of funds collected by the Bank surged by 32% to reach TL 15 billion.

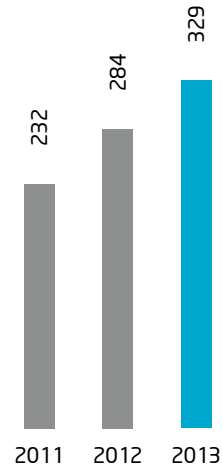
Total Loans
(TL million - including leasing)



Non-Cash Loans
(TL million)



Net Profit
(TL million)



The total volume of loans, including financial leasing transactions supplied to customers increased by 40% YoY in 2013 and reached TL 18 billion.

Amendments to the Articles of Association and the justifications for them

Our Bank's articles of association were amended at the Extraordinary General Meeting held on 25 June 2013. The reason for such an amendment was to ensure compliance with the Turkish Trade Law no. 6102 that entered effect on 1 July 2012.

During the Extraordinary General Meeting held on 25 June 2013, Articles 1, 2, 4, 6, 7, 8, 9, 15, 16, 18, 20, 22, 23, 25, 29, 34, 38, 42, 43, 44, 45, 46, 50, 51

and 52 of the Articles of Association were amended; Articles 5, 10, 11, 12, 13, 14, 17, 19, 21, 24, 26, 27, 28, 30, 31, 32, 33, 35, 36, 37, 39, 40, 41, 47, 48 and 49, and Provisional Articles 1, 2, 3, 4 and 5 were removed from the Articles of Association while a new article, no: 9, was added to the Articles of Association.

Amendments to the articles of association are provided in Annex.

Capital and Shareholder Structure (*)

Shareholder	Share Amount (TL thousand)	Share Ratio (%)
NATIONAL COMMERCIAL BANK	1,176,369	66.27
GÖZDE GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (HACI) MUSTAFA BOYDAK (1934)	205,405	11.57
BOYDAK HOLDİNG A.Ş.	41,173	2.32
BEKİR BOYDAK	39,213	2.21
MEMDUH BOYDAK	33,269	1.87
MUSTAFA BOYDAK (1963 SON OF SAMİ)	33,269	1.87
YUSUF BOYDAK	33,250	1.87
ŞÜKRÜ BOYDAK	31,309	1.76
HACI BOYDAK	27,730	1.56
	26,678	1.50
Total	1,775,000	100.00

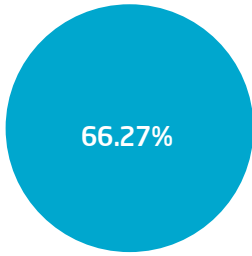
(*) Shareholders holding 1% or more interest in Türkiye Finans are shown in the table above. 130 shareholders, which have interest below 1% in the Bank represent a total of 7.2% share.

Carrying out their strategic partnership mission in the management of Türkiye Finans, NCB, the Boydak Group and the Ülker Group held 66.27%, 22.09% and 11.57% stakes in the bank, respectively, as of 31 December 2013.

About NCB

NCB (National Commercial Bank), Türkiye Finans's majority shareholder is the most deeply-capitalized bank in the Gulf region and the largest bank in Saudi Arabia with equity amounting to USD 10.9 billion. At the end of 2013, the bank had total assets worth

USD 100.6 billion. NCB serves a customer base of more than 3.5 million with 7,119 employees in 329 branches located in Saudi Arabia. The bank employs highly effective and efficient use of alternative delivery channels, which now account for 92% of its customers' transactions. In 2013, NCB was deemed worthy of the "Best Islamic Bank in the Kingdom of Saudi Arabia" and "Islamic Bank of the Year in Saudi Arabia" Awards from a variety of publications, most notably The Banker magazine. Also, according to the bank principal capital (Tier 1) listing prepared by The Banker in 2013, NCB ranked 1st in the Middle East and 115th in the world.



The National Commercial Bank



Boydak Group



Gözde Girişim Sermayesi Yatırım Ortaklığı (Ülker Group)

Shares Held by the Members of the Board of Directors and Managers

Title	Name/Surname	Education	Area of Responsibility	Share Held in the Bank (%)
Board of Directors	Mustafa Boydak	Bachelor's	Chairman of Board of Directors	1.87
	Saeed Mohammed A. Alghamdi	Bachelor's	Vice Chairman of Board of Directors	-
	Oğuz Kayhan	Master's	Member of Board of Directors and Audit Committee	-
	Mehmet Atilla Kurama	Master's	Member of Board of Directors	-
	AlSharif Khalid AlGhalib	Master's	Member of Board of Directors	-
	Brian Keith Belcher	Bachelor's	Member of Board of Directors and Audit Committee	-
	Veysel Derya Gürek	Master's	Member of Board of Directors and CEO	-
Members of Audit Committee	Oğuz Kayhan	Master's	Member of Board of Directors and Audit Committee	-
	Brian Keith Belcher	Bachelor's	Member of Board of Directors and Audit Committee	-
Executive Vice Presidents	Osman Çelik	Bachelor's	Commercial Banking	-
	İkram Göktaş	Bachelor's	Distribution and Service	-
	Zuhal Ulutürk	Master's	Human Resources	-
	Erol Görgün	Master's	Loans	-
	Menduh Kara	Bachelor's	Enterprise Banking	-
	Fahri Öbek	Master's	Information Systems	-
	Semih Alşar	Master's	Personal Banking	-
	Abdüllatif Özkaynak	Bachelor's	Finance	-
	Ali Güney	Bachelor's	Treasury	-
	Dursun Arslan	Master's	Operations and Strategy	-

Having resigned from his duty at the Board of Directors, Abdulkareem Asaad A. Abualnaser was replaced by Saeed Mohammed A. Alghamdi in accordance with the Board's decision dated 28 March 2013. Bedri Sayın's resignation from his duty as the Deputy CEO was accepted upon the Board's decision dated 28 March 2013. On 15 April 2013, Dursun Arslan was appointed as Executive Vice President responsible for Operations and Strategy. Having resigned from his duty as a Board member, Donald Paul Hill was replaced by Alsharif Khalid AlGhalib upon the Board's decision dated 29 May 2013. On 30 September 2013, Aydın Gündoğdu resigned from his duty as the Deputy CEO Responsible for Commercial Banking. On 1 October 2013, Osman Çelik who resigned his duty as the Deputy CEO Responsible for Loans and was appointed as the Deputy CEO Responsible for Commercial Banking. Erol Görgün was appointed as the Deputy CEO Responsible for Loans on the same date.

Chairman's Message

Our bank considers its main purpose as extending ever greater support to the real sector through its unique financial instruments and channels and to generate added value for its stakeholders. The Bank also strives to reflect the results of its efforts to its performance.



2013 marked the beginning of a new era in the global economy.

In 2013, "slow growth" was the main scenario being projected for the world economy and trade. While the growth and unemployment figures in the USA were better than the figures for other developed countries, the Eurozone - which has been suffering from slower growth - was facing a number of challenges such as the potential for deflation combined with high levels of unemployment, in addition to the ongoing problems in the banking system. The year was also marked by slowing growth rates in emerging markets due to structural problems.

It was the FED's decision to taper bond purchases and to bring up its strategy to discuss monetary policies which would be supportive for such an exit that gave rise to this new set of circumstances. These included increasing interest rates globally, a slowdown in the expansion of USD liquidity, capital outflows from emerging markets and a devaluation in their currencies, a rise of the USD against other currencies and a decline in asset and commodity prices, which all contributed to the so-called re-pricing process. The new circumstances have had a particularly profound impact on emerging markets, whose internal dynamics are fragile.

Despite the fact that two international credit rating agencies raised Turkey's credit rating to investment grade, mounting expectations of a contraction in global liquidity conditions precipitated a reversal of the global capital flow that had been flowing into emerging markets, including Turkey. Again, in parallel with changing global conditions, the TL lost significant value against the USD and Euro. Likewise, gains in equity markets were replaced by losses. In the face of this situation, the CBT's further strengthening of monetary policy added to the pressure that our sector faced, associated with a significant rise in our funding costs.

"Turkey's Finance"

We strive to ease the lives of our customers and invite everybody to work with Türkiye Finans: Turkey's Finance.

In 2014...

Along with the growing global economy, the US economy is expected to gain more momentum in 2014, with the Eurozone on course to demonstrate a more moderate growth trend. According to the IMF, a changing composition of global growth will continue to point to downward risks for emerging markets.

It now becomes imperative that Turkey's credit rating is maintained at investment grade in the period ahead, while steps are taken to reduce the macroeconomic and financial risks with the composition of domestic and foreign demand protecting Turkey's balanced growth path, and to keep the current account deficit at a manageable level.

In this macroeconomic juncture, Türkiye Finans maintains its steady growth trend in accordance with its strategic plans.

As a subsidiary of the largest capital holding bank in the Middle East, Türkiye Finans has always closely benefited from the support of its primary shareholder. With this support, Türkiye Finans has strengthened its reputation in the international arena, particularly in Saudi Arabia and other Gulf countries, while ensuring a continuous rise in its banking limits and foreign trade transactions thanks to its strong credibility and taking advantage of funding facilities (provided with broad participation) in sukuk bond transactions. The synergy and cooperation that we have established with our Group will only grow and strengthen.

As one of the major players in the league of participation banking, Türkiye Finans strives to raise awareness of interest-free banking instruments in order to provide momentum to the development of the sector, and carries out its efforts with determination to popularize participating banking practices, as set out in its strong vision.

Considering the provision of an increasing amount of support to the real sector through unique financial instruments and channels as its raison d'être, along with generating added value for its stakeholders, our Bank also reflects the results of such efforts to its performance.

We invite everyone to work with Türkiye Finans.

Through the combination of products and services which we provide in line with our principles, we strive to ease the lives of our customers and invite everybody to work with Türkiye Finans: Turkey's Finance.

We are proud of our Bank and hope to share this pride, supported by our achievements with our stakeholders for many years to come. As long as we work in a faithful and determined manner, we will not be discouraged by any difficulty. I would like to take this opportunity to extend my gratitude to all of our stakeholders who have worked with Türkiye Finans.

Yours sincerely,



MUSTAFA BOYDAK
Chairman

As one of the major players in the league of participation banking, Türkiye Finans strives to raise awareness of interest-free banking instruments in order to provide momentum to the development of the sector and unwaveringly works to popularize participating banking practices in line with its strong vision.

CEO's Message

In 2013 Türkiye Finans continued to grow strongly, maintaining its title as the most profitable participation bank.



We are a profitable bank that grows strongly under all circumstances.

2013 was the beginning of a challenging period for the banking industry, not only because of the global macroeconomic conjuncture, but also due to the rising funding costs and interest rates in the domestic market, as well as the pressure brought by tight money policies on loan volumes and the devaluation of the Turkish Lira.

For Türkiye Finans, on the other hand, 2013 was a year full of achievements in which the Bank reached its targets in primary financial indicators, raised its market share and grew stronger than the sector.

By the end of 2013, Türkiye Finans's total assets had increased by 43% YoY to exceed TL 25 billion in value. The total size of funds collected by the Bank grew by 32% and reached TL 15.1 billion, while the total volume of funds, including financial leasing transactions, which were supplied to customers, increased by 40% YoY to reach TL 18.3 billion. The Total Supplied Funds/Total Assets ratio was realized at 73%. Thanks to the right loan supply and risk management policies, the Bank ensured the continuity of its growing loan volume without compromising on loan quality. The ratio of non-performing loans to the total amount of funds supplied by the Bank fell to 2.4%. The Bank's shareholders' equity amounted to TL 2.5 billion, with an average return on equity of 14.2% and a capital adequacy ratio of 12.81%.

Maintaining its title as the most profitable participation bank for the last 3 years in a row, the Bank raised its net profit by 16% to TL 329 million in 2013, while also demonstrating a better performance in terms of net profit margin than the average of participation banks. As of the end of 2013, Türkiye Finans had increased its market shares among participation banks in every category with a 26% market share in total assets, a 27% market share in funds supplied and a 25% market share in collected funds.

As our target for 2013, we opened 30 more branches, thus operating a total of 250 branches by the end of the year. Our branches reflect our service approach and our restored image, not only visually, but also with their organization structures and operations.

Supporting its organic growth with qualified human resources, the Bank had a large team of nearly 4,000 employees at the end of 2013. We were proud to have achieved a 3 percentage point increase in the ratio of female employees in our workforce, to 29% by the end of 2013.

Türkiye Finans aims to "BECOME ONE" with its fair, transparent and people-oriented approach that is in harmony with the Bank's principles, and to gain a pioneering and strong position in the sector with its most valuable asset, its human resources. We believe it is the "people" who make us different. We act based on the vision of working with professional

and well-trained human resources which contribute to the sector. We provided 67 hours of training per employee in 2013, reflecting the great importance we attach to personnel training.

We have restructured our sales team, restoring a more dynamic structure in 2013 in line with our Bank's growing business volume and the needs arising as a result of its organizational structure. We are determined to improve our human resources in accordance with the needs of our organization undertake every effort to become one of the most preferred employers in our industry.

Working to a target of continuous improvement in customer experience

The Customer Experience and Multichannel Strategy Project was launched in 2013, which is aimed at achieving a perfect customer experience, envisaging deeply rooted changes in Türkiye Finans's style of conducting business. Within the framework of this project, we set up the elements of customer experience and our related strategy based on our customers' needs and the principle of efficiency. Also drawing our Customer Constitution which lies at the heart of this strategy, we once again stressed that our *raison d'être* is to generate added value for our customers, our shareholders and our employees. Our Customer Constitution clarifies our roadmap by laying down the foundation of all necessary arrangements and improvements with respect to our sales and service model, products/services, delivery channels and processes.

A flawless customer experience

The Customer Experience and Multichannel Strategy Project was launched in 2013, which aims to create a flawless customer experience and envisages deeply rooted changes in Türkiye Finans's style of conducting business.

A bank guided by technology

Our innovative product and service approach supported by information technologies allows our Bank to differentiate itself in the industry while continuing to grow. Our high capability and determination in reflecting the latest technology to our processes and product/service cycle in the most effective manner provide us with the opportunity to offer a whole range of "firsts" to the market. Possessing Turkey's most modern data center, in 2013 our Bank realized its target of being the first corporation and first financial institution in Turkey to receive the Tier III Operations (Constructed Facility) certificate.

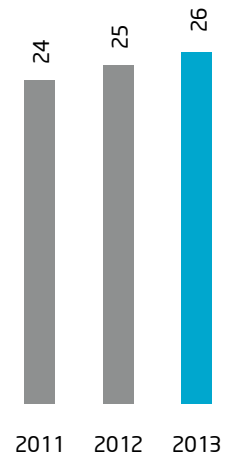
In order to provide easier and more extensive access in line with our customer-oriented strategies aimed at improving customer experience, we continue to step up our investments in alternative delivery channels that effectively incorporate the latest technologies.

With our superior information systems, we have broken new ground in the field of mobile banking in 2013, providing our banking services to smart phones through our mobile internet branch. Compatible with all devices with an iOS or Android operating system, our mobile internet branch offers a wide range of features in addition to the most frequently used banking applications for the service of our users. As a result, our mobile internet branch ranked first in the list of "Most Admired Mobile Banking Practices in 2013".

We are the leading participation bank in terms of product development.

Türkiye Finans works unstintingly to introduce banking industry products and services of high added value that are in compliance with the principles of participation banking, maintaining its leadership in product development. A new product, Finansör, which we developed for our individual customers, has continued to attract a great deal of attention. In 2013, we have offered our customers the opportunity to pay through installments when shopping with their credit cards through the service entitled "Do Installments". As part of our card finance solutions, we offered Siftah (First Sale of the Day) Card to our SME customers and the Faal (Active) Card to our customers in enterprise banking.

Market Share in Total Assets (% - Participation Banks)



Market share

By the end of 2013, Türkiye Finans had increased its market share among participation banks in all categories with a 26% market share in total assets, 27% in funds supplied and 25% in collected funds.

We will further strengthen the value proposition which we offer our individual customers and SMEs, particularly through the use of our human resources and by applying the latest technology.

Showing our difference in participation banking with an array of awards

As well as the new products and services which it has introduced to the participation banking sector, Türkiye Finans maintains its leadership in the sector, as proven by the awards it has received, both from within Turkey and abroad.

Thanks to its approach based on customer and employee satisfaction, our Bank received a total of 15 awards in 2013, including "Turkey's Best Call Center", "Turkey's Best Participation Bank", "Respect for People" Award, "Turkey's Best MASAK-Compliant Bank" and "Best Complaint Managing Participation Bank of the Year". The details of all of these awards are provided on page 7 in this report. I would like to thank all of our stakeholders who contributed to this successful picture.

In 2013, Türkiye Finans significantly improved its ability to access international resources.

Having launched the largest murabaha syndicated loans in the participation banking industry over the last two years, Türkiye Finans received a USD 500 million murabaha syndicated loan - the highest amount ever in a lump sum ever in the participation banking sector. Provided with the participation of 28 banks from 14 countries, this loan was twice as large as the initial amount of USD 250 million.

The Bank formed an inclusive funding structure with longer maturity by providing new resources through the issue of sukuk bond and other restructured funding instruments in 2013, in order to extend the maturity of funds provided from money and capital markets and to expand the investor base. Within this framework, Türkiye Finans performed the highest sukuk bond issuance after those carried out by the Undersecretariat of the Treasury. The Bank launched

USD 500 million

Türkiye Finans performed the largest sukuk bond issuance after those carried out by the the Undersecretariat of Treasury.

this USD 500 million loan, which was more than 3.7 times oversubscribed with demand from 105 different investors from Asia, Europe and the Middle East.

Towards higher targets, altogether...

The primary factors that accurately guide us in our growth-oriented roadmap are our human resources and our competence in deploying the latest technology, as well as our new products and practices aimed at our individual customers and, in particular, SMEs; and our efforts to implement our processes and to add strength to our service platform.

The strength arising from our partnership and financial structure, as well as our management approach, vision and strategies will cement our competitive edge in the period to come. I would like to take this opportunity to extend my sincerest gratitude to our employees, business partners, customers and investors for their trust and support, and for believing in us as we together strive to realize our constantly rising targets.

Yours sincerely,



DERYA GÜRERK
CEO

Customer Constitution

As Türkiye Finans, our basic target is to become a leading resource provider undertaking investments and offering financial resources in line with our principles to our customers, who are our *raison d'être* and a source of great satisfaction for us. In line with this vision, we offer all our customers the services which will allow them to feel comfortable and safe, to obtain rapid solutions in line with their needs and expectations and to experience "Tireless Banking" through unique channels.

We are delighted to share the Türkiye Finans' Customer Constitution with you here, in order to introduce our basic values and offer better services to all of our customers.

Standing by you

At Türkiye Finans, we see ourselves as "Companions" for our customers and establish long-term relations with all of our customers based on mutual benefit.

We listen to you

We reach out to our customers, listen to them and go to great lengths to maximize their satisfaction on a regular basis by establishing the channels that would allow our customers to submit all their problems and requests from any place, at any time.

We solve your problems

We care about our customers' complaints and suggestions, and demonstrate efforts to rapidly resolve problems. We respond to our customers' complaints within a maximum of 24 hours.

Making banking services easier

We are continuously working to restore our infrastructure, products and services to simplify banking services for our customers. We enable our customers to receive rapid and seamless service from our branches and all other channels based on our understanding of "Tireless Banking".

We are transparent

Because of our fair pricing policy, we clearly explain our customers all fees and commissions that we will get in return for our services. We do not ask for fees that are customers are not aware of.

We keep our customers informed

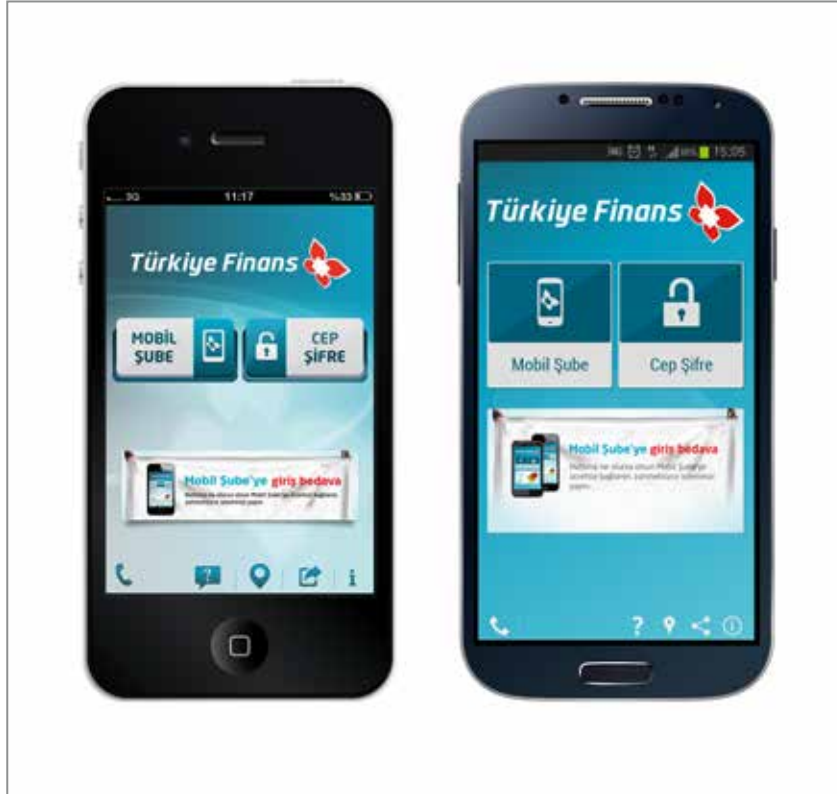
We keep our customers informed of their financial situations, transactions, accounts and payments on a regular basis; we provide all desired information concerning our products and services in a timely and understandable manner.

With our smile and sincerest gratitude, we express our appreciation of our customers who show their trust by working with us, and by using our products and services.



latest technology

Our high capability and determination in reflecting the latest technologies to our processes and product/service cycle in the most effective way provides us with the opportunity to offer “firsts” to the market.



Macroeconomic Outlook and Sectoral Developments

Global economic activity expected to grow stronger in 2014.

Global macroeconomic outlook

Despite the weak outlook in early 2013, there was a whole different perception in developed countries in the second quarter. Developed countries, particularly the US economy, enjoyed a period of sound recovery, while emerging markets began to suffer weaker economic activity. The volatility in capital inflows to emerging markets worsened after the FED (Federal Reserve Bank) hinted at a strategy to end its supportive money policies, as well as the mounting uncertainty over its financial policies. There was a balanced trend in prices globally thanks to the weak commodity prices resulting from capacity surpluses.

In addition to falling growth rates, emerging markets have also struggled with the challenges of the re-pricing period and the effects of FED's strategy to exit supportive money policies since mid-2013. Among emerging economies, those named as the "Fragile Five" which have high current account deficits and/or budget deficits demonstrated a weak and fragile performance, while they were also forced to tighten their monetary policies.

Global economic activity is expected to grow stronger in 2014. On the other hand, a severe and uncontrolled slowdown in emerging markets could lead to deterioration in global perceptions. Moreover, political difficulties arising in some emerging markets, as well as fragilities in developed countries and

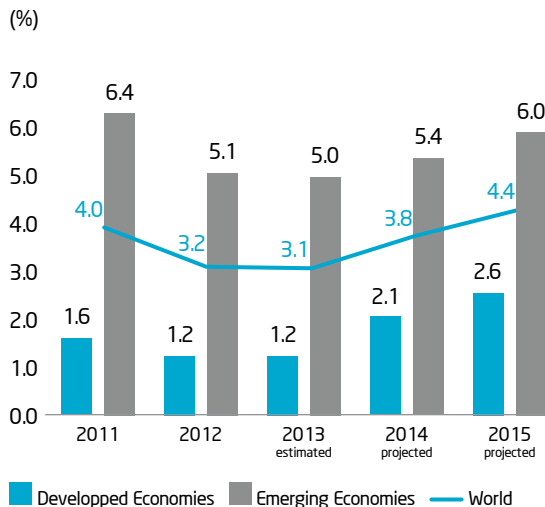
reviving concerns with respect to the debt problem in the Eurozone are deemed as other risk factors for the global economy. The following need for foreign financing, credibility and predictability in monetary and financial policies and political stability will also stand as primary selection criteria in terms of capital flows.

Outlook for the Turkish economy

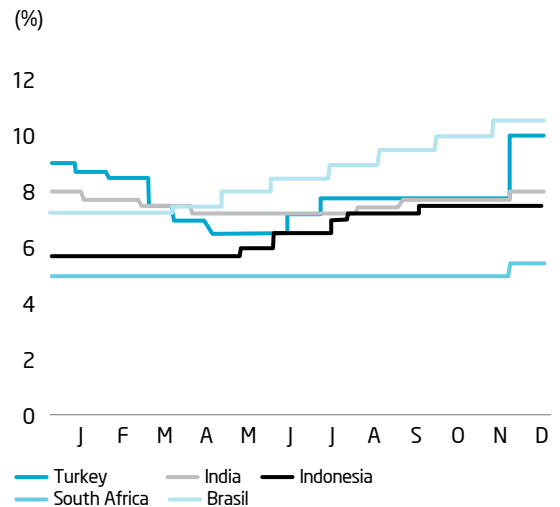
The improvement in Turkey's credit rating and strong capital flows supported economic growth in the first half of the year. The Turkish economy grew by 3.8% YoY in this period while demonstrating a moderating inflation trend and an easing current account deficit. Encouraged by such a positive environment, the CBT aimed to keep the value of the TL under control by applying a flexible monetary policy and balanced liquidity policy.

After May, Turkey was one of the markets to lose significant value during the global selling wave initiated by the FED's decision. Developments in Turkey during the summer months severely compromised foreign investor interest in Turkey and a new wave of selling began in December as the FED began to taper asset purchases, along with weak data from emerging markets. Again, the political developments in Turkey in December exacerbated sales in the financial markets by worsening the perception of political risk in the country.

Growth Rates in the World



Fragile Five's Policy Interest Rates (2013)



Although economic activity lost some momentum due to the volatility in financial markets and the CBT's efforts to tighten the monetary policy to a limited extent, a strong trend was observed in the second half of 2013. Data related to the last quarter indicate that Turkey's growth rate in 2013 was estimated to have reached 3.5-4%.

The TL demonstrated a weak performance with its risk premium considerably increased. The inflation rate started to edge higher due to fluctuating food prices and the fall in the TL, while the CBT began to apply a more cautious policy. Within the framework of this policy, the CBT raised the upper band of the interest rate corridor by 125 basis points in total and began to tighten liquidity conditions by launching additional monetary tightening (EPS) practices. The CBT also started to sell foreign exchange and intervene in the FX market in order to provide the required FX liquidity and avoid unhealthy price formations.

In late January, the CBT held an interim meeting in order to limit the negative reflections of the worsening risk perception in domestic and foreign markets, and accordingly, limit the effect of the falling TL and surge in Turkey's risk premium on inflation rate and macroeconomic stability. The CBT finally decided to dramatically tighten its monetary policy and simplify it within the operational framework. The bank raised the 1-week repurchase

interest rate from 4.5% to 10% and began to provide funding essentially at this rate instead of the marginal rate. The bank also raised the marginal funding rate from 7.75% to 12%, the overnight borrowing rate from 3.5% to 8% and the interest rate applied on the borrowing of market-making banks through repurchase transactions within the framework of open market transactions from 6.75% to 11.5%. Uncertainty is expected remain rife in the periods to come, given the domestic and foreign factors at play. As a result, there is a risk that the Turkish economy may grow slower than the 4% rate projected in the Medium Term Program (OVP), and that inflation could be significantly higher than the CBT's forecast of 5.3%. Under these circumstances, it is believed that the pressure on the exchange rate and downward pressure on market incomes could continue.

The Turkish banking industry and participation banking

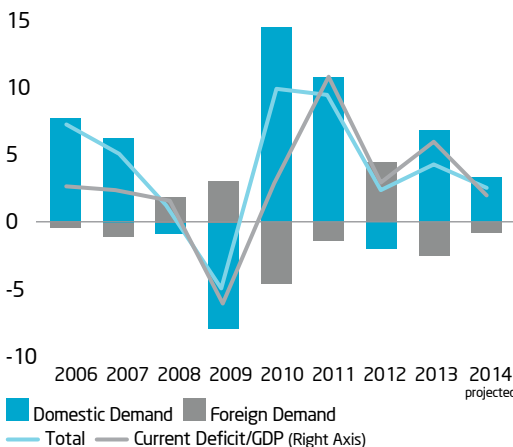
In the first half of 2013, the banking industry demonstrated a successful performance supported by the low interest rate environment and recovering domestic demand. Improving economic activity and the rise in Turkey's credit rating to investment grade were other factors supporting this process. At the same time, leading figures from the sector raised their foreign borrowing in this cost-efficient environment.

3.5-4%

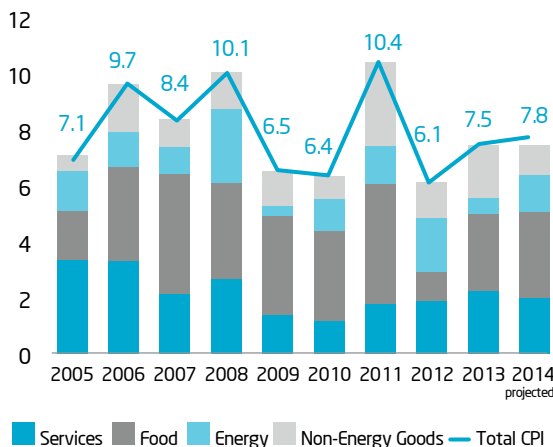
Data for the last quarter of 2013 indicates that Turkey was on course for 3.5-4% economic growth in 2014.

Although economic activity lost some momentum due to the fluctuations in financial markets and the CBT's efforts to tighten its monetary policy to a limited extent, a strong trend was observed in the second half of 2013.

Contributions to Annual Growth and Current Deficit (% of GDP)



Contributions to Inflation and Total CPI (%)



Despite the downward pressure on financial markets, there was strong demand in the sukuk bond issues carried out by the Treasury and participation banks.

The second half of the year was marked by a challenging process in parallel with macroeconomic developments. The CBT's interest rate hikes and the precautionary macroeconomic measures taken by the Banking Regulation and Supervision Agency (BRSA) caused economic growth to lose momentum with increasing costs and shrinking revenues.

In 2013, the total assets of the banking industry grew by 26% YoY to TL 1.732 trillion, with collected funds increasing by 23% YoY to TL 946 billion, with a 32% YoY increase in supplied funds to TL 1.047 trillion and a 6.5% YoY increase in shareholders' equity to TL 194 billion. During the same period, participation banks' total assets held by grew by 37% YoY to TL 96 billion with collected funds increasing by 28% YoY to TL 61 billion, supplied funds by 29% YoY to TL 62 billion and shareholders' equity by 20% YoY to TL 8.9 billion. Participation banks' share in the banking industry increased from 5.1% to 5.5% in terms of total assets, from 6.2% to 6.5% in terms of collected funds and from 4.1% to 4.6% in terms of shareholders' equity, but declined from 6% to 5.9% in terms of supplied funds.

The average loans/deposits ratio continued to rise in the banking industry in the first half of the year, while its growth slowed down in the second half due to the measures taken by regulatory authorities in the face of the general economic developments. Despite this, the loans/deposits ratio reached 113%

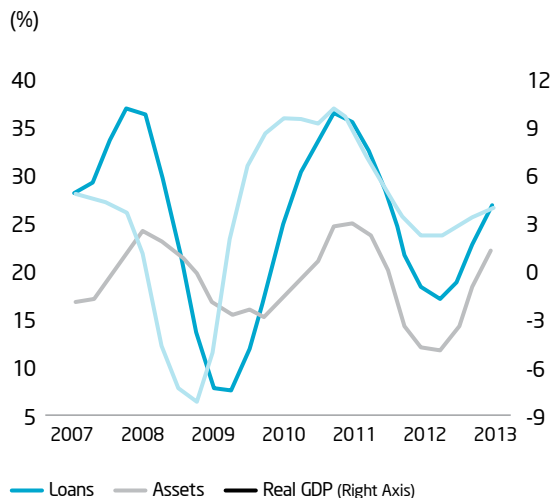
by the end of the year. Securities issued by the sector to domestic and foreign markets rose by 60% to TL 60.6 billion in 2013. Despite the strong growth in loan volume, the banking industry's total profit rose by 5.1% to TL 24.7 billion while that of the participation banking sector increased by 17% to TL 1.1 billion because of the contraction in margins due to rising costs.

In addition to the Treasury's sukuk bond issues, participation banks including Türkiye Finans also carried out sukuk bond issues. Despite the pressure that the financial markets were under, the Treasury's and participation banks' sukuk bond issues attracted strong demand.

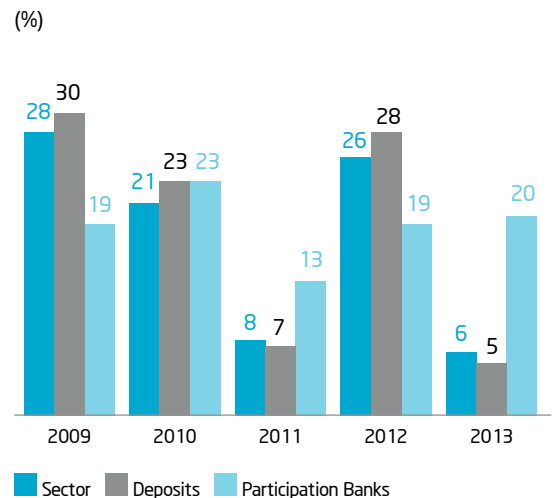
In the second half of the year, a number of measures were taken in the banking industry: general provisions set aside by banks and risk weight weightings were raised, while credit card limits and the maturities of consumer loans were limited. The impact of some of these measures began to be observed in 2013.

On the other hand, the sector's growth is expected to be limited in 2014 due to the measures taken for the banking industry, as well domestic and foreign developments. Despite rising funding costs, the banking sector's profitability may also be limited by increasing provisions.

Annual GDP Growth Rates (Quarterly Averaged)



Increases in Equity (5-year period)



An Assessment of the Bank's Position in the Sector in 2013

Further strengthening its position in the sector in 2013

Despite the a slower rate of growth in the banking sector in 2013 due to the higher deposit interest rates and funding costs, Türkiye Finans grew at a stronger rate than the industry as a whole as well as other participation banks, expanding its total assets by 43%. In 2013, the banking industry's total assets expanded by 26% to TL 1.732 trillion, while that of participation banks increased by 37% to TL 96 billion. Having grown at a higher rate than the sector, Türkiye Finans raised its market share from 1.3% to 1.5% in terms of total assets, while the market share of participation banks increased from 5.1% to 5.5%.

In 2013, the total amount of cash loans (including the financial industry) supplied by the industry and participation banks rose by 32% and 35%, respectively; for Türkiye Finans, the increase amounted to 40% with the amount of cash loans extended reaching TL 18.3 billion. In terms of cash loans supplied, Türkiye Finans increased its market share from 1.6% in 2012 and 1.7% in 2013. The share of supplied funds to the total assets was realized as 62% for the banking industry as a whole, 71% for participation banks and 73% for Türkiye Finans In 2013.

Maintaining its rapid growth, Türkiye Finans succeeded in lowering its non-performing loans ratio to 2.4%, demonstrating its stronger performance relative to the sector and other participation banks.

Having outperformed the sector and participation banks, Türkiye Finans raised its total volume of collected funds by 32% to TL 15.1 billion in 2013. This compares with 23% for the banking industry and 28% for participation banks. As a result, the Bank raised its market share in terms of collected funds from 1.5% in 2012 to 1.6% in 2013.

In 2013, there was an increase in the supplied funds/collected funds ratio in the banking industry as supplied funds grew more rapidly than collected funds. This ratio was 113% for the industry and 111% for participation banks. At Türkiye Finans, the supplied funds/collected funds ratio rose by 6 percentage points to 121% as funds supplied by the Bank grew at a faster rate than the sector average.

As a result of BRSA's policies to limit profit distribution in the sector and encourage banks to keep their profits, the shareholders' equity rose by 6.5% for the sector and by 20% for participation banks, while that of Türkiye Finans increased by 19% to TL 2.5 billion.

The banking industry's net profit increased by 5.1% to TL 24.7 billion due to the impact of rising net interest revenues while the net profit of participation banks climbed by 17% to TL 1.1 billion. Türkiye Finans succeeded in raising its net profit by 16% to TL 329 million, demonstrating a better performance than the sector. Maintaining its title as the "most profit-generating participation bank" for the last 3 years in a row, the Bank also demonstrated a better performance in terms of net profit margin than the average of participation banks. Underlying such success was our effective human resources, our innovative products aimed at meeting customer needs and the continuous improvement in our service quality.

Having opened a total of 136 new branches in 2013, participation banks continue to grow rapidly. With the opening of 30 new branches in 2013, Türkiye Finans raised the number of its branches by 14% from 220 to 250 and the number of its employees by 11%, again demonstrating more rapid growth than the sector.

The banking industry's capital adequacy ratio stood at 15.4% with a 14% capital adequacy rate for participation banks. The capital adequacy ratio of Türkiye Finans, however, fell from 14.76% in 2012 to 12.81% in 2013, due to the rapid growth of funds supplied by the Bank.

The most profitable

Maintaining its title as the "most profitable participation bank" for the last 3 years in a row, the Bank also demonstrated a better performance in terms of net profit margins than the average of participation banks.



innovative services

We maintain our leadership in product development, thanks to our products and services offering high added value and which comply with the principles of participation banking.



An Assessment of Türkiye Finans' Activities in 2013 and their Results

Türkiye Finans determines its strategies based on the following principles: to increase product penetration by expanding its client base, to establish permanent relations with customers by gaining their loyalty, and to become the most preferred bank for customers by deepening its relations with them.



Leasing

A 32% increase in the total volume of collected funds

Thanks to its customer-oriented approach, expanding branch network and growing client base, as well as the strong relations it has established with its customers, Türkiye Finans raised the total amount of collected funds by 32% to TL 15 billion in 2013.

Our priority is to provide continuous support to the real sector by supplying funds.

In 2013 Türkiye Finans continued to supply the amount remaining after legal charges were deducted from collected funds, to its customers as funds, in line with its mission of supporting the real sector. The total amount of cash loans (including financial leasing) supplied by the Bank increased by about 40% YOY to TL 18.3 billion by the end of 2013.

In the participation banking sector, which is oriented to the real sector, the supplied funds/ total assets ratio is an important indicator. The Bank's ratio of supplied funds/total assets was 73% at the end of 2013, indicating the intensive loan supply activities. In addition, the Bank's non-cash loan portfolio grew by 25% YoY to reach a volume of TL 9 billion in 2013.

Türkiye Finans' basic strategy in supplying funds is to spread the risk to the base

At Türkiye Finans, the risk per customer is low. When the composition of risks is considered, the share of the 10 riskiest customers in funds supplied is just 5%, while that of the 20 riskiest customers stands at 8%. The fact that these ratios are below 10% is an important indicator that there is no risk concentration.

On the other hand, as of 31 December 2013, the share of the sum of the risks of the 100 largest loan customers to the Bank's total cash loan portfolio was 13.88%, while that of the 200 largest customers stood at 20.34% (31 December 2012: 14.04% and 20.69%).

At Türkiye Finans, risk concentration is low on a sectoral basis. The Bank is determined to protect its sound portfolio structure that comprises of sectors and companies deemed to offer high growth potential and which have no risk in terms of solvency. Despite the Bank's strong growth rate - which was higher than the sector average - the ratio of its non-performing loans declined from 2.8% in 2012 to 2.4% in 2013. This ratio is lower than the sector average and the average ratio of participation banks. The low ratio of non-performing loans shows the quality of Türkiye Finans' assets and the fact that it has grounded its growth plans on robust foundations, further strengthening the Bank's competitive edge.

We maintain a balanced growth trend in the commercial/corporate banking segment

Within the framework of its commercial/corporate banking activities, Türkiye Finans serves those companies with TL 15-150 million in annual net sales through the Commercial Banking department and those companies with a turnover of more than TL 150 million through the Corporate Banking department.

Türkiye Finans determines its strategies based on the following principles: to increase product penetration by expanding its client base, to establish permanent relations with customers by gaining their loyalty, and to become the most preferred bank for customers by deepening its relations with them.

The Bank reaches its customers, which number more than 25,000 operating in different sectors, through its qualified staff, who are specialized in the art of relationship banking. Working to the target of being the first choice for customers, the Bank produces boutique solutions through its two corporate banking branches in Istanbul and Ankara, as well as 150 commercial customer relations managers and 65 customer services representatives who are employed in 120 branches throughout Turkey.

Reflecting its internal and external customer experiences to its own processes, Türkiye Finans also succeeded in raising the total volume of funds extended to the commercial/corporate segment in 2013, by keeping customer satisfaction at a maximum level and through its rich array products, rapid solutions and service quality.

In 2013, the total sum of cash loans supplied by the Bank reached TL 9 billion with 37% growth in the commercial banking segment, 26% growth in the corporate banking segment and a 33% cumulative increase in the commercial/corporate segment.

In the same period, the Bank achieved 198% growth in the commercial banking segment and 169% growth in the corporate banking segment in financial leasing, while the total risk of the commercial/corporate segment increased by 190% to TL 538 million.

Non-cash loans extended by the Bank in this segment grew by 23% YoY to TL 6.8 billion in 2013. As part of its efforts to support Turkey's export activities, Türkiye Finans also mediated in USD 488 million worth of non-cash loans in the short-, mid- and long- term categories supplied by Türk Eximbank to exporters, manufacturers carrying out export-oriented production and contractors and entrepreneurs operating in foreign countries.

Aiming to raise the profile of our foreign trade bank identity

Türkiye Finans took strong steps in 2013 in line with its strategic priorities, such as enabling its commercial/corporate customers to receive an increasing share in foreign trade transactions and expanding their transaction volume. Generating solutions that aim to meet the expectations of its foreign trade customers, the Bank has improved the processes related to its existing products/services and shared the developments in this area with its marketing teams by organizing various training programs.

Taking steps to diversify such services that would raise the profile of its identity as a foreign trade bank, Türkiye Finans offers specialized foreign trade consultancy services to its customers by making effective use of major loan alternatives as provided by institutions that support foreign trade, such as the Saudi Export Program (SEP), the International Islamic Trade Finance Corporation (ITFC), the Islamic Development Bank (IDB), GSM and Eximbank.

We continue to expand our product portfolio.

Within the framework of data collected from our customer experiences, the Bank launched new products in the commercial/corporate segment in 2013:

- The International Finance Package for those customers who are engaged in intensive foreign trade activities
- Non-licensed Renewable Energy Package for those customers operating in the energy sector and/or who have high energy costs
- Customer Loyalty Package aimed at increasing the activation of existing customers
- Welcome Package aimed at the activation of new customers gained by the Bank

In the field of Cash Management, the Bank provides Commercial Cards and Direct Collection System (DTS) services under the roof of Commercial Business Family.

In 2013 Türkiye Finans made its revenues in this area sustainable by expanding its client base and increasing its market shares through its existing products and services.

The number of parent companies that the Bank has entered into a Commercial Card agreement with increased from 11 in 2012 to 14 in 2013 and the number of sub-dealers from 38 to 43 in the same period.

Similarly, within the scope of DTS, the number of parent companies that the Bank entered into agreements with increased from 15 in 2012 to 29 in 2013; the number of sub-dealers increased from 101 to 183 and the allocated DTS limit from TL 46 million to TL 95 million, while the transaction volume rose TL 109 million to TL 240 million in the same period.

In addition, the total amount of taxes and social security payments of customers mediated by the Bank increased by 109% YoY to TL 1 billion. The Bank, by producing alternative solutions for payment systems, continues to develop its existing partnerships with customers in this area. As part of the Bank's efforts to this end, the number of its commercial/corporate customers using its POS devices climbed by 5% to 676 and the Bank's POS turnover increased by 6% to reach TL 594.3 million. As a result, the Bank's revenues in this area rose by 151%, amounting to TL 472,000.

We set up our field organization in the corporate banking segment.

Positioned as part of the Bank's Multichannel Strategy and Customer Experience Improvement, the Corporate Banking Field Organization project was completed in 2013 and will be launched in 2014. Within the scope of the project, the Bank has planned to open, two new corporate branches in Istanbul and corporate representative offices in 10 cities where there is high corporate customer potential, which will compliment the Başkent and Kozyatağı Corporate Branches which are already in operation. With the completion of the project, the Bank aims to provide direct, specialized and high-quality service to nearly 95% of its 7,600 corporate customers through a field sales staff of 46 people.

Always standing by SMEs and micro enterprises through Enterprise Banking

Having concentrated on the enterprise banking segment based on such pillars as customer orientation, proactivity and mobility within the framework of its mission to produce added value for SMEs and micro enterprises, that are the driving forces of the Turkish economy, Türkiye Finans provides financial support, information and consultancy to its customers.

Within the scope of the Entrepreneur Job Family program, the Bank extended TL 4.9 billion in cash loans (an increase of 65% YoY) and TL 2.6 billion (up by 35% YoY) in non-cash loans.

TL 9 billion

In 2013, the total amount of cash loans supplied by the Bank reached TL 9 billion with 37% growth in the commercial banking segment, 26% growth in the corporate banking segment and 33% cumulative growth in the commercial/corporate segment.



100% Energy Package

The Siftah (First Sale of the Day) Card, the first debit card in participation banking, was offered to the service of our customers in June 2013.



Siftah (First Sale of the Day) Card



The Card That Speeds up Trade: Faal Card

According to the official SME definition, the Bank's loan risk magnitude in the enterprise banking segment reached TL 7.7 billion. Meanwhile, the Bank has a 27% share in SME loans among participation banks, and a 2.8% share in the entire banking industry.

Providing support to meet the needs of SMEs and enterprises for all types of investment tools, such as machinery, equipment etc., Türkiye Finans increased its financial leasing transaction volume by 129% YoY to TL 234.9 million in the enterprise banking segment.

In line with its target of expanding its customer mass and acquiring new customers by widening the base in the SME and enterprise segments, the Bank worked with a strong team of 526 people from 250 branches in 2013. With such efforts, the number of customers in these segments rose by 30% YoY to reach nearly 243,000 in 2013.

Expanding the base in the SME portfolio through enterprise banking

The Enterprise Banking Department was founded in January 2013 in order to expand the base in the SME portfolio and to offer rapid, innovative and competitive solutions for the financial needs and requests of tradesmen and small scale enterprises, which differ from commercial and corporate customers because of their management structures and needs as well as their scale.

In 2013, the Bank provided TL 191 million in cash loans and TL 61 million in no-cash loans to nearly 136,000 tradesmen and small scale enterprises in the Enterprise Banking segment.

Effective processes in loan supply

Launched in the first half of 2013, the "Micro Scoring" project aims to implement faster and more effective credit assessment processes to deal with the loan requests of up to TL 50,000 of tradesmen and enterprises whose annual turnover is less than TL 500,000.

In 2013, a total of 3,700 applications for loans of less than TL 50,000 were immediately concluded. By this means, the Bank gained the opportunity to serve its customers more rapidly. The Bank now aims to provide instant service to more customers, shorten the application procedures and raise the quality of its services and loan allocation processes by including loan requests of up to TL 250,000 in the scope of the "Micro Scoring - 2" practice in 2014.

Moreover, by means of the e-declaration project launched in 2013, the Bank has shortened fund allocation process by enabling automatic transfer of customers' financial information to the system.

Speeding up trade, with the Faal Card

Maintaining its easy accessibility and ability to provide rapid services through its card products, the Bank issued the Faal Card in 2013 to meet the financing needs of enterprises on a 24/7 basis.

The Faal Card is a debit card developed with the motto, "The Card That Speeds up Trade", which allows tradesmen and micro enterprises to instantly split the payments of purchased products and services related to their trade activities into the agreed number of installments and over the agreed profit share. The Bank instantly concludes Faal Card applications submitted through branches and the branches deliver customers their Faal Cards with their limits loaded. Customers can begin using their cards immediately at all POS devices in Turkey with the approved limits.

Given to nearly 7,000 customers, the Faal Card generated TL 95 million in turnover and reached TL 56.7 million in risk remainder. The Faal Card was a product that has supported the Bank's strategy to expand the base with an average limit of TL 15,000 and a risk remainder of TL 9,000 per customer.

Another first in participation banking: The Siftah Card

Launched in June 2013 for the service of its customers, Siftah Card was the first card in participation banking to allow SMEs to reorganize and secure their cash flows by offering them the opportunity to pay for the prices of purchased products and services in instalments and without using check or promissory note. As the first debit card that also offers corporate financial support, Siftah Card provides high flexibility to customers due to its ability to automatically split the payments of all purchased products and services into the agreed number of instalments, the opportunity that it offers to customers to change the number of instalments at any time based on their cash flows and the fact that the limits of extra cards can be determined separately. Siftah Card has reached more than TL 35.7 million in turnover in a 6-month period.

Other card solutions specific to SMEs

By carrying out improvements on the Business Card to better serve customers, the Bank enabled credit cards to also be used as debit cards. Again, by developing the "private point" feature in 2013, the Bank allowed customers to use the points they receive in private transactions, such as when buying fuel or flight tickets.

Thanks to the Paratik Ticari (Money-Practical Commercial) Card offered to the use of SMEs and enterprises in 2013, customers can easily perform their banking transactions through ATMs on a 24/7 basis at all times. At the end of the year, the number of Paratik Ticari cards in circulation had reached 45,000.

Through the SME Card Protection Plan, Türkiye Finans has guaranteed SMEs and their employees against any undesired expenditures and negative situations that might arise in the event that their personal or commercial cards are lost or stolen.

More assurance

In 2013, the Bank launched new products and services aimed at meeting the needs of craftsmen and small scaled enterprises and performed some work to improve customer experience in existing products and services.

Within the framework of its strategy to provide consultancy to SMEs, the Bank launched, in the third quarter, İşyerim Güvende (My Safe Office), Limit Güvence (Limit Assurance), Çek Güvence (Check Assurance) and Faal/Siftah Card Assurance insurances that are prepared specifically to ensure the sustainable growth of SMEs. Through 14,000 policies, the Bank has brought customers under protection against any risks that they may encounter in their commercial activities.

Gülen Çiftçi (Smiling Farmer) Agriculture Package

The Gülen Çiftçi Agriculture Package, which takes account of regional characteristics and also covers financial leasing projects was revised and offered to the use of farmers. To this end, and as part of its efforts to raise its market share in agricultural loans, the Bank provided farmers with financing facilities with favorable maturities and profit shares by entering into cooperation with corporations selling combine harvesters, tractors and agricultural equipment in various cities, especially Kırşehir and Kırıkkale. Through the restored Gülen Çiftçi Agriculture

Package, a total of TL 73 million in loan support was provided to customers in 2013.

Cooperation with TESK

The Confederation of Turkish Tradesmen and Craftsmen (TESK) is a professional organization established in the form of a public institution, which has one of the most widespread organization networks in Turkey bringing together tradesmen and craftsmen, who form one of the most important building blocks of the Turkish economy. The Bank signed a special protocol with TESK that covers financing packages prepared for member enterprises.

In accordance with the signed protocol, the Bank has prepared four different financing packages with special maturity and profit sharing for TESK members. These packages were offered to the use of more than 2 million craftsmen and tradesmen operating in 491 business sectors and registered to a total of 3,170 chambers under 13 professional federations and 82 unions. As an extension of this project, the Bank has entered into local protocols with the Chambers and Associations of Craftsmen and Tradesmen of Antalya, Kayseri and Denizli, and gathered craftsmen and tradesmen under a single roof, while offering them the opportunity to benefit from special advantages and discounts in product and services purchases. TESK members were regularly informed and special campaigns such as Faal Card and POS were organized for them.

In order to get closer to the small enterprises and tradesmen who constitute the Bank's primary target mass, and to cover their needs, resolve their problems and strengthen the Bank's relations with them, the Bank participated in the 26th Ahi Community Week organized by TESK in Kırşehir - the center of the Ahi Community.

We are coming together with SMEs

Attaching great importance to the development of SMEs and their integration with domestic and foreign markets, the Bank added momentum to its efforts with the chambers of trade and industry. To this end, the Bank signed protocols with the Chambers of Trade and Industry of Denizli, Uşak, Mardin, Çanakkale, Rize, Nevşehir, Yozgat and Kastamonu; and held meetings entitled "Türkiye Finans Days" in a variety of cities in Turkey with the aim of providing SMEs with information and consultancy services and the chance to share their own experiences.

A 30% increase

The number of customers in the SME and Enterprise segment increased by 30% YoY, approaching 243,000 in 2013.



Paratik Ticari (Money - Practical Commercial) Card offered to the use of SMEs and enterprises

As in 2012, Türkiye Finans maintained its leading position in the banking industry in 2013 on the basis Treasury Supported Credit Guarantee Fund collaterals.



Credit Guarantee Fund Collateral Program support

In addition to these efforts, the Bank has entered into sponsorship agreements to raise SMEs' awareness for branding and to contribute to the rise of new brands from Anatolia; and started "Anatolian Brands Publicity Meetings" in June. During this period, special meetings were held with the cooperation of the Chambers of Trade and Industry of Denizli, Şanlıurfa, Gaziantep and Çanakkale, while an important figure from the Turkish economy would share his/her inspiring brand story with participants in each city. Concurrently with the meetings, applications were received for the Anatolian Brands Contest. A number of institutions and agencies from all across Turkey participated in the Anatolian Brands Contest 2013. Winners of the contest were granted their awards in a special ceremony organized in December.

Supporting SMEs with the Investment Incentive Certificate

Within the scope of the "Profit Share Protocol" signed by and between Türkiye Finans and the Ministry of the Economy, the Bank continued to support SMEs through the Investment Incentive Certificate in 2013. In this area, the Bank provided a total of TL 55 million of financial support to product purchases related to customers' investments in 2013.

Special packages for SMEs

Having participated in the 4th National Energy Efficiency Fair held in Istanbul on January 10th-11th with the 100% Energy Package offering favorable profit and maturity conditions, Türkiye Finans provided solutions for the emergent financing needs of enterprises operating in the energy sector and have projects aimed at energy saving. One of the solutions was the Faal and Siftah Card which was offered to participants of the fair. The Bank extended TL 82 million of loans through the 100% Energy Package, which is aimed at meeting investment and other financing needs of customers, including foreign trade transactions, and offers advantages and price discounts in banking transactions, as well as product classes that are subject to financial leasing.

Supporting environmentally friendly renewable energy production under the motto, "Generate Your Own Electricity", the Bank offered its customers the Renewable Energy Package that finances all turnkey expenses at favorable maturities and rates, including equipment purchases related to "no license" renewable energy production, as well as the installation and construction of generators and their connection to the national grid.

Having participated in the Furniture and Decorations Fair held in İnegöl, Bursa, where the Bank opened a booth, Türkiye Finans continues to support enterprises in the furniture sector with the Decorative Furniture Package. The Bank extended nearly TL 17 million in resources to its customers in 2013 through the Decorative Furniture Package, which allows furniture companies to access the required banking services with various advantages.

Strengthening Cooperation with KGF (Credit Guarantee Fund)-KOSGEB (Small and Medium Enterprises Development Organization)

In 2013 Türkiye Finans continued to provide such unique services that contribute to the growth and development of SMEs. Supporting the development of SMEs by offering them easy access to financial resources was one of the first and foremost items on Türkiye Finans' agenda in the area of SME banking in 2013.

Demonstrating a solution-oriented approach to facilitate SMEs' access to financial resources, Türkiye Finans maintained its leading position in the banking industry in 2013 on the basis of Treasury Supported Credit Guarantee Fund collaterals, as it had in 2012. Having allocated a total of TL 260 million worth of resources through Treasury Support KGF Collaterals in 2013, the Bank attained a total of TL 503 million in total transaction volume, providing 63% more collateralized support than the second ranking bank. By increasing the volume of resources supplied in this category by 107%, and raising its market share from 18% to 28%, Türkiye Finans succeeded in providing SMEs with more collaterals than any other bank.

Having completed the necessary infrastructure work to allow tradesmen and small enterprises to benefit from the KGF Collateral Program (in which the Bank is a leading partner), the Bank allowed small enterprises to receive KGF support as well.

Acting on its awareness of social responsibility, the Bank entered cooperation with KOSGEB to support enterprises which had suffered financial hardship in the grievous tragedy which took place in the district of Reyhanlı in the Hatay province in 2013, and extended help for them to restart their operations.

Having adopted the mission of engaging in any type of project that would contribute to the development of our economy, Türkiye Finans offered the Cansuyu Kredisi (Lifeline Loan) for the product and service purchases of SMEs, whose projects are deemed worthy of support within the scope of Support Packages launched by KOSGEB.

Growth in personal financing of housing loans

2013 was an extremely strong year in terms of Personal Financing products. The positive impact of Türkiye Finans' vision of meeting its customers' financing needs instantly and applicably was reflected in the Bank's loan supply and existing remainder figures.

Launched in the last quarter of 2012, Cepte Finansman (Financing in the Pocket) and Hızlı Finansman (Fast Financing) were two important practices within this framework. The Bank received nearly 20,000 applications through the Cepte Finansman channel in 2013, while reaching a total of 344,000 dealers in the Hızlı Finansman channel. Moreover, within the framework of the Personal Loan Processes Optimization Project, the Bank realized a 33% improvement in the duration of the peer-to-peer personal lending process in 2013. For the same purpose, the Bank raised the NBSM automatic decision ratio from 18% to 47%.

Türkiye Finans realized its targets in real estate financing for 2013 at a rate of 102%, and increased its risk remainder in housing financing by 37% to TL 2.6 billion by the end of 2013.

By means of active marketing policies and the effective and efficient use of its delivery channels and for completed projects or projects sold through model houses, the Bank has financed more than 500 mass housing projects nationwide, capturing a significant share from the market.

The Bank provides all services in real estate financing under the Çilingir (Locksmith) Mortgage brand.

In 2013, the Bank extended a total of TL 1.7 billion in housing loans through nearly 16,000 transactions, with loans extended within the scope of mass housing project financing accounting for TL 660 million of this amount. The Bank launched a new product, 2B Financing, in line with the arrangements set out in the Reciprocity and 2B Laws. In 2013, the Bank supplied TL 1.3 million in loans through 2B Financing, and TL 1 million through the mortgage opportunity offered to foreigners.

In 2013, the Bank raised its Consumer Vehicle Financing volume by 22% to a remainder of TL 224 million and its Consumer Loan volume by 207% to a remainder of TL 32 million. These growth rates are significantly higher than the sector average rates.

Finansör - consumer financing in the form of a card - gains prominence in the sector

There was significant demand for the Finansör product in 2013 as well, and debit card expenditures soared by 133%. With the Finansör product, Türkiye Finans maintained its leadership in terms of debit card shopping volume during 2013.

The number of Finansör cards grew at an extremely high rate of 1,675% YoY to reach 83,000, with a total size of TL 88 million in 2013.

The consumer loan limit applied through Finansör allows for direct payments to the seller's account through POS machines in product purchases. Moreover, Finansör provides customers with various advantages in terms of service fees and profit share prices, by offering 14 different packages on the basis of identified sectors and customer groups.

All of the latest campaigns and all advantages offered by the Bank are shared with customers on the website at www.finansor.com

Expansion of Happy Card range and practices

In 2013, the Bank expanded its Happy Card portfolio by offering its customers two new products; Happy Mother and Happy Zero. Social security premium payments, BKM Express payments, invoice payments, TL loading and HGS (Fast Transit System) payment functions were added to credit card applications. The number of credit card application channels was increased. Moreover, the 'BY INSTALLMENT' practice was launched, offering customers the opportunity to pay by installments in cash transactions.

Credit card holders (Türkiye Finans customers) may benefit from all privileges and opportunities offered by Türkiye Finans member workplaces and Bonus member workplaces. By means of regularly held campaigns, card holders are also offered advantages such as earning additional Bonus points, discounts on their shopping, promotions, additional installments and the chance to postpone installment payments.

Thanks to the features added to credit cards:

- The total number of HGS cards launched in February 2013 reached 28,567;
- In a period of 7 months, TL 25 million in customer transactions were later split into installments through TAKSİTLE (BY INSTALLMENT), a project launched in May 2013 to split advance payments into installments;
- In a period of about 5 months, a total of 70,000 invoices were paid through the following features launched in May 2013; the opportunity to place

1,675%

The number of Finansör cards surged at an extremely high rate of 1,675% YoY to reach 83,000 with a total size of TL 88 million in 2013.



Finansör

The Bank's turnover in personal credit cards rose by 35% YoY. During the same period, the number of deposit cards climbed by 26% YoY to reach 986,000.



Credit card unique to mothers - Happy Mother



Happy Zero Card: Easing the shopping burden

automatic payment orders and orders for invoice payment with credit cards; and

- With the social security premium payment feature added to credit cards in 2013, the Bank mediated in a total of TL 1.1 billion of social security premium payments in November and December.

All of the latest campaigns and all advantages offered by the Bank within the scope of the credit card programs are shared with customers on the www.happycard.com.tr website. The total number of credit cards issued by Türkiye Finans rose by 19% to 361,000 by the end of 2013.

The Bank's turnover in personal credit cards rose by 35% YoY. During the same period, the number of deposit cards went up by 26% YoY to reach 986,000.

Turkey's first credit card unique to mothers - 'Happy Mother'

Designed specifically for mothers and mothers-to-be, the 'Happy Mother' offers customers a general concept that combines discount opportunities, assistance services, free subscriptions and surprise gifts. Holders of the 'Happy Mother' card may invest in the future of their children, access privileges that help make life easier while also donating while shopping, to offer a touch of glamor to the lives of people in need.

The most effective zero from Türkiye Finans: Happy Zero Card

Happy Zero cardholders can carry out shopping through installments without paying any card fee, earn points, perform cash advances free-of-charge and without commission, complete their bill payments and BKM Express payments and perform HGS loading. Advance transactions may later be split into installments and customers may donate their points. Moreover, Happy Zero cardholders may also benefit from the assistance services offered to other Happy Card holders.

A first in Turkey: A credit card that shows the direction of Mecca (Kiblah) - Haremeyn ŞUA

Possessing the broadest credit card product range in the participation banking segment, in 2013 Türkiye Finans offered its customers Haremeyn ŞUA, the first and only credit card in Turkey to show the direction of Mecca (Kiblah). For transactions to be made with contracted Hajj and Umrah travel agencies and for shopping to be made in stores that sell materials for Hajj and Umrah travels, the card offers a whole range of advantages, such as splitting some advance payments into installments, emergency healthcare service in return for an additional fee, emergency cover in the event that the card is lost or stolen and

translation services for those unable to speak the language of their country of travel, along with many more comprehensive assistance services. Haremeyn ŞUA cardholders may donate the bonus points that they earn during credit card spending to contracted associations and/or foundations.

Rising POS turnover and profit in parallel with an increase in member workplace efficiency

Having carried out a series of measures in 2013 aimed at raising its POS turnover and profit and member workplace activation rate, Türkiye Finans had reached a total of 19,000 member workplaces by the end of the year, while its turnover per POS was realized TL 96,000 with a total member workplace turnover reaching TL 2.3 billion. As a result, the Bank achieved 7% growth in the number of workplaces, 9% in turnover per POS and 10% growth in total turnover.

In order to support the improvement of services offered to member workplaces, in 2013, Türkiye Finans:

- increased member workplace-POS field support. By acquiring new POS devices working with the latest technology, the Bank raised the quality of services offered to member workplaces.
- entered cooperation with different brands within the scope of Cash Register practice to provide services to its existing and new member workplaces in this area. The Bank entered agreements with workplaces to install its POS application at a total 1,100 Cash Registers.
- Through the BKM SGK payment gate practice, developed by the Bank in cooperation with BKM (Interbank Card Center) and the SGK (Social Security Institution), customers of the Bank who are holding personal or corporate credit cards are offered the opportunity to pay their social security premiums with their credit cards.
- launched the BKM Express practice in cooperation with BKM Express - a joint platform of banks - and leading brands in the industry; the Bank's customers are thus given the opportunity to shop over the internet more easily and securely without entering their credit card information.

Invoice collection services through non-bank channels

In the area of invoice collection through non-bank channels, a practice used by only a few banks in the sector, Türkiye Finans reached a significant volume of TL 1 billion through 16.5 million collection transactions in 2013 conducted over the Bank's Faturavizyon (Invoice Vision) and Ödekolay (Easy Pay) devices, a platform developed for and marketed to enterprises. The commission revenues generated by the Bank

through non-bank channels climbed by 28% YoY in 2013 to reach TL 2.6 billion.

The Bank carried out a significant volume of sales through personal financing products and card campaigns.

In 2013, Türkiye Finans and the Bonus Platform, which the Bank is a member of, held customer-oriented campaigns in addition to general campaigns. As a result of these campaigns, the number of active cardholders increased by 57% YoY.

In addition to its existing packages in consumer loans (including Finansör) and vehicle loans, the Bank satisfied customers' needs with a number of campaigns throughout the year by organizing an average of 4 different periodic campaigns per month. Half of vehicle loans and 30% of consumer loans were provided through periodic campaigns. Moreover, the opportunities offered by standard packages were maintained at all times under a competitive approach which is in line with current market conditions.

In 2013, the Bank also carried out a number of housing financing campaigns and provided loans to customers looking to buy a home. The Bank extended a total volume of TL 110 million in the following campaigns which included the 2+1 mortgage, evlenene mortgage (mortgages for married couples), dosya masrafsız mortgage (mortgages without file costs), bayramı yeni evinizde geçirin (spend your holidays in your new home).

Moreover, Türkiye Finans launched a new product entitled "Hazirevim" (My ready home) in 2013, offering an opportunity to customers who had received mortgages from the Bank to have their utility subscriptions for their new homes started up free-of-charge.

Aiming to be the primary bank for firms and companies in invoice collection and payment processes.

The Bank offers a number of high value, cash management products and services, such as check books, salary payments, tax and social security premium payments, invoice payments, automatic payment/collection systems.

There was strong development in invoice collections during 2013. The number of collections reached 22 million with a total of TL 1.3 billion collected. Meanwhile, the number of institutions for which Türkiye Finans carries out invoice collection climbed to 118.

In 2013, the Bank continued to offer services such as customs tax collection, social security premium collection while taking Hajj and Umrah payments through the internet branch. The Bank increased the total amount of tax and social security premium collections and payments related to the Directorate of Religious Affairs by 67% YoY and the number of related transactions by 25% YoY in 2013.

Continued growth in the private pension area on the back of BES (Private Pension System)

Launched in early 2013 with the aim of increasing savings in Turkey, BES grew by 33% in terms of the number of participants, supported by the 25% government contribution, while Türkiye Finans grew by 42% in this area. The Bank reached a total fund size of TL 33 million with a growth rate (106%) far in excess of the sector average (23%). By adding two new alternative funds - "Gold Pension Mutual Fund" and "Alternative Standard Pension Mutual Funds" - to the Private Pension Plan portfolio which had, until then, only included the "Flexible Alternative Fund" product, the Bank aims to address BES customers, who are sensitive on the issue of interest-free saving.

Collaboration strengthened with insurance companies in 2013 by carrying out joint projects, including sales campaigns

New products such as Güvenli Ev (Safe Home), AGP, Faal/Siftah Card Assurance, Check Assurance, Limit Assurance and İşyerim Güvende (My Safe Office) were supported with sales targets, a move that has allowed the Bank to achieve significant success in insurance sales. The total number of policies produced increased by 23% YoY to 159,000 and the total volume of premiums collected surged by 63% YoY to TL 38 million. The Bank's insurance commission income target was realized at a rate of 134%, collecting TL 10.3 million in insurance commissions.

Complementing our service cycle with investment products

Through new products and services launched in 2013, Türkiye Finans has succeeded in utilizing its customers' savings, not only in traditional banking products, but also in alternative investment products.

In order to expand its customer base, the Bank effected improvements in the "Smart Account" product, which offers a variety of advantages to small investors. The Smart Account offers +10 sharing points for up to TL 100,000 and +5 sharing points

TL 1.3 billion

There was strong development in invoice collections throughout 2013 with the number of collections reaching 22 million with a total of TL 1.3 billion collected.



Haremeyn ŞUA: A credit card that shows the direction of Mecca (Kiblah)



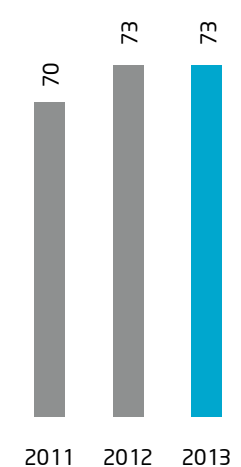
TAKSİTLE (BY INSTALLMENT) with Happy Card



Gold Participation Account

By carrying out various campaigns through its digital channels in 2013, Türkiye Finans provided all of its services to its customers through all channels based on the same principle of offering the best customer experience.

ADC Utilization Rate (%)



for up to USD or EUR 50,000. A total of 5 EFTs and 5 money transfers may be performed through Smart Accounts at the internet branch, while no account maintenance fee is charged.

In line with the increasing demand for investment instruments based on precious metals, and the increase in transaction volume, the Bank offered its customers various investment alternatives, such as the Gold Participation and Silver Participation Accounts.

Having broken new ground in the industry, the Bank launched a new product entitled "Türkiye Finans Type B Sukuk Mutual Fund" for investors seeking to invest in mutual funds but who have a low risk profile. This product is the first sukuk mutual fund in Turkey and the first type B mutual fund in participation banking. The entire composition of the fund is comprised solely of sukuk bonds, which provide investors with the opportunity to invest at a low risk level and in accordance with the principles of participation banking.

The Bank collected TL 1.2 million in commission revenues (a 5% YoY increase) from investment transactions in general.

A multichannel strategy - the same customer experience

By carrying out various campaigns in its digital channels in 2013, Türkiye Finans provided all of its services to customers through all channels based on the same principle of offering the best customer experience.

In 2013, the rate of utilization of Alternative Delivery Channels (ADC) stood at 73%, while the number of products sold through ADC reached 300,000.

ATM Banking

In 2013 Türkiye Finans raised the number of its ATMs from 271 to 415 and restored its service network will full-function devices. Second ATMs were installed in 96 branches to promote customer satisfaction, business continuity and management of transaction intensity.

Within the framework of the ATM Service Continuity Project, the Bank increased the ATM availability rate and launched the Cash Projection System aimed at effective ATM Cash Management.

Furthermore, the Bank pressed ahead with its infrastructure investments aimed at providing uninterrupted and high-quality services, and completed all necessary arrangements such that the debit cards of foreign banks can also be used at Türkiye Finans's ATMs.

The Bank also accelerated its efforts to expand its ATM network and install non-branch ATMs, in a bid to be closer to its customers.

Internet Banking

In order to increase the number of customers actively using the internet branch, the Bank added an array of new features to this channel in 2013. Functions such as invoicing, the ability to pay motor vehicle tax and traffic fines by credit card, transactions related to the Siftah and Faal Cards, Taksitle (By Installment) transactions, money transfer from the file and updating customer information were offered for the service of our customers.

The number of customers using the internet branch reached 300,000 by the end of 2013, while the number of transactions performed through the internet branch increased by 5% YoY with a total of 72,000 products sold through the internet branch, thanks to the channel changeover program and various campaigns that encourage customers to use the internet branch channel.

Mobile Banking

The Türkiye Finans Mobile Branch, which has provided services from the mobil.turkiyefinans.com.tr website since 2005, began to serve its users on an application basis from mobile phones using the iPhone or Android operating systems in April 2013.

The number of transactions performed over mobile phones increased by 181% YoY in 2013, while mobile banking applications specifically designed for iPhone and Android devices were downloaded a total of 40,000 times in 2013.

Working to bring ease to their daily lives, the Bank offers its customers a wide range of features in addition to the most frequently used banking transactions; such as the opportunity to pay bills by their barcode no, to define favorite transactions, to send IBAN information via SMS or e-mail, adding a profile photo, the locations of the closest branch and ATM and acquiring addresses and market information. Cep Şifre (Pocket Password) is another feature of the

new application which generates a single use only password for users accessing the Mobile Branch or the Internet Branch. The mobile connection and all transactions with respect to the use of the Mobile Branch are offered free-of-charge.

According to a list prepared based on mobile users' comments on banking application provided at the App Store and the points that users give to these applications, Türkiye Finans' Mobile Branch application became Turkey's "Most Admired Mobile Banking Application" by receiving 4.5 points out of 5 in the iPhone category as of September 2013 (* Pozitron Insights 2013 - Mobile Banking Applications in Turkey Report).

Customer Contact Center

As an exemplary and pioneering organization with an array of achievements in the sector, Türkiye Finans's Award-Winning Customer Contact Center operates as a communication center that seeks to provide the highest benefit to customers through its unwavering efforts in the area of customer satisfaction, continuity of product use and ease of accessibility, as well as its sales- and collection-oriented efforts.

As a result of its customer-oriented service approach, the Türkiye Finans Customer Contact Center was granted the certificates for EN15838:2009 Customer Contact Centers - Requirements for Service Provision and ISO 10002:2004 Customer Satisfaction - Quality Management System, thus certifying that it provides high-quality services to international standards. The Bank is the fourth bank in the sector to be granted the EN15838:2009 Customer Contact Centers - Requirements for Service Provision certificate.

Türkiye Finans Customer Contact Center was also handed the "Turkey's Best Call Center" (with less than 500 seats) and "Most Praiseworthy Team Leader" awards in the Turkey Call Center Awards 2013 hosted by IMI. These achievements were primarily in recognition of the Call Center's customer-oriented approach, successful human resources and high technology, as well as its innovative practices which lead the banking industry.

One of the most important projects carried out by the Bank within the framework of its efforts to excel in customer experience was to forward inbound calls to the Customer Contact Center. All inbound calls were forwarded by branches to the Customer Contact Center in 2013 to provide better service to customers.

The Bank aimed to raise customer satisfaction by undertaking investments in technology on complaint management. Through a platform which is integrated into the Bank's system, the Bank addresses all customer expectations and requests forwarded through the Customer Contact Center, branches, corporate webpage, e-mail, fax and mail, as well as through social platforms like Facebook and Twitter, and websites where people share their complaints about companies. The Bank completed 2013 as the sector leader according to the "Complaint Management Success List", which is determined by Sikayetvar.com on a sector basis.

Having grown by 60% YoY, the Customer Contact Center communicated with customers through 5.5 million inbound/outbound calls. Moreover, the Center performed sales by identifying the products and services addressing customer needs. In 2013, the Customer Contact Center became one of the Bank's major sales channels by selling 215,000 products.

Striving to promote a better customer experience and high customer satisfaction...

In 2013, Türkiye Finans continued to plan and launch important projects that raise the quality of service and efficiency on the basis of customer orientation.

- As a bank that is constantly growing and developing, Türkiye Finans has concentrated on improving the customer experience and undertook significant work in this area during 2013. To this end, the Bank revamped its sales and service model, product/services, channels and processes based on the elements of customer experience and will complete its efforts to widen the customer experience concept.
- The Bank prepared the Customer Constitution in order to inform its customers of the priority that it attaches to customer satisfaction. In this constitution, Türkiye Finans promises its loyalty to customers and sensitivity on the subject of customer satisfaction. The Bank aims to provide one single universal message regarding customer satisfaction by sharing the Customer Constitution with customers through its branches and other channels.
- The Bank aims to regularly keep a close view of customer satisfaction and the standards of the quality of service and to take the necessary action as swiftly as possible. To this end, it determines areas requiring improvement and takes action as soon as is practicable by performing "customer satisfaction", "confidential customer" and "internal customer" research studies.

The Most Admired

Türkiye Finans' Mobile Branch application became Turkey's "Most Admired Mobile Banking Application" by receiving 4.5 points out of 5 in the iPhone category.



Türkiye Finans' Mobile Branch QR code



Turkey's Best Call Center

Türkiye Finans' treasury transactions, which played a key role in raising the Bank's profitability and efficiency in 2013, also maximized internal and external customer satisfaction.



Trade Finance Package

- The branch organization was revised, placing prominence on customer and employee satisfaction. The Bank has reorganized its branch operations in order to ensure that lobby management is performed more effectively and on the basis of customer efficiency, while the operational staff at branches are able to allocate more time to sales activities, and operational personnel are able to support and back each other up. The Bank aims to make more efficient use of resources through the q-matic system, by effectively integrating the whole banking system. The Bank strives to enable tellers to serve customers in accordance with pre-determined Service Level Agreements. The Bank will quantify the quality of service and take the necessary action.
- The Bank prepared Service Level Agreements for critical processes subject to customer experience, in order to determine the standards for the services that it provides to its internal and external customers. Critical processes are quantified and evaluated on a monthly basis and the necessary action is taken.
- The Bank actively included its employees in the innovation process and launched the "Suggestion System and Management". The Bank also brought the "kat kazan" (contribute and win) award system into practice in order to encourage employees to contribute to the development of the Bank by sharing their suggestions/opinions.
- The Bank offered "lean six sigma" training to its employees and begun to execute its projects and activities according to this methodology, in order to carry out projects more effectively and in compliance with certain standards. The Bank has taken all necessary step to adopt use of the lean six sigma methodology throughout the Bank and ensured that all of its managers and directors participated in this training. The Bank later plans to carry out simplification projects in every area based on customer experience by making use of the lean six sigma methodology.

Competitive FX practice reflected to exchange profit in 2013

Türkiye Finans' treasury transactions, that played a key role in the improvement in the Bank's profitability and efficiency in 2013, also maximized internal and external customer satisfaction.

In order to attain a higher market share in line with its growth strategy, the Bank applied a competitive FX policy in customers' exchange costs, providing a significant increase in customers' transaction volumes compared to the previous year.

In 2013, the FX transactions performed with customers amounted USD 37.8 billion in total and the Bank's transaction volume in the interbank market reached USD 71.4 billion.

The competitive exchange rates provided by high FX transaction volumes were reflected to the rates offered to customers. The Bank's exchange profit target for 2013 was 100% realized.

Türkiye Finans operated with high liquidity in 2013, succeeding in bringing resource costs down.

In 2013, TL and FX sukuk bonds issued by the Undersecretariat of Treasury were added to the Bank's balance sheet, providing a significant contribution to liquidity management.

Türkiye Finans considerably expanded its non-deposit fund resources to support its growth and began to receive resources with longer maturity to enable resource diversification and to protect the maturity balance of assets/liabilities.

To this end, the Bank successfully issued USD 500 million worth of sukuk bonds with a 5-year maturity; and provided cost-efficient (low interest rate) TL funding with a 5-year maturity through the restructured funding instrument.

New practices to increase our strength in the market

Türkiye Finans had launched the FX platform in 2012 in order to lower its FX costs and gain a stronger position in the interbank market. The platform was offered to customers in 2013. Rapidly addressing a growing number of customers, the platform's transaction volume is also rising rapidly. While customer feedback indicates that the platform is effectively used, it is close to reaching a position where it could raise efficiency by contributing to the Bank's profitability, as well.

Improvements were carried out in the Bank's fund transfer pricing process in line with the principles, needs and best practices of participation banking. For this purpose, the yield curve which will be used in pricing was determined based on the marginal funding costs in the market. Within the scope of deposit categorization efforts, various analyses were performed to evaluate stickiness, sensitivity to market return rates and average lifecycles of each product and segment before they were added to the pricing model.

The Bank initiated the integration of the Assets/Liabilities Management Analysis Reporting software in order to optimize profitability and increase the effectiveness of Assets/Liabilities Management. When the integration work is completed, an effective liquidity risk management will be enabled by allowing the preparation of analysis and reports that will support the Assets/Liabilities Committee during the decision-making process.

Rising popularity and credibility among correspondent banks, in line with the Bank's strong shareholding structure and foreign trade transaction volume

Having maintained its international credibility and strong relations with financial institutions in the challenging global conjuncture of 2013, Türkiye Finans upheld its reputation in the international arena with its extensive loan supply volume and the total size of the foreign trade transactions which it mediated in.

The Bank's foreign borrowing jumped by 72% YoY from approximately USD 1.4 billion at the end of 2012 to USD 2.4 billion by the end of 2013.

The average maturity of the loans provided by the Bank climbed by 37% from 710 days in 2012 to 970 days as of end-2013.

The Bank provided resources from more than 50 banks in more than 20 countries until the end of 2012 but from more than 100 financial institutions in nearly 30 countries in 2013 alone, thanks to the expanding investor base.

Increased foreign trade transaction volume

In 2013, when the economy of EU - Turkey's largest foreign trade partner - was still sluggish, Turkish companies succeeded in diversifying their markets by increasing their export/import activities, particularly with countries in Africa and the Gulf region. Within the scope of its efforts to mediate in foreign trade transactions, Türkiye Finans offered an increasing number of services to its exporting/importing customers in relation to countries in the Gulf region dominated by NCB, the parent company of Türkiye Finans.

The Bank added momentum to its efforts to establish and improve its correspondent bank relations infrastructure in Africa in cooperation with global and local banks. In compliance with international rules and standards, the Bank carried out various foreign trade transactions with every country in the world, from

Angola to Zambia, through its network of more than 1,100 correspondent banks as of the end of 2013.

In accordance with the agreements signed with correspondent banks and international institutions for financing foreign trade operations, the Bank provided long-term resources to importers within the framework of the following programs: GSM-102, SEP, ECA and ITFC. The Bank raised the existing limit applied to GSM-102 transactions from USD 70 million to USD 100 million, a move that led to an increase in the Bank's market share to 10%. The Bank offered customers a limit of USD 35 million received for SEP transactions and a limit of USD 25 million received for ITFC transactions after pricing these loans in the most cost-efficient manner.

The Bank's foreign trade transaction volume rose by 55% YoY from USD 14.5 billion at the end of 2012 to USD 22.5 billion by the end of 2013, in line with its strategy and targets. In line with the increasing transaction volume, infrastructure work is under way at full pace to raise existing limits and to add new correspondent banks to the Bank's current network.

At the end of 2013, the Bank's market share in foreign trade transactions had been realized at 3.5% in exports, 2.5% in imports and 2.80% in total foreign trade transaction volume.

Gaining valuable experience in sukuk bond issues

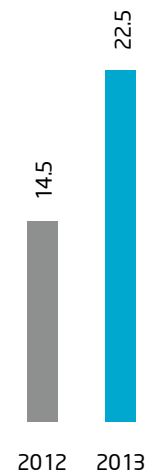
Türkiye Finans was the only Turkish bank to be assigned as a co-arranger in the sukuk bond issue worth USD 1.25 billion with a 5-year maturity carried out by the Undersecretariat of the Treasury. HSBC, QInvest and Standard Chartered were authorized as primary arrangers in this sukuk bond issue, which was realized with a rent rate of 4.557% and 5-year maturity, with Türkiye Finans, CIMB Bank Limited, the Dubai Islamic Bank PJSC, QNB Capital LLC and NCB Capital as the co-arrangers.

In 2013, Türkiye Finans, together with Türkiye Finans Varlık Kiralama A.Ş. (TF Asset Leasing Inc.), carried out a USD 500 million sukuk bond issue. With this transaction, Türkiye Finans performed the highest international sukuk bond issuance after those carried out by the Undersecretariat of Treasury. The Bank's sukuk bond issue attracted a great deal of interest from international investors: a total of 105 investors submitted offers and the Bank accepted a total order volume of USD 1.850 billion, which was 3.7 times the planned amount.

55%

The Bank's foreign trade transaction volume rose by 55% YoY to USD 22.5 billion during 2013.

Foreign Trade Transaction Volume
(USD billion)



By receiving USD 500 million of international murabaha syndicated loans with the participation of 28 banks in 2013, Türkiye Finans thus launched the largest murabaha syndicated loans ever in the Turkish participation banking industry.

Share of non-deposit borrowing in total financing rises from 17% to 24% during 2013.

Türkiye Finans launched the highest volume of murabaha syndicated loans ever in the Turkish participation banking industry, receiving USD 500 million (USD 426 million and EUR 57 million) as international murabaha syndicated loans with the participation of 28 banks in 2013. The co-leaders of this syndicated loan were the ABC Islamic Bank (E.C), Al Hilal Bank PJSC, Emirates NBD Capital Limited, Noor Islamic Bank PJSC, Standard Chartered Bank and The Saudi British Bank. A USD 360 million portion of the syndicated loan has a maturity of 2 years - the first transaction with such a long maturity ever realized for a long period of time. It is also an indicator that international financial markets place their trust in the Turkish economy and Türkiye Finans.

As well as murabaha syndicated loans and sukuk bond issues, the Bank received murabaha loans from a number of banks in 2013 within the framework of mutual borrowing relationships, thus providing more than USD 1.2 billion in resources with various maturities.

Our credit rating stands as testament for our reputation and reliability.

As a result of an evaluation performed by the international credit rating agency, Fitch, at the end of 2013, Türkiye Finans' long-term credit rating in FX terms was determined as BBB with a stable outlook and a financial capacity rating of BB-.

This rating stands as a reflection of Türkiye Finans' profitability, steady growth and sound shareholding structure in an environment where the credit rating of the Turkish economy has also increased. It also shows the strong support provided to Türkiye Finans by NCB (A+), its parent company which holds the largest capital of any bank in the Middle East.

Customer-oriented IT

2013 was a year in which the Bank focused on customers in its IT efforts. The Bank has improved its customer experience and increased the efficiency, quality and speed of services provided through information technology. The primary work carried out by the Bank in this context can be summed up as follows:

- The Bank added momentum to its efforts in the areas of cloud computing and virtualization. As the sector leader in virtualization, Türkiye Finans reached a virtualization rate of more than 84% in 2013 - a 4-point increase.

- The Bank expanded the structures - which allow the Bank to instantly monitor the performance and availability of IT systems in banking services - so as to cover all critical services. Service quality was improved along with the identification of problems in a proactive manner, even before the problems arise and are reflected to customers and end users.
- The Bank shortened the time needed to resolve end users' IT-related questions by 87% and the time needed to fulfill their requests by 52%, thus raising the level of satisfaction of end users and the customers they serve.
- The Bank pressed ahead with its modernization efforts for the infrastructure which banking systems operate on, shortening the time needed for these systems to respond to customers by 30%. The performance of Türkiye Finans' banking systems ranked among the top of the sector.
- The Bank cut its paper and printing use by 41% by centralizing the management of output received within the Bank. As such, as well as reducing costs, the Bank contributed to the efficient use of our country's natural resources.
- By means of detailed analyses aimed at protecting critical bank data, the Bank continued real-time monitoring and blocking activities. Proactive changes were implemented by considering the risks that can be introduced by developing technologies.
- According to ITIL which is one of the methodologies aimed at ensuring operational excellence in IT systems, the Bank demonstrated progress towards the level of best practices with the highest level of maturity.

The first and only data center in Turkey to certify its high standards

Established at the end of 2011, the Türkiye Finans Datacenter is a fully backed high-tech center. Designed to provide uninterrupted service, the continuity of the datacenter is ensured through a backup datacenter. The Türkiye Finans Datacenter is one of a number of datacenters in Turkey and Europe. Designed by taking green IT criteria into account, the Datacenter's certification of compliance with Tier III design standards was completed in April 2013. Accordingly, it became the second datacenter in Turkey and the first in the banking industry to hold this certificate. Analyzing datacenters based on international standards, the Uptime Institute (USA) completed all necessary on-site auditing in November and was the first and bank in Turkey to receive the Tier III operation certificate with its Türkiye Finans Datacenter.



TIER III certificates

The Türkiye Finans Datacenter:

- is highly secure and has the ability to instantly monitor and control such conditions as electricity charge, heat, moisture, etc.;
- provides high efficiency in energy consumption; its PUE (Power Usage Effectiveness) of 1.6 is significantly lower than the average value in Turkey and Europe;
- is one of Turkey's most environment-friendly datacenters, with up to 50% less energy usage and carbon emissions when compared to a typical datacenter;
- has an expandable infrastructure that can support the Bank's sustainable growth.

The first and only business continuity certificate in the banking industry

In September 2013, Türkiye Finans received the ISO 22301 Business Continuity Certificate, demonstrating that the Business Continuity Management System set up by the Bank complies with international standards. Türkiye Finans was the first and only bank in the Turkish banking industry to be granted this certificate. In 2013, the Bank achieved a success rate of 98% in business continuity activity tests.

A risk management model meeting international standards and supporting growth

Possessing strong and proactive risk management infrastructure that supports healthy growth, Türkiye Finans is prominent among participation banks, thanks to the internal dynamics that it has put in place and the growth trend that it has exhibited.

In terms of risk management, in order to strengthen its infrastructure for both personal and commercial banking with advanced rating and scoring models, Türkiye Finans launched a variety of projects in 2010 which are executed with job families; these were then implemented in 2011. With the recalibration work performed in 2013, the Bank restructured the rating models that are monitored on a regular basis for sustainable success and established a new sectoral model to ensure that these models demonstrate maximum performance.

Commercial fund supply - rating models: These models were developed by using statistical methods specific to Türkiye Finans' portfolio. It is a system that also calculates the probability of default (PD). At the end of the process, a separate credit rating and PD value is calculated for each company. Before granting loans to any company, work such as determining credit limits, granting collaterals and pricing are performed based on this assessment.

Fund supply to individuals - NBSM decision engine and scoring models: Designed as a decision support engine, the NBSM decision engine and scoring models allow individual loan requests to be automatically finalized, allowing loan supply processes to be completed in a very short time depending on loan supply policies and criteria that are systematically applied by the Bank. Thanks to its infrastructure, Türkiye Finans was able to reduce the completion process for individual financing and credit card requests to a matter of minutes.

Türkiye Finans commands a strong and competitive position in the sector in terms of troubled loan stock. The Bank currently carries out various projects, such as improvement of early warning systems and collection processes, management of transactions and debts of customers, etc., in order to maintain and further improve its sound asset structure.

In addition to rating modeling, Türkiye Finans attaches great importance to the monitoring function in loan and risk processes. In this context, the Bank conducts early warning exercises at specific intervals and carries out the necessary efforts to identify troubled loans before they are overdue, to strengthen collateral and to settle associated risks.

An active year in corporate communication

Within the framework of its 360-degree continuous communication strategy, Türkiye Finans pressed ahead with its intensive communication efforts in 2013.

The Bank performed a total of 90 communication activities on various platforms in 2013. As a result of these campaigns, advertisements related to Türkiye Finans extensively appeared on TV, the radio, the internet, newspapers, magazines and open air platforms such as stadiums throughout the year.

As a result of effective PR and communication efforts performed in 2013, the number of news items concerning Türkiye Finans which appeared in the written media increased by 92% compared to 2011 and by 54% compared to 2012, placing Türkiye Finans as one of the banks to attract frequent press attention.

The Bank carried out a number of field events throughout the year. In these events, the Bank demonstrated efforts to raise the popularity, recognition and reputation of the Bank and its products to its customers.

According to the Corporate Brand Perception and Promotion Effect Research performed twice a year,

98%

In 2013, the Bank achieved a success rate of 98% in business continuity activity tests.



Türkiye Finans: Near to customers with customized products...

Türkiye Finans strives to become a leading corporation that guides all of its stakeholders and rivals through activities which generate added value for sustainable economic growth and social development.

the Bank's popularity and recognition among its customers, particularly potential customers, as well as the level of admiration commanded by the Bank and the possibility of seeing the Bank in advertisements have all significantly increased.

The Bank's 2012 Annual Report was granted the Bronze Award in the Banks' Annual Reports category at the international LACP (League of American Communications Professional) 2012 Vision Awards (July 2013).

Within the scope of efforts in the digital communication-social media area, the Bank's digital check-up was performed and its digital communication roadmap was issued, accordingly. The necessary analysis and planning was conducted in order to restructure and reposition the Bank's social media accounts. Under the Corporate Communication Department, the Digital Marketing and Social Platforms Service was established, which entered operation in early 2014.

Our sustainability approach and practices

Türkiye Finans strives to become a leading corporation that guides all of its stakeholders and rivals through a range of activities which generate added value in promoting sustainable economic growth and social development.

Türkiye Finans plans to allocate an increasing volume of resources to the education, healthcare and energy sectors through its awareness of social responsibility and approach to sustainability.

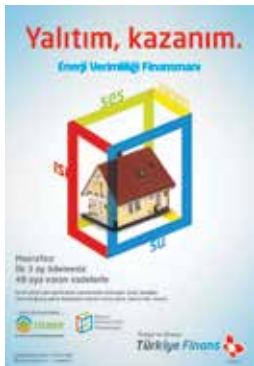
In 2013, within the framework of a sustainable economic approach, Türkiye Finans:

- took the first step in banking activities aimed at helping the disabled through "Vehicle Financing for the Disabled"; and
- increased the number of financing solutions provided to energy projects through products such as "No License Renewable Energy Package", "Financing Energy Efficiency" and "100% Energy Package for SMEs".

In 2013, Türkiye Finans announced its corporate social responsibility policy and took action to reflect this to its practices as rapidly as possible.

- The Bank started to prepare its 2013 Annual Report and Sustainability Report. The latter, which will be ready at the beginning of April, will be the first Sustainability Report ever published by a participation bank in Turkey.

- Within the framework of sponsorship activities, the Bank sought to raise the satisfaction of its customers by inviting them to all games, concerts and events held throughout the year at the Ülker Sports Arena owned by the Fenerbahçe Ülker basketball team.
- In line with the Bank's primary goal of supporting the real sector, Türkiye Finans became a sponsor of the Anadolu Markaları (Anatolian Brands) Contest for the second time in order to support Turkish companies in taking significant steps towards branding. Within the scope of this project, meetings were held for SMEs and enterprises in four cities (Denizli, Çanakkale, Gaziantep and Şanlıurfa) in 2013. The contest's award ceremony was held in Istanbul in December, attracting wide participation by the press and business community.
- The 652nd historical Kırkpınar Oil Wrestling Festival was held with the sponsorship of Türkiye Finans. This event is a cultural heritage event, and has one of the longest histories of any sports event after the Olympics, and has been added to UNESCO's list of Intangible World Cultural Heritage events. During this sponsorship, which extends up until the end of 2015, the Bank aims to raise the popularity of this important cultural image, as well as striving to ensure that people lay claim to it and transfer it to the next generations.
- Türkiye Finans has been one of the sponsors of the exhibition, Dialogue in the Dark, which has attracted more than 7 million visitors in 130 different cities across the world since 1988. This exhibition, which allows visitors to experience their daily lives in a fully dark environment without straining their eyes, will be open to visitors at the "Dialogue in the Dark" Exhibition Area in Istanbul from 20 December 2013 to June 2014.
- Within the framework of the Bank's sponsorship of the 17th International Mediterranean Games, Türkiye Finans provided service to all participants for their banking and financial transactions through two stationery branches in Mersin and Adana, and two mobile branches.
- The Mobil Down Café, employing young people suffering from Down's syndrome, was opened on August 15th with the support of Türkiye Finans. Within the framework of the social responsibility project, the Bank also provided supplies to the Şişli Down Café throughout the year.



Financing Energy Efficiency

Türkiye Finans's plans for 2014

- Türkiye Finans will focus on industry-specific efforts to serve its customers, particularly SMEs and enterprises operating in the energy, tourism and agriculture sectors, and continue to offer new service packages, as well as solutions aimed to cover sectoral needs.
- The Bank plans to increase the number of agreements which it has entered into with chambers of craftsmen and industry.
- The SME Portal, which has been designed and developed for use by the Bank's customers in the SME and Enterprise Banking segments, is planned to enter operation in the first quarter of 2014.
- The Bank will launch the Ready Limit practice that aims to meet the financing needs of the Bank customers in the Enterprise Banking segment.
- The Bank aims to improve its service quality by adding new functions to its Siftah Card and Faal Card products.
- The Bank will prepare various Tariff Packages with which customers of the Bank in the SME and Enterprise Banking segments may choose the products they will use and determine for how long these products can be used.
- The Bank will add more features to its debit card.
- The Bank plans to offer its customers a new credit card called Happy Genç (Happy Young People) which is aimed specifically at students and young employees.
- The Bank will launch a new product called "Hızlı Nokta" (Fast Point), which will collectively offer customers a number of services, including invoice collection through non-bank channels, as well as TL loading, ticket sales, insurance and financing applications and product sales.
- The Bank plans to add HDI Limit Assurance, Online Office Building Fire Insurance, POS Insurance, and Loan Insurance and Invoice Insurance during Unemployment to its insurance products portfolio.
- The Bank plans to launch the "Customer-Specific Dynamic IVR Project" that will allow phone banking services to be offered to customers in a swifter, more reliable and more private manner.

Our basic strategic initiatives and priorities to reach our targets for 2014

- Growth in collected funds/Increase of market share in supplied funds,
- Product and sales,
- Delivery network,
- Increased efficiency,
- IT transformation and
- Customer experience

In line with our 5-year strategy, which we have been applying, we aim to achieve a rate of growth each year which is 20% higher than the average growth rate in the banking industry. We project more than 25% growth in collected and supplied funds during 2014. Likewise, we project more than 20% growth in total assets and profitability.

25%

We project more than 25% growth in collected and supplied funds during 2014.



Advantages to Small Enterprises

Research & Development; New Services and Activities

In 2013 Türkiye Finans completed the necessary preliminary work and officially applied to the respective authorities to establish its own R&D Center.



Cash Register POS Support

Important projects conducted and products offered for the service of customers by Türkiye Finans in 2013 as a result of its R&D efforts can be summarized in a number of topics as follows:

- Cash register POS,
- SME/Commercial rating assessment (including the corporate integration with KKB - Credit Registering Office)
- New service model segmentation
- Hızlı Kredi (Fast Loan)
- S-matic 2nd phase
- Mobile Banking (iOS and Android)
- Automation of branch premium calculations
- 360-degree customer outlook
- HGS (HGS-Fast Transit System Card)
- TAKSİTLE (BY INSTALLMENTS - Opportunities offered to customers to pay their credit card debts through installments)
- Happy Mother
- Happy Zero
- "Haremeyn ŞUA" Card
- Siftah Card
- Faal Card
- Micro Scoring
- Fund supply through treasury incentive
- BKM Express
- Faturavizyon (Invoice vision) web service integration

In 2013 Türkiye Finans completed the necessary preliminary work and applied officially to the respective authorities to establish its own R&D Center. The preliminary work carried out for the establishment of the R&D Center can be summed up as follows:

- Our proposal application for our project on "The Dynamic Analysis, Color coding, Close Monitoring and Scoring System to Determine Customer Risks" was deemed worthy of support within the framework of the Technology and Innovation Support Program of TÜBİTAK (The Scientific and Technological Research Council of Turkey).
- Türkiye Finans continued to receive process consultancy services from an experienced company in establishing an R&D Center.
- Türkiye Finans has taken various initiatives and signed preliminary agreements with universities in Istanbul to develop and broaden project-based cooperation between universities and the Bank.
- The Bank began to receive technical consultancy services from Istanbul Technical University for the project entitled "The Dynamic Analysis, Color Coding, Close Monitoring and Scoring System to Determine of Customer Risks", which was deemed worthy of support within the framework of TÜBİTAK's Technology and Innovation Support Program.
- The Bank continued to employ part-time 3rd and 4th year university students in various projects and supported work within the framework of the "TFKB (Türkiye Finans Participation Bank) R&D Center Part-Time Support Engineer Program".
- Türkiye Finans' official application for the establishment of it R&D Center was submitted to the Ministry of Science, Industry and Technology. The Bank continues to undertake efforts to resolve the additional issues set out in the respective commission's assessment of the application.

Compliance Opinion on the Annual Report

To the Shareholders of Türkiye Finans Katılım Bankası Anonim Şirketi:

We have audited the accuracy and the consistency of the financial information in the annual report of Türkiye Finans Katılım Bankası Anonim Şirketi (“the Bank”) with the audited financial statements as of 31 December 2013. The annual report is the responsibility of the Bank’s management. Our responsibility, as independent auditors, is to express an opinion on the annual report based on our audit.

Our audit was conducted in accordance with the regulations on preparation and issuance of annual report in (Turkish) Banking Law No 5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance regarding whether the consistency of financial information represented in the annual report with the audited financial statements and explanatory notes is free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report represents fairly, in all material respects, the information regarding the financial position of Türkiye Finans Katılım Bankası Anonim Şirketi as of 31 December 2013 in accordance with the effective regulations described in article 40 of (Turkish) Banking Law No 5411 and includes Independent Auditors’ Report issued by us and Summary of Board of Directors’ Report and is consistent with the audited financial statements and explanatory notes.

İstanbul,
14 February 2014

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi



Erdal Tıkmak
Partner

Board of Directors and Audit Committee



MUSTAFA BOYDAK
Chairman of the Board



SAEED MOHAMMED A. ALGHAMDI
Vice Chairman of the Board



MEHMET ATILA KURAMA
Board Member



OĞUZ KAYHAN
Board Member and
Chairman of the Audit Committee



BRIAN KEITH BELCHER
Board Member and
Member of the Audit Committee



KHALID MALIK ALSHARIF
Board Member



V. DERYA GÜRERK
Board Member and
CEO

MUSTAFA BOYDAK

Chairman of the Board

1963 Born in Haclar, Kayseri; graduated from Vocational Academy of Business Administration at Muğla University
1987-1989 Manufacturing Chief, Assistant Manufacturing Manager and Manufacturing Manager in various departments at HES Kablo
1990-1992 Purchasing Manager, HES Kablo
1992-1995 Member of Board of Directors, Anadolu Finans
1993 Member of Board of Directors, Merkez Çelik A.Ş.
1995 Chairman of Board of Directors, Merkez Çelik A.Ş.
1996 Member of Board of Directors, Boytaş A.Ş.
1999-2001 General manager, HES Kablo
1999-2005 Chairman of the Board of Directors, Anadolu Finans Kurumu
2006 Chairman of the Board of Directors, Türkiye Finans Katılım Bankası

Total banking and business management experience is 27 years.

With the change of the HES Group's partnership structure in 1999, Mustafa Boydak became general manager of HES Kablo and chairman of Anadolu Finans Kurumu. Following the group's subsequent reorganization as Boydak Holding, Mr Boydak became chairman of HES Kablo as well. He currently holds both positions. Since 2003 Mustafa Boydak has been serving both as deputy chairman of Boydak Holding and as a director on the boards of a number of group companies. Mustafa Boydak has been a member of the Turkish Industrialists' and Businessmen's Association (TÜSIAD) since 1998. Mustafa Boydak was elected president of the Kayseri Chamber of Industry on 6 March 2005 and he officially began his duties in that capacity on March 15th. He was reelected president on 9 February 2009. Mr Boydak became a member of the board of directors of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) on 10 March 2011. He has been a member of the board of directors of Credit Guarantee Fund since 1 August 2011. Mustafa Boydak is also a member of many professional organizations.

SAEED MOHAMMED A. ALGHAMDI

Vice Chairman of the Board

1963 Born in Al Ramadah, Kingdom of Saudi Arabia. Graduated from Department of Computer Engineering, King Fahd University
1991-2012 Various Positions, Al-Rajhi Bank, Kingdom of Saudi Arabia
1991-1992 System Administrator
1992-1998 Manager, Technical Support Department
1998-2001 Business Head, Information Systems Job Family
2001-2005 Business Head, Operations Job Family
2003-2007 Business Head, Personal Banking Group
2007-2012 Deputy CEO responsible for Private Banking, Corporate Banking, Treasury, Human Resources, Credit Risk and Operations
2007-2012 Board Member, Al Rajhi Bankası, Al Rajhi Capital and Al Rajhi Takaful, Malaysia
2012-2013 Banking Management Consultancy - Consultant of Saudi Arabian Monetary Agency and National Commercial Bank
2013 CEO, National Commercial Bank
2013 Vice Chairman of the Board of Directors, Türkiye Finans Participation Bank
Total banking and business management experience is 23 years.

MEHMET ATİLA KURAMA

Board Member

1960 Born in Bolu; graduated from the Faculty of Administrative Sciences at Boğaziçi University, MBA Degree from Cardiff Business School
1993-1997 Product Development Manager, the National Commercial Bank
1997-1999 Credit Risk Management Director, Swiss Bank Corp.
1999-2001 Credit Risk Management Director, UBS Warburg
2003-2005 General Manager, Family Finans
2005 Member of Executive Board, Ülker Group
2006 Member of the Board, Türkiye Finans Katılım Bankası

Total banking and business management experience is 30 years.

OĞUZ KAYHAN

Board Member and Chairman of the Audit Committee

1966 Born in Denizli. Graduated from Ankara University Economics Department, Faculty of Political Sciences, Master's Degree on Accounting-Finance from Gazi University
1987 Assistant Certified Bank Auditor for the Treasury Undersecretariat of the Prime Ministry
1998-2001 Vice President of the Board of Certified Bank Auditors
Deputy President of the Board of Certified Bank Auditors
2001-2006 Head of a number of offices at the Banking Regulation and Supervision Agency
2007-2012 Member of the Board of Directors and Member of the Audit Committee, Ziraat Bank
Member of the Board of Directors of Ziraat Bank's various domestic and international subsidiaries
2011-2012 Member of the Board of Directors, Arab-Turkish Bank
2012 Member of the Board of Directors and Chairman of the Audit Committee, Türkiye Finans Katılım Bankası

Total banking and business management experience is 26 years.

BRIAN KEITH BELCHER

Board Member and Member of the Audit Committee

1956 Born in Cardiff, United Kingdom
1985-1986 Credit Analyst, Italian International Bank, London
1986-1990 Assistant Manager, Banking Supervision Department, Bank of England US Banks Group
1990 Risk Manager, Financial Institutions Group, Citibank Europe, London
1995-1997 Business Head, Financial Institutions Group, Citibank Norway
1996-1998 Supervisor-Chief Auditor, Citibank London
1998-2000 European Risk Manager, Insurance Banking Group, Citibank London
2000-2002 Country Risk Manager, Financial Institutions, Public Sector & Trade, Citibank Handlowy, Warsaw
2002-2004 Corporate and Investment Bank Chief Risk Officer (Non-bank), Financial Institutions, Insurance and Funds Management Group, Citibank London
2004-2007 Corporate Banking Chief Credit Officer, Sub-Saharan Africa, Citigroup Citibank Johannesburg
2007-2008 Chief Credit Officer, EMEA Global Wealth Management Group, Citibank London
2008 Group Chief Risk Officer, the National Commercial Bank, Jeddah
2009 Member of the Board of Directors of Türkiye Finans Katılım Bankası
Holds ACIB certificate from The Chartered Institute of Bankers course in London.

Total banking and business management experience is 34 years.

KHALID MALIK ALSHARIF

Board Member

1964 Born in Jeddah, Kingdom of Saudi Arabia. Completed an MBA from the American Notre Dame College
1986-1988 Investment Services Department at Riyadh Bank
1988-1999 Served as a Corporate Relations Manager, Branch Assistant Manager, Manager of the Central Branch, Regional Operations Manager, Regional Manager and then as a Regional Assistant Manager at Riyadh Bank
1999-2000 Deputy CEO responsible for the bank's branch network throughout the Kingdom, at Riyadh Bank
2000-2010 Head of Retail Distribution, Head of Customer Management Department, Head of Private Banking Department and then Head of Personal Banking Sector, at The National Commercial Bank.
2010 Senior Deputy CEO/Level 1 Senior Chief responsible for Corporate Banking and Loans (SCO) at The National Commercial Bank
2013 Member of the Board of Directors, Türkiye Finans Participation Bank

Total banking and business management experience is 29 years.

V. DERYA GÜREK

Board Member and CEO

1963 Born in Ankara; graduated from Gazi University and Master's from Manchester Business School and University of Wales (United Kingdom)
1983-1985 Citibank
1986-1996 Citibank, Turkey
1996-1998 Citibank, New York, USA
1998-2000 Executive Vice President, Foreign Relations, Kentbank
2000-2008 Consultant, Head Office, Türkiye İş Bankası
2003-2005 Executive Vice President, Human Resources and Reporter to Board of Directors, AVEA
2008-2009 Vice Chairman of the Executive Board / CFO, Dedeman Holding
2009-2011 Executive Vice President, Transformation and Project Management, Türkiye Finans Katılım Bankası
2011 CEO (Chief Executive Officer), Türkiye Finans Katılım Bankası

Total banking and business management experience is 30 years.

Executive Vice Presidents (*)



ABDÜLLATİF ÖZKAYNAK



ALİ GÜNEY



DURSUN ARSLAN



EROL GÖRGÜN



FAHRİ ÖBEK



İKRAM GÖKTAŞ



MENDUH KARA



OSMAN ÇELİK



SEMİH ALŞAR



ZUHAL ULUTÜRK

ABDÜLLATİF ÖZKAYNAK

1960 Born in Antalya. Graduated from Faculty of Economics and Administrative Sciences, Gazi University
1985-1998 Various positions at Accounting, Budgeting and Financial Control Department, Egebank
1998-2005 Group Manager, Financial Affairs, Anadolu Finans Kurumu
2005-2011 Financial Control Manager, Accounting and Budget, Türkiye Finans Katılım Bankası
2011 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 29 years

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Accounting and Tax Department, Budget, Management Information Systems and Corporate Performance Department, Statutory Reporting and Financial Control Department, Purchasing, Construction and Administrative Affairs Department

ALİ GÜNEY

1964 Born in Rize; graduated from the Faculty of Economics and Administrative Sciences at Marmara University
1990-1993 Assistant Specialist, Funds Management Department, Faisal Finans
1995-1999 Assistant Manager, Funds Management and Treasury Department, İhlas Finans
1999-2005 Manager, Funds Management and Treasury Department, Anadolu Finans
2006-2009 Manager, Treasury Department, Türkiye Finans Katılım Bankası
2009 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 23 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Treasury Department, Financial Institutions Department

DURŞUN ARSLAN

1974 Born in Germany, Graduated from the Department of International Relations (English), Faculty of Political Sciences, Marmara University. Completed an MBA at the Faculty of Political Sciences, Fatih University
2000-2005 Served at the Fund Management Department, Anadolu Finans Kurumu
2006-2011 Fund Management Manager, Treasury Operations Manager and Program Management Manager at the Türkiye Finans Participation Bank
2011-2013 Strategy and Business Development Director at Türkiye Finans Participation Bank
2013 Deputy CEO at the Türkiye Finans Participation Bank

Total banking and business management experience is 14 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Loan Operations Department, Commercial Loan Control Department, Foreign Transactions Operations Department, Payment Systems Operations Department, General Banking Operations Department, Treasury Operations Department, Strategy and Business Development Department

EROL GÖRGÜN

1968 Born in Emirdağ, Afyon. Graduated from the Department of Public Management, Faculty of Economics and Administrative Sciences, Marmara University. Completed an MBA at the Money-Bank Department, Institute of Social Sciences, Istanbul University
1988-1989 DATA Origination and Verification Operator at the Ministry of Finance
1989-1995 Assistant Specialist and then Specialist, at the Department of Project Evaluation and Origination, Faisal Finans Kurumu
1995-2000 Head, Deputy Manager and then Manager, Department of Project Origination and Marketing at İhlas Finans Kurumu
2001-2003 General Coordinator at the Nakpa Plastik Group of

Companies,

2003-2005 Güneşli Branch Manager and Head of Financial Analysis and Intelligence Department at the Anadolu Finans Kurumu
2006-2013 Head of Corporate Loans Allocation Department, Head of Credit Follow-up and Settlement Department, Head of Enterprise Banking Loan Allocation Department and then Head of Commercial Loans and Leasing Allocation Department at Türkiye Finans Participation Bank
2013 Deputy CEO at the Türkiye Finans Participation Bank

Total banking and business management experience is 26 years

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Project and Commercial Loans Allocation Department, Commercial Loans and Leasing Allocation Department, Financial Analysis and Intelligence Department, Credit Follow-Up Department, Personal Loan Allocation Department, Credit Analytics and Program Department

FAHİRİ ÖBEK

1969 Born in Tosya-Kastamonu. Graduated from Computer Science and Engineering Department, Ege University and Master's degree in Business Management from Koç University
1990-1991 Started at Bilpa and continued his career at Egebank
1991-1996 Senior System Analyst, Software Development, Koç Bank
1996-2006 Group Manager in Charge of Software Development, Koç Bank
2006-2008 Head of System Development Group, Yapı Kredi Bank
2008-2010 Deputy General Manager in Charge of IT Management, Yapı ve Kredi Bank
2010-2011 Department Head in Charge of Information Technologies, Vodafone Turkey (CIO)
2011 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 23 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Information Systems Coordination Department, Software Development Department, Information Systems Operation Department, Information Systems Analysis and Quality Assurance Department, Alternative Distribution Channels and Payment Systems Development Department, Business Continuity Department.

İKRAM GÖKTAŞ

1969 Born in Mutki/Bitlis; graduated from Business Administration Department, Faculty of Political Sciences at Ankara University
1992-1997 Auditor, Board of Auditors, Garanti Bank
1997-2000 Assistant Manager, Istanbul Corporate Branch, Çorum Branch Manager, Garanti Bank
2001-2005 Banking Services Manager, Anadolu Finans Kurumu
2006-2009 Banking Services Manager, Türkiye Finans Katılım Bankası
2009 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 22 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Branch Network Development and Branch Performance Management Department Alternative Distribution Channels Department, Organization, Capacity Planning and Process Development Department, Corporate Communications Department, Service Management Department, Regional Headquarters

MENDUH KARA

1975 Born in Izmir. Graduated from Istanbul University, Faculty of Economics, International Relations Department
1997-1998 Lale Ajans
1998-2002 Various positions at Dışbank
2002-2005 Corporate Marketing Department at Anadolu Finans Kurumu

2006-2011 Assistant Manager - Corporate Marketing, Merter Branch Manager, Manager - Enterprise Banking and Manager - Commercial Banking, Türkiye Finans Katılım Bankası
2012 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 16 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: SME Banking Department, Collections Department, Business Banking Department, Commercial Products Development and Customer Analytics Department

OSMAN ÇELİK

1964 Born in Erzurum; graduated from Economics Department, Faculty of Economics and Administrative Sciences, Middle East Technical University
1986-1987 Economist, State Statistical Institute
1988-1995 Specialist and Chief Specialist, Project Evaluation and Preparation Department, Faisal Finans
1995-1999 Project and Marketing Manager, İhlas Finans
1999-2005 Executive Vice President, Anadolu Finans
2006 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 25 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Commercial Banking Department, Corporate Banking Department, Corporate Branches

SEMİH ALŞAR

1969 Born in Istanbul. Graduate from Department of Economics, Faculty of Economics, Istanbul University
1990-1993 Financial Analyst, Birleşik Yatırım Bankası
1993-1994 Individual Marketing Specialist, Marmara Bank
1994-1995 Individual Marketing Specialist, Bank Ekspres
1995-1998 Manager, Cash Management, Finansbank
1998-2000 Group Manager, Retail Banking, Egebank
2000-2002 Marketing and Product Development Director, Global Menkul Değerler
2002-2004 Branch Manager, Mecidiyeköy, Asya Katılım Bankası
2004-2011 Individual Marketing and Product Development Manager, Asya Katılım Bankası
2011 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 23 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Housing Finance Marketing Department, Payment Systems Marketing Department, Participation Fund and Investment Products Marketing Department, Sales Management Department, Individual Product Coordination and Customer Analytics Service

ZUHAL ULUTÜRK

1971 Born in Yozgat. Graduated from Department of Economics, Faculty of Political Sciences, Ankara University, e-MBA from Boğaziçi University.
1993-1996 Auditor, Akbank
1996-1998 Auditor, Kentbank
1998-2001 Manager, Human Resources, Kentbank
2002-2007 Group Manager, Human Resources, Denizbank
2007-2010 Executive Vice President in Charge of Human Resources, Training and Organization, Şekerbank
2010-2011 Head of Business Partners Department, Human Resources, Vodafone
2011 Executive Vice President, Türkiye Finans Katılım Bankası

Total banking and business management experience is 21 years.

Areas of Responsibility at Türkiye Finans Katılım Bankası as Executive Vice President: Human Resources Department, Training Department, Performance Management Department

⁽¹⁾ In alphabetical order

Unit Managers within Internal Systems



EMRE ERTÜRK
Head of Board of Auditors



BURCU ÇALIKLI
Head of Risk Management Center

EMRE ERTÜRK

Head of Board of Auditors

1976 Born in Samsun. Graduated from İstanbul Technical University, Civil Engineering Department, MBA Degree from İstanbul University, Master's Degree on Management Information Systems from Boğaziçi University
1999-2005 Inspector, Unit Manager-Inspection Board, Dışbank
2005-2011 Assistant Head of Inspection Board, Fortis Bank
2011-2012 Assistant Head of Inspection Board, TEB
2012 Head of Board of Auditors, Türkiye Finans Katılım Bankası

Total banking experience is 14 years.

BURCU ÇALIKLI

Head of Risk Management Center

1969 Born in Ankara; graduated from Statistics Department of Middle East Technical University, e-MBA Degree from Koç University
1992-1995 Partner, Retsam Bilgisayar Ltd. Şti.
1995-1997 Auditor, Fortis Bank
1997-2009 Citibank Corporate Loans Risk Management, Market Risk Management Country Risk Director, Individual Credits
2009 Head of Risk Management Department, Türkiye Finans Katılım Bankası

Total banking and business management experience is 21 years.



OGÜN ATAĞLU
Manager, Internal Control



CEM AKAR
Manager, Internal Control

OGÜN ATAĞLU

Manager, Internal Control

1974 Born in Trabzon. Graduated from İstanbul University, Faculty of Economics, Economics (English) Department
1999-2002 Inspector, Ege Giyim Sanayicileri Bankası
2003-2009 Assistant Manager - Internal Control, Türkiye Finans Katılım Bankası
2009-2012 Compliance Manager, Türkiye Finans Katılım Bankası
2012 Manager - Internal Control, Türkiye Finans Katılım Bankası

Total banking and business management experience is 14 years.

CEM AKAR

Manager, Compliance Department, Compliance Officer

1975 Born in Ankara. Graduated from Bilkent University, Tourism Management Department.
Holds diploma from the Oxford College Compliance Management Ascentis Level 3 Program
Currently studies at Thomas Jefferson School of Law, Compliance and Risk Management Master's Program
2000-2007 Manager-Fraud Risk Management Department, Manager-Anti-Money Laundering Department, Citibank
2007-2009 Assistant General Manager, Fibula Group of Companies
2009 Advisor, Compliance Department, Manager, Compliance Department, Compliance Officer, Türkiye Finans Katılım Bankası

Total banking and business management experience is 14 years.

Directors



Av. NİHAL MASHAKI
General Secretary of the Board



MAHMUT GÜRGEÇ
Legal Director

Av. NİHAL MASHAKI

Senior Vice President of Board General Secretariat, General Secretary of the Board

1980 Born in Amman-Jordan, graduated from Faculty of Law at Yarmouk University (Jordan) and Faculty of Law Galatasaray University (İstanbul)
2005-2006 Lawyer, Pekcanitez Barlas Law Firm
2006-2008 Lawyer, Hergüner Bilgen Özeke Law Firm
2008-2012 Vice President of Board General Secretariat and General Secretary of the Board, Türkiye Finans Katılım Bankası A.Ş.
2012 Senior Vice President of Board General Secretariat and General Secretary of the Board, Türkiye Finans Katılım Bankası A.Ş.

Total banking and business management experience is 9 years.

She has been a member of Turkish Corporate Governance Association (TKYD) since 2012.

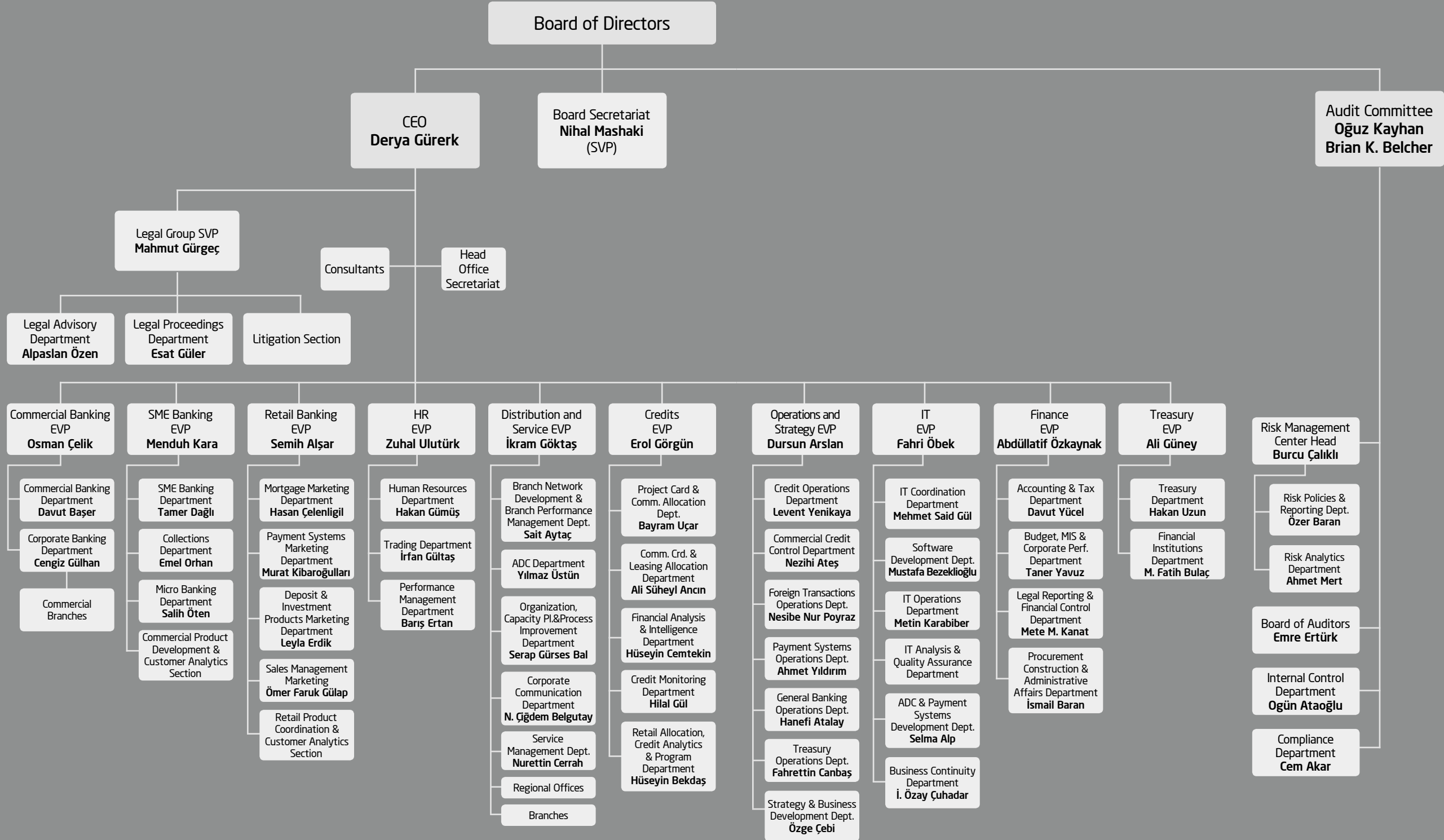
MAHMUT GÜRGEÇ

Legal Director

1965 Born in Manisa. Graduated from the Faculty of Law, İstanbul University
1988 Receives his Advocacy License in April
1989 Töbank, Lawyer, Legal Consultancy Department
1989-1998 Tütünbank, Lawyer, Consultant Lawyer and Assistant Consultant, Legal Consultancy Department
1998-2002 Anadolu Finans Kurumu, Assistant Legal Consultant
2002-2006 Anadolu Finans Kurumu, Legal Consultant
2006 Türkiye Finans Participation Bank, Head Legal Consultant, Legal Director

His Responsibilities as the Legal Director of Türkiye Finans Participation Bank: Legal Consultancy Department, Legal Affairs Follow-up Department and Lawsuit Services Department

Total banking and legal consultancy (advocacy) experience is 25 years.



Governing Bodies and Committees at the Bank, Participation of Bank Directors and Committee Members in Meetings

Board of Directors

As prescribed by article 29/5 of Türkiye Finans's articles of association, the bank's board of directors consists of seven members. Board meetings require a quorum of a least five directors. Board decisions are taken by a simple majority of those present and voting. The duties and authorities of boardmembers are spelled out in the articles of association subject to applicable laws, regulations, and administrative provisions. During 2013 the board convened on six occasions, one of which was for the purpose of approving the board's declaration to the bank's independent auditors. All board meetings that took place during 2013 satisfied meeting quorum requirements and all decisions taken at those meetings were passed by a sufficient number of votes. Information about board meetings in 2013 is presented below.

Meeting/Date

1. 30 January 2013
2. 27 February 2013
3. 28 March 2013
4. 29 May 2013
5. 29 August 2013
6. 12 December 2013

Executive Committee

Türkiye Finans set up an executive committee in March 2009. The fundamental mission of the executive committee is to closely supervise the performance of the bank's management and the implementation of the bank's strategies. The committee is also responsible for overseeing the bank's transformation program. Because it usually meets once a month, the executive committee has the ability to keep a closer watch on the bank's performance and risk exposure, to make decisions more quickly, and to recommend that corrective measures be taken in a timely fashion. The Executive Committee is the channel through which the Board of Directors and the bank's management communicate with each other. The Türkiye Finans Executive Committee met eight times during 2013.

Credit Committee

The Credit Committee was set up by the Board of Directors to exercise the power to extend credit within the framework of principles and procedures prescribed by banking laws and regulations. The Credit Committee approves credit allocation decisions within the limits of its authority, makes decisions about requests to change the terms of credit allocations which fall within the scope of its authority, and fulfills such other credit-related duties as the Board of Directors may give it. The Türkiye Finans Credit Committee met twelve times during 2013.

Audit Committee

The Audit Committee was set up by the Board of Directors to perform the duties required of it by banking laws and regulations and to assist the board in the conduct of its auditing and supervisory activities. The Audit Committee is also responsible for overseeing the effectiveness and adequacy of the bank's risk management system and for checking the validity of risk-related judgments, reports, and other documentation submitted to it. The Audit Committee supervises coordination among the Board of Inspectors, the Internal Control Center, and the Risk Management Center; keeps the Board of Directors informed about such matters; formulates principles, procedures, and policies applicable to such issues and submits these to the Board of Directors for its approval.

At least once every six months, the Audit Committee reports the results of its activities to the Board of Directors, at which time the committee also presents its opinions about such matters as measures that need to be taken, practices that need to be followed, and other issues which it deems to be vital to the bank's ability to conduct its business confidently. During its meetings, the committee discusses the findings and assertions of the bank's internal audit units and it refers such issues as it deems to be important to the Board of Directors. The committee also discusses issues brought to its attention by the bank's own external auditors and/or by BRSA auditors and it refers these to the Board of Directors as well. During 2013 the Audit Committee convened four times at the bank's headquarters; it also met with the bank's external auditors on four occasions, at which time the findings of three quarterly audits and one year-end audit were discussed.

Corporate Governance Committee

A corporate governance committee was set up at Türkiye Finans in April 2011. The fundamental mission of this committee is to monitor and supervise the bank's activities so as to ensure that Türkiye Finans's corporate governance policies, regulations, and procedures are in compliance with banking laws and regulations. At regular intervals the committee also informs the Board of Directors of possible changes that may take place in corporate governance laws and regulations and their implementation. This committee met four times in 2013.

Remuneration & Appointments Committee

A remuneration and appointments committee was set up at Türkiye Finans in April 2011. The fundamental mission of this committee is to determine appropriate forms of remuneration for the bank's boardmembers, senior managers, and other employees in light both of the bank's strategies and needs and of market practices. The committee also supports the Board of Directors on issues related to the nomination of candidates to seats on the board. This committee met four times in 2013.

General Secretary of the Board

The duty of the General Secretary of the Board is to coordinate activities and information flows among the members of Board of Directors and board-level committees. The scope of the general secretary's duties and responsibilities does not include any of the functions or operations of the bank's general manager or of any general manager-level committees. This has been done explicitly to separate the corporate management processes of the general manager's office from the corporate governance processes of the board.

	Mustafa Boydak	Saeed Mohammed A. Alghamdi	Mehmet Atilla Kurama	Khalid Malik Alsharif	Oğuz Kayhan	Brian Keith Belcher	Veysel Derya Gürek
Board of Directors	Chairman	Vice Chairman	Member	Member	Member	Member	Member
Executive Committee	Member	Chairman		Chairman			Member
Audit Committee					Chairman	Member	
Credit Committee	Member		Chairman			Member	Member
Corporate Governance Committee		Chairman		Chairman	Member		Member
Remuneration & Appointments Committee	Member	Chairman					

Information about committee members' participation in meetings during	2013		
	Number of meetings	Number of meetings with full attendance	Number of meetings with less than full attendance*
Corporate Governance Committee	4	4	-
Board of Directors	6	5	1 **
Audit Committee	4	4	-
Credit Committee	12	12	-
Executive Committee	8	8	-
Remuneration & Appointments Committee	4	4	-

* Statutorily mandated quorum requirements were satisfied at all meetings.

** One member was absent from the one meeting for reasons of excuse.

Information About General Meetings Held in 2013

Two general meetings of the Bank were held during 2013: the AGM on 28 March 2013 and an extraordinary general meeting on 25 June 2013. The annual general assembly was convened to discuss routine company matters as required by law. The extraordinary general meeting, held on 25 June 2013, was convened to discuss and decide upon the amendment of the bank's articles of association for compliance to the new Turkish Commercial Code and to make appointments to seats on the board of directors as required by the rules of article 363 of the Turkish Commercial Code. According to this, a seat on the board vacated by the resignation of Abdulkareem Asaad A. Abu Alnaser was filled by the appointment of Saeed Mohammed A. Alghamdi to replace him and a seat on the board vacated by the resignation of Donald Paul Hill was filled by the appointment of AlSharif Khalid AlGalib.

Annual General Assembly Meeting Agenda 28 March 2014

1. Opening the meeting and forming the presiding committee,
2. Presentation and discussion of the 2013 Annual Report of the Board of Directors,
3. Presentation and discussion of the 2013 Report of Independent Auditors,
4. Presentation, discussion and approval of the Financial Statements of the year 2013,
5. Release of the members of the Board of Directors who had served in 2013 for the activities of the year 2013,
6. Determination of the usage of the profit of the year 2013,
7. Election of the Board Members,
8. Approval of the Independent Audit Company determined for the financial year of 2014 and 2015,
9. Determination of the payment to be granted to the Board Members,
10. Discussion on whether or not to permit the member of the Board of Directors to perform transactions stated in Article 395 and 396 of the TCC, and adopting the necessary decision on this matter,
11. Wishes and closing

Summary of the Board of Directors report presented to the General Assembly

Esteemed Shareholders,

Welcome to the 23rd annual general assembly of our Bank. On behalf of the Board of Directors, we respectfully thank you for honoring the Bank's 2013 general meeting with your presence.

Before passing on to the Board of Directors' and the Statutory Auditors' reports, the financial statements, and our assessment of the Bank's 2013 results, we should first share with you a review of the year's developments in the world and Turkish economies.

An Economic Overview of 2013 and the Outlook for 2014

The year 2013 will be considered as an important milestone for the global economy. Developed countries entered a period of recovery, while emerging markets began to demonstrate weaker economic figures. The volatility in capital inflows to emerging markets worsened as the FED (Federal Reserve Bank) raised the prospect of an exit from its supportive monetary policies, while there was also mounting uncertainty of the FED's financial policies.

In addition to falling growth rates, emerging markets have also struggled with the challenges of the re-pricing period and the effects of the FED's tapering strategy since mid-2013. Among emerging economies, those named as the "Fragile Five" which are burdened by a high current account deficit and/or budget deficit demonstrated a weak and fragile performance, while they were also forced to tighten their monetary policies.

Global economic activity is expected to grow stronger in 2014. On the other hand, a severe and uncontrolled slowdown in emerging markets could lead to a deterioration in global perceptions. Moreover, political difficulties arising in some emerging markets, as well as fragilities in developed countries and reviving concerns with respect to the debt problem in the Eurozone are deemed as other risk factors for the global economy. The need for foreign financing, credibility and predictability in monetary and financial policies and political stability will also stand as primary selection criteria in terms of capital flows.

The Turkish Economy in 2013

The improvement in Turkey's credit rating and strong capital flows supported economic growth in the first half of the year. The Turkish economy grew by 3.8% YoY in this period while demonstrating a moderating inflation trend and an easing current account deficit. Encouraged by such a positive environment, the CBT aimed to keep the value of the TL under control by applying a flexible monetary policy and balanced liquidity policy.

After May, Turkey was one of the markets to lose significant value during the global selling wave initiated by the FED's decision. Developments in Turkey during the summer months severely compromised foreign investor interest in Turkey and a new wave of selling began in December as the FED began to taper asset purchases, along with weak data from emerging markets. Again, the political developments in Turkey in December exacerbated sales in the financial markets by worsening the perception of political risk in the country. Although economic activity lost some momentum due to the volatility in financial markets and the CBT's efforts to tighten the monetary policy to a limited extent, a strong trend was observed in the second half of 2013. Data related to the last quarter indicate that Turkey's growth rate in 2013 was estimated to have reached 3.5-4%.

The TL demonstrated a weak performance with its risk premium considerably increased. The inflation rate started to edge higher due to fluctuating food prices and the fall in the TL, while the CBT began to apply a more cautious policy. Within the framework of this policy, CBT raised the upper band of the interest rate corridor by a total of 550 basis points, including the rate increase decision taken in the interim meeting in January 2014, proactively tightening its money policy. The bank raised the 1-week repurchase interest rate from 4.5% to 10% and began to essentially provide funding at this rate, instead of the upper band of the interest rate corridor. The CBT also started to sell FX and intervene in the foreign exchange market in order to provide the required FX liquidity and to avoid unhealthy price formations.

Uncertainty is expected remain rife in the periods to come, given the domestic and foreign factors at play. As a result, there is a risk that the Turkish economy may grow slower than the 4% rate projected in the Medium Term Program (OVP), and that inflation could be significantly higher than the CBT's forecast of 5.3%. Under these circumstances, it is believed that the pressure on the exchange rate and downward pressure on market incomes could continue.

The Turkish Banking Industry and Türkiye Finans in 2013

In 2013, the banking industry's total assets grew by 26% YoY to TL 1.732 trillion with collected funds increasing by 23% YoY to TL 946 billion, and supplied funds up by 32% YoY to reach TL 1.047 trillion and shareholders' equity climbing 6.5% YoY to TL 194 billion. During the same period, the total assets of participation banks grew by 37% YoY to TL 96 billion with collected funds up by 28% YoY to reach TL 61 billion; supplied funds grew by 29% YoY to TL 62 billion and shareholders' equity was up by 20% YoY, reaching TL 8.9 billion. The share of participation banks in the banking industry rose from 5.1% to 5.5% in terms of total assets, from 6.2% to 6.5% in terms of collected funds and from 4.1% to 4.6% in terms of shareholders' equity, but declined from 6% to 5.9% in terms of supplied funds.

The average loans/deposits ratio continued to rise in the banking industry in the first half of the year, while its growth slowed down in the second half due to the measures taken by regulatory authorities in the face of the general economic developments. Despite this, the loans/deposits ratio reached 113% by the end of the year. Securities issued by the sector to domestic and foreign markets rose by 60% to TL 60.6 billion in 2013. Despite the strong growth in loan volume, the banking industry's total profit rose by 5.1% to TL 24.7 billion while that of the participation banking sector increased by 17% to TL 1.1 billion because of the contraction in margins due to rising costs.

In addition to the Treasury's sukuk bond issues, participation banks including Türkiye Finans also carried out sukuk bond issues during 2013. Despite the pressure that the financial markets were under, the Treasury's and participation banks' sukuk bond issues attracted strong demand.

In the second half of the year, a number of measures were taken in the banking industry: general provisions set aside by banks and risk weight weightings were raised, while credit card limits and the maturities of consumer loans were limited. The impact of some of these measures began to be observed in 2013.

On the other hand, the sector's growth is expected to be limited in 2014 due to the measures taken for the banking industry, as well domestic and foreign developments. Despite rising funding costs, the banking sector's profitability may also be limited by increasing provisions for troubled (non-performing) loans.

The average capital adequacy ratio of the banking industry declined from 17.9% at the end of 2012 to 15.3% by the end of 2013. The average capital adequacy ratio of participation banks edged up from 13.9% to 14% during the same period. Thanks to the developments in the Turkish economy and the positive contributions from our employees, our total assets grew by 43% YoY to TL 25 billion and our collected funds increased by 32% to TL 15.1 billion by the end of 2013. In the same period, the total volume of loans which we had extended increased by 40% YoY to TL 18.3 billion with non-cash loans up by 25% to TL 9 billion.

Our Bank's net income rose by 16% to TL 329 million in 2013, while its capital adequacy ratio stood at 12.81% as of the end of 2013.

Esteemed Shareholders,

This completes our presentation of the annual report, balance sheet, and profit & loss statement showing the results of Türkiye Finans' activities in 2013. We now submit these for your consideration and approval.

In closing and on behalf of the Board of Directors, we would like to take this opportunity to thank our shareholders, our employees, and our customers for their confidence in our bank. We respectfully thank you, our valued shareholders, for honoring our 2013 general meeting with your presence.

Yours sincerely,

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.

BOARD OF DIRECTORS

Information about Human Resources Practices

Competent human resources to set the Bank apart in the sector

The Türkiye Finans Human Resources Department is responsible for recruiting, in line with the bank's vision and growth strategies, qualified human resources capable of representing the company, and is likewise responsible for personnel career planning, performance evaluation, employee motivation and benefits management, as well as for formulating remuneration policies and determining and planning training requirements.

During 2013, employees were paid motivational bonuses in a bid to reward successful performance and raise employee motivation. These monetary payments were calculated by taking into account employees' duties and responsibilities, and both individual and departmental performance, and were paid in cash.

Türkiye Finans attaches importance to recruiting the Bank's own managers from among its own personnel. In line with this principle, the names of personnel who potentially satisfy the specified criteria for branch manager positions are kept in a centrally maintained "Management Pool". The training and progression requirements of these individuals are identified and managed accordingly.

In line with these principles, one Unit Vice President, one Director Vice President, four Regional Directorates and 49 Executive Unit/Branch Managers were assigned, while the internal assignment rate was 86%. A total of 880 employees were promoted to higher positions. Training was planned and carried out in order to prepare personnel for the requirements of their newly-opened career paths.

Recruiting and holding onto the very best employees is one of the most important objectives of Türkiye Finans' human resources.

In 2013, the Human Resources Department continued to support the successful fulfillment of Türkiye Finans' aims by developing human resources practices in line with the bank's strategies and policies. Human resources management at Türkiye Finans is performed with an awareness of employee satisfaction and with the recognition that human resources are a matter of high-priority concern to the Bank.

At the end of 2013, Türkiye Finans had 3,990 people on its payroll serving in 250 branches and six regional departments. Some 34% of the Bank's personnel are employed in the head offices, 2% in regional units, and 64% in the branches.

An analysis of Türkiye Finans' personnel shows that:

- 86% hold university degrees
- 29% are female and
- their average age is 33.

67% of the newly-hired personnel are placed in management trainee and assistant teller positions. This is evidence of the importance that the Bank attaches to having human resources who are steeped in Türkiye Finans' culture and values. One result of this approach is that 70% of newly-opened branch-level staff positions (30 new branches were opened in 2013) were filled through internal promotions.

Türkiye Finans is well aware both of the contribution that experienced human resources make to its success as a bank and of the value that loyal human resources can create. To this end, a total of 657 Türkiye Finans employees were rewarded various gifts and tokens of recognition commemorating their 5th, 10th, 15th, 20th, and 25th years in the Bank's employment.

Employees are provided with various forms of material and moral support to help them achieve and maintain a balance between their careers and their private lives and to foster a sense of solidarity and identity. Clubs specializing in such activities as photography, diving, outdoor sports, excursions, cultural activities, literature, football, tennis, sailing, cooking and jogging that are organized and managed by volunteers serve as platforms on which employees with shared interests can get together. This also gives employees an opportunity to take initiative, to assume responsibility and to adopt team spirit.

In 2013, the Bank set up an internal communication platform entitled "BİR OLMAK" (TO UNITE) with the aim of supporting the success and happiness of employees under the coordination and leadership of the Human Resources job family, broadening the Bank's strong corporate culture, facilitating sharing, opening an effective communication channel, raising motivation, creating common sense and TO UNITE, in line with the Bank's strategic targets in the banking industry and the participation banking business line.

The Bank aims to "UNITE" with its people-oriented, transparent and fair management approach based on principles, its strong and pioneering stance and its human resources as a value; to this end, the Bank has placed the philosophy of acting to UNITE within the Bank, to UNITE in financials and to UNITE in all rankings that stand for success.

Investment in training and development to continuously progress

Believing that it is "people" who make the difference, Türkiye Finans continues its investments in training programs in order to develop professional and well-equipped human resources who can contribute positively to the industry.

Training activities are provided to support the personal and professional development of Türkiye Finans employees and to contribute to the Bank's performance. A total of 1,778 classroom training sessions were held and with an average of 67 hours of training provided per employee. Some 73% of the training sessions conducted in 2013 were classroom-based while the remaining 27% consisted of remote training in the form of OCS, web conferences, and training catalogue courses. Aiming to allow all of its employees to benefit from such development opportunities, the Bank ensured that 94% of its employees participated in at least one classroom training program.

The following projects/training programs were undertaken by the Bank in 2013 for its employees, who are considered by Türkiye Finans to be its internal customers:

- "Career-Long Training" is a training program project that has been developed with the aim of systemizing training so as to expand competencies, manage human resources effectively, and equip employees with the knowledge and skills they need to perform successfully in their existing positions.
- The project, "Service Excellence through a Professional Team", which was developed in recognition of the importance of "Service Quality" aims to raise service quality and to enhance internal and external customer satisfaction. In this training program, in-class training sessions were provided with internal instructors called "Service Envoys". The book entitled "Service Excellence through a Professional Team", which sets out the Bank's service standards and processes, was shared with all employees.
- Sales training were provided to all sales staff under the Bank's Anatolian and European Regional Directorates with the aim of improving the Bank's sales capability.
- "Sales at the Desk" training sessions were provided with the participation of teller desk employees.
- "High Performance through Feedback" training sessions were held with the participation of all managers and directors in order to improve the feedback culture, which is such an important part of the Bank's "Performance-Based Management" approach.
- The Bank continues to organize "Off the Bench and into the Field", a series of manager development programs that have been introduced in line with the Bank's strategy to raise managers from its own personnel.

- “From Junior Team to A-Team” is an in-house mentoring program designed to help newly-appointed branch and unit managers adapt to their new jobs more rapidly. The Bank carries out the program with an increasing number of participants.
- The Bank provided the opportunity for graduate training at more than 20 universities to employees seeking to enhance their banking careers with academic study.
- “The Building Blocks of Management” training sessions were held to ensure that managers and directors employed at the head office and regional directorates perform effective team management by improving their managerial skills.
- “Team-up training” was provided to improve business-making and, in particular, the team-up capabilities of newly opened branches.
- An orientation program entitled “The New Link of the Chain” was designed and launched in order to speed up the adaptation of managers assigned by the Bank from outside the company.
- To address different learning styles, the Bank has diversified its training channels and allowed employees to benefit from the training videos through Bilge TV.
- Within the framework of mandatory training programs, the Bank provided remote and classroom training to targets masses concerning the CMB, the PPS (Private Pension System) and SEGEM (Insurance Training Center) and helped employees obtain the required documents and certificates. In the context of business continuity and legal obligations, the Bank provided employees with training on “Prevention of Money Laundering and Financing Terrorism”, “Information Security”, “First Aid”, “Emergency” and “Occupational Health and Safety”.
- The Bank has ensured that its employees continue to participate in training programs held by the Banks’ Association of Turkey, Participation Banks Association of Turkey and the Interbank Card Center.

Accurate performance management to get the right results

Accurate performance management to get the right results

Aware that strategies can only be implemented throughout the Bank and reflected to business results through accurate performance management, the Bank designs and launches fair, transparent, systematic, and compliant (with strategic targets) and easy-to-follow performance management models at the Branch, Regional and Head office levels.

Within this framework:

- The Bank’s communication-oriented culture is reinforced by restoring its capabilities in parallel with the increasing needs and redesigning its performance evaluation system in a feedback-oriented manner.
- Surveys are re-run, which aim to quantify and raise employee satisfaction, loyalty and motivation.
- A system of reward is being applied which encourages employees to become successful, to produce creative ideas and to bring forward opinions/suggestions that will increase the Bank’s efficiency.

Information about the Related Party Transactions, the Bank Enters

Normal customer relationships and market conditions are always taken into account and the limits and restrictions prescribed by Law of Banks are always complied with in all of the Bank's dealings, including those involving related parties. Details of Türkiye Finans' transactions with related parties are presented in item seven of part five of the Independent Auditors' Report section of this annual report.

Information about Consolidated Affiliates

In its Board decision dated 22 October 2012, the Türkiye Finans Participation Bank, the parent company, decided to establish an asset leasing company to issue sukuk bonds. As a result of the Bank's efforts, an asset leasing company entitled "TF Varlık Kiralama AŞ" was founded with TL 50,000 of capital on 11 February 2013 through the Banking Regulatory and Supervision Agency's permission dated 20 December 2012 and following approval from the Capital Markets Board dated 1 February 2013, as well as the approval of the Ministry of Customs and Trade dated 11 February 2013.

The Türkiye Finans Participation Bank and its affiliate, TF Varlık Kiralama A.Ş., were included in the attached consolidated financial statements by applying the full consolidation method. Consolidated establishments were determined based on the "Communique on the Preparation of Banks' Consolidated Financial Statements" dated 8 November 2006 and with issue no. 26340. The parent company and its consolidated affiliate are cumulatively referred to as the "Group" herein.

Principles for the consolidation of the affiliate:

An affiliate is a company whose capital or management is directly or indirectly controlled by the parent company, which, in this case, is the Türkiye Finans Participation Bank.

The affiliate is consolidated by means of the full consolidation method. The Financial statements of the affiliate are included in the parent company's consolidated financial statement as of the date the control of the affiliate was taken over by Türkiye Finans Participation Bank.

Control of the affiliate is generally considered as follows: the parent company, which in this case is Türkiye Finans Participation Bank, holds the power over an investment it undertakes in a legal entity; it is subject to varying revenues according to its relations with the legal entity, or is a rights-holder of such revenues; and has the ability to use its power on the entity, in order to affect the volume of revenues which it may generate.

According to the full consolidation method, 100% of the affiliate's assets, liabilities, revenues, expenses and off-balance liabilities are consolidated with the parent company's assets, liabilities, revenues, expenses and off-balance liabilities. The book value of the Group's investment in the affiliate and the portion of the affiliate's capital cost which belongs to the Group are offset. Remainders related to the transactions between the parent company and its affiliate, as well as unrealized profits and losses are mutually offset.

In cases when the accounting policies used by the affiliate differ from those used by the parent company, differences are harmonized by taking into account the principle of materiality in financial statements.

Established on 11 February 2013, TF Varlık Kiralama AŞ was included in the consolidation for the first time on 30 June 2013.

The head office of the company (affiliate) registered according to the Turkish law are located in Istanbul. As of 31 December 2013, the company's total assets amounted to TL 1,232,000. The company has no employees on its payroll as of 31 December 2013.

Information about the Consolidated Affiliate							
Title		Address (City / Country)		Banks's Pro Rata Share - Voting Right (if different) (%)		Pro Rata Share of Other Shareholders (%)	
TF Varlık Kiralama AŞ		Istanbul / Turkey		100.00		-	
Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Profit/Loss for the Current Period	Profit/Loss for the Previous Period	Fair Value
1,231,979	50	-	-	-	-	-	-

Other Information

Remuneration Provided to the Members of Governing Bodies and Senior Management; Non-Competition Covenant

The total value of rights and material benefits provided to members of the board of directors and of senior management in 2013 amounted to TL 11,528,000. The total value of cash and non-cash benefits consisting of allowances, of travel, accommodation and representation expenses, and of insurance and similar guarantees provided to the Board of Directors amounted to TL 448,000; the sum provided to members of the senior management amounted to TL 1,230,000.

Duty of Loyalty Report

During 2012, Türkiye Finans did not sustain any losses whatsoever in any of its dealings either with its parent company or with any of its parent company's subsidiaries or affiliates; neither were there any instances of Türkiye Finans' covering any benefits to or losses sustained by its parent company.

Special Audits, Public Authority Audits

During 2013 there were no shareholder requests for special audits. Türkiye Finans is subject to continual on-site inspection and remote supervision by personnel of the BRSA (Banking Regulatory and Supervision Agency) as required by the Banks Act (Statute 5411). The Bank's conduct of its business was also subject to regular oversight (Regular Oversight for the Improvement of Working Conditions of Employees in the Banking Sector) by personnel of the Ministry of Labor and Social Security during 2013.

During 2013, a total of TL 295,000 in administrative fines were levied against Türkiye Finans, of which TL 174,000 were related to contraventions of Statute 5411, TL 2,000 were for contraventions of the tax-law and TL 119,000 were for contraventions of traffic, municipal and various other laws and regulations.

Investments, Charitable Assistance & Donations

- In 2013 Türkiye Finans undertook TL 71 million worth of investments, of which TL 9.6 million consisted of operating lease development costs, TL 30 million of intangible assets and TL 31.4 million of marketable securities.
- The tax-deductible portion of donations and charitable assistance paid by Türkiye Finans to public-interest organizations amounted to TL 61,000 in 2013.
- The non-deductible portion of donations paid by Türkiye Finans to other natural and legal persons amounted to TL 53,000 in 2013.

Shares that the Bank Has Acquired in Itself

There are no shares which the bank has acquired in itself.

Administrative and Legal Enforcement

There were no instances of the company or members of the Board of Directors being found to have contravened legislative provisions, or the actions of administrative and financial enforcement as the result of such contraventions.

Activities for Which Support Services are Outsourced and the Persons and Organizations from Which They are Obtained

No	SUPPORT SERVICE SUPPLIER	SUPPORT SERVICE OBTAINED FOR
1	Abaküs Finansal Yazılım ve Danışmanlık A.Ş. (*)	Information systems
2	Abaküs Finansal Yazılım ve Danışmanlık A.Ş. (*)	Corporate & commercial firm ratings and TM processes
3	Abaküs Finansal Yazılım ve Danışmanlık A.Ş. (*)	TM exception processing
4	Acerpro Bilişim Çözümleri Yazılım ve Danışmanlık Hiz. İç ve Dış Tic. Ltd. Şti.	Operational services
5	Akbank T.A.Ş.	Cash collection & distribution
6	Aktif İlet ve Kurye Hizmetleri A.Ş.	Operational services
7	Asseco See Teknoloji A.Ş. (*)	Software license
8	Asseco See Teknoloji A.Ş. (*)	Software maintenance and support & operational services
9	Banksoft Bilgisayar Hizmetleri Ltd. Şti.	Information systems
10	Bilin Yazılım ve Bilişim Danışmanlığı Ltd. Şti.	Human resources management system software; software use and consultancy services
11	Bilişim Bilgisayar Hiz. LRD. ŞTİ.	Information systems
12	CMC İletişim Bilgisayar A.Ş.	Operational services
13	CPP Sigorta Aracılık Hizmetleri A.Ş.	Card protection plan
14	Figen Yazılım Evi Tic. Ltd. Şti.	Software maintenance and support & operational services
15	Finecus Yazılım Danışmanlık Sanayi A.Ş.	Corporate & commercial firm ratings and TM processes
16	Formalis Bilgi Teknolojileri	Operational services
17	Hobim Bilgi İşlem Hizmetleri A.Ş.	Operational services
18	Iron Mountain Arşivleme Hizmetleri A.Ş.	Archives
19	İnova Bilişim Çözümleri A.Ş.	Information systems
20	İstanbul Altın Rafinerisi	Operational services
21	Kartek Kart ve Bilişim Teknolojileri LTD. ŞTİ.	Information systems
22	konut kredisi com tr	Operational services
23	Kredi Kayıt Bürosu A.Ş.	Credit and other transactions
24	Kurye Net Motorlu Kuryecilik ve Dağ.Hiz.A.Ş.	Operational services
25	MTM Holografi Güvenlikli Basım ve Bilişim Teknoloji San.Tic.A.Ş.	Operational services
26	Plastkart Plastikkart Akıllı Kart İletişim sistemleri Sa. Ve Tic. A.Ş.	Operational services
27	Pozitron Yazılım A.Ş.	Information systems
28	Procat Danışmanlık Yazılım Telekomünikasyon Pazarlama Ticaret A.Ş.	Software license
29	Provus Bilişim Hizmetleri A.Ş.	Operational services
30	Servicium Bil. Hiz. San. Ve Dış Tic. A.Ş.	Information systems
31	Sungard Ambit	Legal Reporting
32	Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş.	Headquarters, Tophane auxiliary services building & branches
33	Türk Telekomünikasyon A.Ş.	Information systems
34	Türkiye Garanti Bankası A.Ş.	Correspondent agreement
35	Türkiye Garanti Bankası A.Ş.	Cash collection & distribution
36	Türkiye Garanti Bankası A.Ş.	Credit Card Marketing
37	Uz Gayrimenkul Yatırım Danışmanlığı A.Ş.	Operational services

(*) The related contracts ended as of year-end 2013

Audit Committee's Assessment of Internal Audit, Internal Control, Risk Management and Regulatory Compliance Functions; Committee Activities During the Reporting Period

Internal audit, internal control and risk management activities at Türkiye Finans are carried out by the Board of Auditors, the Internal Control Department, and the Risk Management Center, all of whose duties and responsibilities are spelled out in published regulations and which are organizationally independent of each other. The activities of these units are coordinated by the Audit Committee acting on behalf of the Board of Directors. The Regulatory Compliance Department also reports to the Board of Directors through the Audit Committee.

Board of Auditors (Internal Audit)

The Board of Auditors reports to the Board of Directors through the Audit Committee. The Board of Auditors is responsible for performing audits, inspections and investigations on behalf of the Board of Directors in line with the schedule and instructions provided by the Chairman.

The Board's fundamental objective is to provide independent and impartial compliance and consultancy services that safeguard the activities of the Bank and its affiliates subject to consolidation and generate added value. Operating within currently applicable laws and related external regulatory frameworks, and the Bank's own strategies, policies, principles and targets, the board provides assurance to the Senior Management about the effective and sufficiency of the Bank's internal control, risk management systems and governance processes. The board aims to help the Bank reach its targets by introducing a systemic and disciplined approach in order to evaluate and improve the related systems.

The scheduled auditing activities carried out in 2013 are summarized below.

- - Audits were performed at 74 branches;
- A total of 8 audits were performed in various units at the headquarters;
- 3 audits involving information systems were performed; and
- The Management Declaration work was performed.

As of 31 December 2013, the staff of the Board of Auditors consisted of 36 people. During 2013, members of the Board of Auditors took part in a total of 4,655 hours of professional training programs, congresses, seminars, and conferences. Board of Auditors personnel individually received an average of 129 hours of training last year.

Internal Control Department

The Internal Control Department is responsible for overseeing all aspects of Türkiye Finans's organization and activities so as to ensure that the bank's business is conducted effectively, productively, and in a manner consistent with the requirements of laws and regulations, the bank's policies and rules, and ordinary banking practices and also for ensuring the reliability, integrity, and timely accessibility of the accounting and financial reporting systems and of the information contained therein. The Internal Control Department reports directly to the Board of Directors and provides information to the bank's senior management. Another function of the Internal Control Department is to develop early warning systems capable of identifying risks in advance and taking measures accordingly.

As of 31 December 2013, the staff of the Internal Control Department consisted of 35 people.

Centralized control is carried out regularly by means of headquarters-based sub-units employing risk control matrices which are formulated according to individual units' transactions and processes. During 2013, critical control points of the bank's banking and information systems and processes, including but not limited to basic banking functions, were subjected to testing by means of centrally-managed programs. Querying made it possible for errors to be identified and for personnel to be made aware of them.

As a result of the Internal Control Department's activities in 2013, the operations of 232 branches were subjected to internal controls 319 times.

Any errors of omission or commission identified as a result of internal control functions are reported to the Audit Committee at three-month intervals. The Internal Control Department is also responsible for overseeing the correction and resolution of any errors which are so identified.

During 2013, personnel of the Internal Control Department took part in a total of 4,193 hours of professional training programs, congresses, seminars, and conferences. Internal Control Department personnel individually received an average of 118 hours of training last year.

Risk Management

Türkiye Finans's risk management structure consists of the Board of Directors, the Audit Committee, and the Risk Management Center.

As of 31 December 2013, the staff of the Risk Management Center consisted of fourteen people including a head of risk and two vice presidents.

Risk management activities carried out a Türkiye Finans in 2013 are summarized below.

Risk Identification

All changes in work flows as well as revisions in programs and new product designs were reviewed. Those concerned were advised of any risks which might be entailed by any of these and risk assessment reports were issued accordingly. Outsourced services were also reviewed and assessed from the standpoint of their associated risks.

Risk Quantification

The Internal Capital Adequacy Assessment Process (ICAAP) was set up at the Bank within the framework of the "Regulation on the Internal Systems of Banks". In this process, both primary and secondary risks are quantified and the cumulative impacts of all included risks on the Bank's standard capital adequacy ratio are calculated.

Within the framework of ICAAP, the Bank not only quantified the estimated the risks related to the current period, but also possible risks that the Bank may be subject to in the future; and held all measured risk values subject to stress tests under certain defined scenarios.

Details of risk quantification activities grouped by risk category are provided under the heading "Information about Risk Management Policies by Type of Risk".

Risk Monitoring

The Risk Management Center monitors economic data in order to detect in advance any changes and/or trends in the economic environment or market conditions that might have an impact on the bank's business.

Risk monitoring activities are carried out as necessary based on such considerations as the potential consequences and dimensions of all pertinent types of risk. Details of risk monitoring activities grouped by risk category are provided elsewhere under the heading "Information About Risk Management Policies By Type Of Risk".

Risk Reporting

The Risk Management Center reports the results of its risk measurements and analyses to the units and committees concerned, to bank senior management, and to the Audit Committee. The center also submits risk management activity reports to BRSA.

Details of risk reporting activities grouped by risk category are provided elsewhere under the heading "Information About Risk Management Policies By Type Of Risk".

Risk Documentation

All documentation pertaining to risk management policies, procedures, and limits are reviewed at least once a year at year-end and revisions are made in them as necessary.

Audit Committee



Brian Keith BELCHER
Member of the Audit Committee



Oğuz KAYHAN
Member of the Audit Committee

Declaration Concerning the 2013 Annual Report

The Annual Report 2013 of the Türkiye Finans Katılım Bankası A.Ş. is prepared and presented in accordance with the framework of procedures and principles based on the "Regulation on the Principles and Procedures Concerning the Preparation of the Annual Report by Banks", published on the Official Gazette nr.26333 dated 1 November 2006 and "Regulation on the Minimum Content Concerning the Determination of the Annual Report by Companies", published on the Official Gazette nr. 28395 dated 28 August 2012.



Mustafa BOYDAK
Chairman of the Board of
Directors



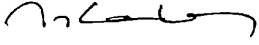
V. Derya GÜREK
CEO



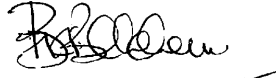
Abdüllatif ÖZKAYNAK
Finance
Executive Vice President



Mete M. KANAT
Legal Reporting & Financial
Control Department
Vice President



Oğuz KAYHAN
Member of the Audit
Committee



Brian Keith BELCHER
Member of the Audit
Committee

As of and for the year ended 31 December 2013;

- Independent Auditors' Reports
- Financial Statements
- Related Disclosures and Footnotes

Independent Auditors' Report



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**
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To the Board of Directors of Türkiye Finans Katılım Bankası AŞ:

We have audited the unconsolidated balance sheet of Türkiye Finans Katılım Bankası AŞ ("the Bank") as of 31 December 2013 and the unconsolidated statements of income, cash flows, changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

Disclosure for the Responsibility of the Bank's Board of Directors

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

Disclosure for the Responsibility of the Authorized Audit Firm

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

Independent Auditor's Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Finans Katılım Bankası AŞ as of 31 December 2013 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and other regulations, circular and communiqués published by the Banking Regulation and Supervision Board, and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

İstanbul,

14 February 2014

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Erdal TIKMAK
Partner

Additional paragraph for convenience translation to English:

As explained in Note 1 in Third Section, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

The Unconsolidated Financial Report of Türkiye Finans Katılım Bankası A.Ş. For the Year Ended 31 December 2013

Address of the Headquarter of the Bank: Adnan Kahveci Caddesi No:139 34876 Yakacak - Kartal/İstanbul
Phone and Fax Numbers of the Bank: 0 216 586 70 00/0 216 586 63 26
Website of the Bank: www.turkiyefinans.com.tr
Electronic Mail Address to Contact: maliisler@turkiyefinans.com.tr

The unconsolidated Year-End Financial Report prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

GENERAL INFORMATION ABOUT THE BANK

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

EXPLANATIONS ON ACCOUNTING POLICIES OF THE BANK

EXPLANATIONS ON THE UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK INFORMATION ON FINANCIAL STRUCTURE OF THE BANK

EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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

Mustafa BOYDAK
Chairman of the
Board of Directors

V. Derya GÜRERK
General Manager

Abdüllatif ÖZKAYNAK
Finance Executive
Vice President

Mete M. KANAT
Financial Reporting & Control
Vice President

Oğuz KAYHAN
Audit Committee Member

Brian Keith BELCHER
Audit Committee Member

Information on the authorized personnel to whom questions may be directed related to this financial report:

Name-Surname/Title: Sefa SEYHAN/Manager

Phone Nr: 0216 586 91 86

Fax Nr: 0216 586 63 34

	PAGE
SECTION ONE	
GENERAL INFORMATION	
I. Explanations on the date of establishment and the initial status of the Participation Bank, and the history including the changes in the former status	72
II. Explanations regarding Participation Bank's shareholder structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current period, if any and explanations on the controlling group of the Participation Bank	72
III. Explanations regarding the Chairman and the Members of Board of Directors, Audit Committee, Chief Executive Officer and Assistants, if any, their shares and responsibilities in the Participation Bank	73
IV. Explanations on the people and institutions that have qualified shares of the Participation Bank	73
V. Summary on the Participation Bank's functions and areas of activity	74
VI. Differences Between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About the Institutions Subject to Line-by-Line Method or Proportional Consolidation and Institutions Which are Deducted From Equity or Not Included in These Three Methods	75
VII. The Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholder's Equity Between the Bank and Its Subsidiaries or the Reimbursement of Liabilities	75
SECTION TWO	
UNCONSOLIDATED FINANCIAL STATEMENTS	
I. Balance Sheet (Statement of Financial Position)	76-77
II. Off-balance sheet items	78
III. Income statement	79
IV. Statement of income/expense items accounted under shareholders' equity	80
V. Statement of cash flows	81
VI. Statement of changes in shareholders' equity	82-85
VII. Profit distribution table	86
SECTION THREE	
ACCOUNTING POLICIES	
I. Basis of Presentation	87
II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	87
III. Explanations on Forward and Option Contracts and Derivative Instruments	87
IV. Explanations on Profit Share Income and Expenses	88
V. Explanations and Disclosures on Fees and Commission Income and Expenses	88
VI. Explanations and Disclosures on Financial Assets	88
VII. Explanations on Impairment on Financial Assets	89
VIII. Explanations on Offsetting of Financial Assets and Liabilities	90
IX. Explanations on Sales and Repurchase Agreements and Lending of Securities	90
X. Explanations on Assets Held For Sale and Discontinued Operations and Debts due to These Assets	90
XI. Explanations and Disclosures on Goodwill and Other Intangible Assets	90
XII. Explanations and Disclosures on Tangible Assets	90
XIII. Explanations and Disclosures on Leasing Transactions	91
XIV. Explanations on Provisions and Contingent Liabilities	91
XV. Explanations on Liabilities Regarding Employee Benefits	91
XVI. Explanations on Taxation	92
XVII. Additional Explanations on Borrowings	93
XVIII. Explanations on Share Certificates	93
XIX. Explanations and Disclosures on Acceptances	93
XX. Explanations and Disclosures on Government Incentives	93
XXI. Explanations and Disclosures on Segment Reporting	93
XXII. Explanations on Other Matters	94

	PAGE
SECTION FOUR	
INFORMATION ON FINANCIAL STRUCTURE	
I. Explanations and Disclosures Related to the Capital Adequacy Standard Ratio	95
II. Explanations and Disclosures Related to Credit Risk	99
III. Explanations and Disclosures Related to Market Risk	108
IV. Explanations and disclosures related to operational risk	110
V. Explanations and Disclosures Related to Currency Risk	110
VI. Explanations and disclosures related to interest rate risk	112
VII. Explanations and Disclosures Related to Equity Position Risk due from Banking Book	112
VIII. Explanations and Disclosures Related to Liquidity Risk	112
IX. Explanations and Disclosures Related to Securitization Position	116
X. Explanations and Disclosures Related to Credit Risk Mitigation Techniques	116
XI. Explanations and Disclosures Related to Risk Management Target and Policies	117
XII. Explanations and disclosures related to fair values of financial assets and liabilities	118
XIII. Transactions carried out on behalf of customers, items held in trust	119
SECTION FIVE	
EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS	
I. Explanations Related to the Assets	119
II. Explanations Related to the Liabilities	133
III. Explanations Related to the Off-Balance Sheet Items	140
IV. Explanations Related to the Income Statement	142
V. Explanations and Disclosures Related to the Statements of Shareholders' Equity Movement	148
VI. Explanations Related to Statement of Cash Flows	149
VII. Explanations on the Risk Group of the Participation Bank	150
VIII. Explanations on the Participation Bank's Domestic Branches, Branches Abroad and Off-shore Branches or Associates and Agencies	152
IX. Explanations Related to Subsequent Events	152
SECTION SIX	
OTHER EXPLANATIONS	
I. Other Explanations Related to Participation Bank's Operations	153
SECTION SEVEN	
INDEPENDENT AUDITOR'S REPORT	
I. Explanations on the Independent Auditor's Report	153
II. Other Footnotes and Explanations Prepared by the Independent Auditors	153

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE: GENERAL INFORMATION

I. Explanations on the date of establishment and the initial status of the Participation Bank, and the history including the changes in the former status

Participation banks started their operations in accordance with the Provision on Establishment of Participation Banks of Decree No. 83/7506 dated 16 December 1983, and the related Communiqués issued by Prime Ministry Undersecretariat of Treasury and by Central Bank of Turkish Republic. Participation banks then continued their operations in accordance with Banking Act Nr. 4389, dated 18 June 1999, with the change declared in Act Nr. 4491, dated 17 December 1999. In the Provisional Article Nr. 3, of Act Nr. 4491, a transition period of two years is stated to complete the compliance to Banking Act. The Participation Bank is now operating in accordance with Banking Act Nr. 5411.

The Participation Bank began its operations on 4 November 1991 in accordance with the regulation nr. 83/7506 published on 16 December 1983.

According to the decision made by Board of Directors' meeting of Anadolu Finans Kurumu AŞ nr. 1047 on 31 May 2005, it is decided that Anadolu Finans Kurumu AŞ is merged with Family Finans Kurumu AŞ.

The merger was realized by transferring all assets, liabilities and off-balance sheet items of Family Finans Kurumu AŞ to Anadolu Finans Kurumu AŞ. Banking Regulation and Supervision Agency ("BRSA") affirmed both the transfer agreement signed between Anadolu Finans Kurumu AŞ and Family Finans Kurumu AŞ and alterations in primary contract of Anadolu Finans Kurumu AŞ on 20 October 2005. Decision related to merger was approved by the decree nr. 1764 dated 28 December 2005 of BRSA.

BRSA approved the title of the Participation Bank to be Türkiye Finans Katılım Bankası AŞ ("the Participation Bank"), during the merger process, with the decision dated 30 November 2005 and Nr. 1747, in compliance with Article 48 of Turkish Commercial Code, and subject to the approval of Council of Ministers. The change in title of the Participation Bank was registered by T.R. Istanbul Trade Registry Office on 30 December 2005, in compliance with Turkish Commercial Code Nr. 6762.

As 31 December 2013 the Bank operates through 250 branches with 3,990 employees.

II. Explanations regarding Participation Bank's shareholder structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current period, if any and explanations on the controlling group of the Participation Bank

The shareholder structure of the Participation Bank is presented in note IV.

With the authorization of BRSA, numbered 2489 and dated 28 February 2008, 60% of the Participation Bank was acquired by the National Commercial Bank. The Participation Bank increased its capital from TL 292,047 to TL 800,000 with the capital increase in 2008. As per the decision has been taken by the Extraordinary General Assembly on 6 June 2012, the Bank's share capital will increase by TL 975,000 from TL 800,000 to TL 1,775,000. The part of this increase amounting to TL 700,000 will be transferred from general reserve and the remaining part amounting to TL 275,000 will be paid in cash. This decision has been published and approved in the trade official gazette on 2 July 2012. The portion amounting to TL 150,000 of the capital increase which has been committed to be paid in cash as TL 275,000 in total will be paid in three months after the registration of the capital increase, and the remaining portion amounting to TL 125,000 will be paid until 31 December 2012. Cash commitment amounting to TL 150,000 was paid by shareholders on 2 October 2012 and recorded into capital accounts on 19 November 2012. As of 31 December 2012, cash commitment amounting to TL 125,000 was paid by shareholders and recorded into capital accounts on with the approval of Banking Regulation and Supervision Agency on increase dated 6 February 2013. As of 31 December 2013, the shares are as follows; the National Commercial Bank 66.27%, Boydak group holds 22.09%, Ülker group holds 11.57%; and they have the main controlling power after merger.

As of 31 December 2013, the Participation Bank's paid-in-capital consists of 1,775,000,000 shares of TL 1 nominal each.

The Participation Bank is controlled by the National Commercial Bank group.

The National Commercial Bank (NCB) established as the first and the biggest bank of Saudi Arabia. The Bank is performing its banking operations through cross-border in Bahrain and Lebanon. The headquarter of The National Commercial Bank is located in Jeddah.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

III. Explanations regarding the Chairman and the Members of Board of Directors, Audit Committee, Chief Executive Officer and Assistants, if any, their shares and responsibilities in the Participation Bank

Title	Name and Surname	Educational Degree	Responsibilities	Ownership percentage %
Chairman of the Board of Directors	Mustafa Boydak	University	Chairman of the Board of Directors	1.87
Members of the Board	Saeed Mohammed A. Alghamdi	University	Member of the Board	-
	Oğuz Kayhan	Master	Member of the Board and the Audit Committee	-
	Mehmet Atilla Kurama	Master	Member of the Board	-
	Alsharif Khalid AlGhalib	Master	Member of the Board	-
	Brian Keith Belcher	University	Member of the Board and the Audit Committee	-
	Veysel Derya Gürek (General Manager)	Master	Member of the Board and General Manager	-
Members of the Audit Committee	Oğuz Kayhan	Master	Member of the Board and the Audit Committee	-
	Brian Keith Belcher	University	Member of the Board and the Audit Committee	-
Presidents	Osman ÇELİK	University	Loans	-
	İkram GÖKTAŞ	University	Distribution and Service	-
	Zühal Ulutürk	Master	Human Resources	-
	Erol GÖRGÜN	Master	Commercial Banking	-
	Menduh KARA	University	SME Banking	-
	Fahri ÖBEK	Master	Information Technology	-
	Semih ALŞAR	Master	Retail Banking	-
	Abdüllatif ÖZKAYNAK	University	Finance	-
	Ali GÜNEY	University	Treasury	-
	Dursun ARSLAN	Master	Operation and Strategy	-

According to a decision of Board of Directors on 28 March 2013, Saeed Mohammed A. Alghamdi is appointed as Member of Board instead of Abdulkareem Asaad A. Abualnasr who has resigned. According to a decision of Board of Directors on 28 March 2013, Vice General Manager Bedri Sayın's resignation is accepted. According to a decision of Board of Directors on 15 April 2013, Dursun Arslan appointed as Vice General Manager responsible of Operation and Strategy. According to a decision of Board of Directors on 29 May 2013, Alsharif Khalid AlGhalib is appointed as Member of Board instead of Donald Paul Hill who has resigned. Osman Çelik appointed as Vice General Manager responsible of Commercial Banking on 1 October 2013 instead of Aydın Gündoğdu who has resigned on 30 September 2013. Erol Görgün appointed as Vice General Manager responsible of Loans instead of Osman Çelik who has resigned on 1 October 2013.

IV. Explanations on the people and institutions that have qualified shares of the Participation Bank

Name Surname/Commercial Name	Share Amounts	Share Ratio %	Paid Up Shares	Unpaid Shares
THE NATIONAL COMMERCIAL BANK	1,176,369	66.27	1,176,369	-
GÖZDE GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.	205,405	11.57	205,405	-
(HACI) MUSTAFA BOYDAK (1934)	41,173	2.32	41,173	-
BOYDAK HOLDİNG A.Ş.	39,213	2.21	39,213	-
BEKİR BOYDAK	33,269	1.87	33,269	-
MEMDUH BOYDAK	33,269	1.87	33,269	-
MUSTAFA BOYDAK (1963)	33,250	1.87	33,250	-
YUSUF BOYDAK	31,309	1.76	31,309	-
ŞÜKRÜ BOYDAK	27,730	1.56	27,730	-
HACI BOYDAK	26,678	1.50	26,678	-

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

V. Summary on the Participation Bank's functions and areas of activity

The Participation Bank operates in accordance with the principles of interest-free banking as a participation bank, by collecting funds through current accounts and profit sharing accounts, and lending such funds through production support, finance lease and profit/loss sharing partnership.

The Participation Bank has two ways of collecting funds; current accounts and profit sharing accounts. The Participation Bank classifies current accounts and profit sharing accounts in accordance with their maturities in its accounting system. Profit sharing accounts are categorized into five different maturity groups; one month, up to three months (three months included), up to six months (six months included), up to one year and one year and more than one year (one month, three months, six months and one year profit share payment).

The Participation Bank could determine the participation rates on profit/loss sharing accounts with respect to the maturity group of Turkish Lira and foreign currency accounts, separately under the limitation that the participation rate on loss shall not be less than 50%, for different currency type, amount and maturity groups specifically.

The Participation Bank constitutes specific fund pools, allocated to the individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are distinguished from others with respect to the terms, accounted separately from the others and it is not allowed to make any transfers from these accounts to any other maturity groups. Specific fund pools are clarified at the end of the financing period.

In addition to ordinary banking activities, the Participation Bank has services through branches. It has insurance agency operations through Eureka Sigorta, Işık Sigorta, Aviva Sigorta, Neova Sigorta and HDI Sigorta. Besides, it has private pension insurance agency operations on behalf of Garanti Emeklilik and Groupama Emeklilik. In addition, it has stock broker agency services on behalf of Bizim Menkul Değerler A.Ş.

On the other hand Participation Bank mainly has services such as letters of guarantee, import credits and acceptance credits and other kind of non-cash credits as well.

The Participation Bank's operations are not limited as mentioned above. In case of any transaction else made, not mentioned above, and considered as in favor of participating bank, upon the request of the board of directors, this case is adjudicated by general meeting and is proceeded to be got required approval from competent authority and depends on the approval of Ministry of commerce and customs. Thus, the approved decision is added on main agreement.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

VI. Differences Between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About the Institutions Subject to Line-by-Line Method or Proportional Consolidation and Institutions Which are Deducted From Equity or Not Included in These Three Methods

TF Varlık Kiralama AŞ, which was established on 11 February 2013 and the subsidiary of the Participation Bank with 100% ownership is fully consolidated in the consolidated financial statements of the Participation Bank from 30 June 2013.

VII. The Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholder's Equity Between the Bank and Its Subsidiaries or the Reimbursement of Liabilities

The transfer of shareholder's equity between the Bank and its subsidiaries is not in question.

There is no restriction on existing or potential, actual or legal obstacles on the Reimbursement of Liabilities between the Bank and its subsidiaries. The Bank can receive or pay the amounts regarding rendering and getting services from its subsidiaries within the framework service agreements.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Off-Balance Sheet Items
- III. Income Statement
- IV. Statement of Income/Expense Items Accounted Under Shareholders' Equity
- V. Statement of Cash Flows
- VI. Statement of Changes in Shareholders' Equity
- VII. Profit Distribution Table

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Balance Sheet (Statement of Financial Position)

(Thousands of Turkish Lira (TL) unless otherwise stated)

ASSETS	Footnotes	THOUSAND TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		Audited (31/12/2013)			Audited (31/12/2012)		
	(5-1)	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(1)	558,306	3,277,948	3,836,254	473,666	2,344,502	2,818,168
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	33,927	12,742	46,669	6,476	7,797	14,273
2.1 Financial assets held for trading		33,927	12,742	46,669	6,476	7,797	14,273
2.1.1 Government debt securities		-	-	-	-	-	-
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		33,793	12,678	46,471	6,398	7,692	14,090
2.1.4 Other securities		134	64	198	78	105	183
2.2 Financial assets valued at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	484,448	469,755	954,203	106,548	390,480	497,028
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1,067,307	345,718	1,413,025	466,785	198,330	665,115
5.1 Equity securities		4,225	151	4,376	-	121	121
5.2 Government debt securities		1,063,082	345,567	1,408,649	466,785	198,209	664,994
5.3 Other securities		-	-	-	-	-	-
VI. LOANS	(5)	16,528,993	918,968	17,447,961	12,071,578	691,822	12,763,400
6.1 Loans		16,414,441	916,269	17,330,710	11,978,060	688,629	12,666,689
6.1.1 Loans to risk group of the Bank		159,248	24,123	183,371	77,518	-	77,518
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		16,255,193	892,146	17,147,339	11,900,542	688,629	12,589,171
6.2 Non-performing loans		431,195	9,877	441,072	352,498	5,761	358,259
6.3 Specific provisions (-)		(316,643)	(7,178)	(323,821)	(258,980)	(2,568)	(261,548)
VII. INVESTMENTS HELD TO MATURITY (Net)	(6)	-	-	-	-	-	-
VIII. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	4,211	-	4,211
8.1 Consolidated under equity method		-	-	-	-	-	-
8.2 Unconsolidated associates		-	-	-	4,211	-	4,211
8.2.1 Financial investments		-	-	-	4,211	-	4,211
8.2.2 Non-financial investments		-	-	-	-	-	-
IX. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	50	-	50	-	-	-
9.1 Unconsolidated financial subsidiaries		50	-	50	-	-	-
9.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
X. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	(9)	-	-	-	-	-	-
10.1 Consolidated under equity method		-	-	-	-	-	-
10.2 Unconsolidated associates		-	-	-	-	-	-
10.2.1 Financial investments		-	-	-	-	-	-
10.2.2 Non-Financial investments		-	-	-	-	-	-
XI. LEASE RECEIVABLES (Net)	(10)	841,649	-	841,649	304,369	-	304,369
11.1 Finance lease receivables		968,255	-	968,255	354,710	-	354,710
11.2 Operating lease receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned income (-)		(126,606)	-	(126,606)	(50,341)	-	(50,341)
XII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(11)	-	-	-	-	-	-
12.1 Fair value hedges		-	-	-	-	-	-
12.2 Cash flow hedges		-	-	-	-	-	-
12.3 Net foreign investment hedges		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)	(12)	211,689	-	211,689	196,617	-	196,617
XIV. INTANGIBLE ASSETS (Net)	(13)	37,149	-	37,149	18,881	-	18,881
14.1 Goodwill		-	-	-	-	-	-
14.2 Other intangibles		37,149	-	37,149	18,881	-	18,881
XV. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET		22,649	-	22,649	11,115	-	11,115
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset	(15)	22,649	-	22,649	11,115	-	11,115
XVII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	67	-	67	-	-	-
17.1 Assets held for sale		67	-	67	-	-	-
17.2 Assets of discontinued operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	311,348	3,916	315,264	308,554	14,773	323,327
TOTAL ASSETS		20,097,582	5,029,047	25,126,629	13,968,800	3,647,704	17,616,504

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Balance Sheet (Statement of Financial Position)

(Thousands of Turkish Lira (TL) unless otherwise stated)

		THOUSAND TURKISH LIRA						
		Footnotes	CURRENT PERIOD Audited (31/12/2013)			PRIOR PERIOD Audited (31/12/2012)		
LIABILITIES AND EQUITY		(5-II)	TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(1)	9,641,978	5,499,740	15,141,718	7,444,772	3,984,764	11,429,536
1.1	Funds from risk group of the Bank		178,110	139,514	317,624	233,746	90,393	324,139
1.2	Other		9,463,868	5,360,226	14,824,094	7,211,026	3,894,371	11,105,397
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	21,646	16,660	38,306	6,117	2,358	8,475
III.	FUNDS BORROWED	(3)	161,147	5,004,862	5,166,009	-	2,503,943	2,503,943
IV.	MONEY MARKET BALANCES		721,560	-	721,560	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
VI.	MISCELLANEOUS PAYABLES		523,947	111,031	634,978	522,787	55,953	578,740
VII.	OTHER LIABILITIES	(4)	529,521	19,752	549,273	640,100	32,997	673,097
VIII.	LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
8.1	Finance lease payables		-	-	-	-	-	-
8.2	Operating lease payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred finance lease expenses (-)		-	-	-	-	-	-
IX.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(6)	-	-	-	-	-	-
9.1	Fair value hedges		-	-	-	-	-	-
9.2	Cash flow hedges		-	-	-	-	-	-
9.3	Net foreign investment hedges		-	-	-	-	-	-
X.	PROVISIONS	(7)	275,284	35,005	310,289	236,480	18,107	254,587
10.1	General loan loss provision		150,439	-	150,439	139,804	-	139,804
10.2	Restructuring provisions		-	-	-	-	-	-
10.3	Reserve for employee benefits		70,111	-	70,111	46,645	-	46,645
10.4	Insurance technical reserves (Net)		-	-	-	-	-	-
10.5	Other provisions		54,734	35,005	89,739	50,031	18,107	68,138
XI.	TAX LIABILITY	(8)	42,115	-	42,115	42,964	-	42,964
11.1	Current tax liability		42,115	-	42,115	42,964	-	42,964
11.2	Deferred tax liability		-	-	-	-	-	-
XII.	LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
12.1	Assets held for sale		-	-	-	-	-	-
12.2	Assets of discontinued operations		-	-	-	-	-	-
XIII.	SUBORDINATED DEBTS	(10)	-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY	(11)	2,538,340	(15,959)	2,522,381	2,125,177	(15)	2,125,162
14.1	Paid-in capital		1,775,000	-	1,775,000	1,650,000	-	1,650,000
14.2	Capital reserves		55,417	(15,959)	39,458	96,531	(15)	96,516
14.2.1	Share premium		-	-	-	-	-	-
14.2.2	Share cancellation profits		-	-	-	-	-	-
14.2.3	Securities value increase fund		(20,836)	(15,959)	(36,795)	6,916	(15)	6,901
14.2.4	Revaluation surplus on tangible assets		89,615	-	89,615	89,615	-	89,615
14.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
14.2.6	Revaluation surplus on investment property		-	-	-	-	-	-
14.2.7	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Ventures)		-	-	-	-	-	-
14.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
14.2.9	Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
14.2.10	Other capital reserves		(13,362)	-	(13,362)	-	-	-
14.3	Profit reserves		378,646	-	378,646	95,073	-	95,073
14.3.1	Legal reserves		72,236	-	72,236	58,083	-	58,083
14.3.2	Statutory reserves		-	-	-	-	-	-
14.3.3	Extraordinary reserves		306,410	-	306,410	36,990	-	36,990
14.3.4	Other profit reserves		-	-	-	-	-	-
14.4	Profit or loss		329,277	-	329,277	283,573	-	283,573
14.4.1	Prior years' profit/loss		-	-	-	-	-	-
14.4.2	Current period net profit/loss		329,277	-	329,277	283,573	-	283,573
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			14,455,538	10,671,091	25,126,629	11,018,397	6,598,107	17,616,504

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

OFF-Balance Sheet Items

(Thousands of Turkish Lira (TL) unless otherwise stated)

	Footnotes (5-III)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD Audited (31/12/2013)			PRIOR PERIOD Audited (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		9,027,390	9,374,362	18,401,752	6,728,746	5,381,442	12,110,188
I. GUARANTEES AND SURETIES	(1)	5,366,183	3,537,956	8,904,139	4,179,894	2,928,803	7,108,697
1.1. Letters of guarantee		5,358,131	2,368,148	7,726,279	4,176,322	2,021,458	6,197,780
1.1.1. Guarantees subject to State Tender Law		189,098	-	189,098	172,793	-	172,793
1.1.2. Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3. Other letters of guarantee		5,169,033	2,368,148	7,537,181	4,003,529	2,021,458	6,024,987
1.2. Bank acceptances		3,911	432,029	435,940	2,328	289,897	292,225
1.2.1. Import letter of acceptance		953	432,029	432,982	2,328	289,897	292,225
1.2.2. Other bank acceptances		2,958	-	2,958	-	-	-
1.3. Letters of credit		4,141	737,779	741,920	1,244	617,448	618,692
1.3.1. Documentary letters of credit		4,141	737,779	741,920	1,244	617,448	618,692
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Other guarantees		-	-	-	-	-	-
1.7. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	2,039,251	323,509	2,362,760	1,600,937	262,636	1,863,573
2.1. Irrevocable commitments		2,039,251	323,509	2,362,760	1,600,937	262,636	1,863,573
2.1.1. Forward asset purchase and sale commitments		169,159	323,509	492,668	38,997	262,636	301,633
2.1.2. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.3. Loan granting commitments		17,018	-	17,018	-	-	-
2.1.4. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.5. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6. Commitments for cheque payments		1,109,434	-	1,109,434	1,066,949	-	1,066,949
2.1.7. Tax and fund obligations on export commitments		2,033	-	2,033	2,976	-	2,976
2.1.8. Commitments for credit card limits		706,334	-	706,334	461,707	-	461,707
2.1.9. Commitments for credit cards and banking services promotions		1,068	-	1,068	1,026	-	1,026
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.1.1. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.1.2. Other irrevocable commitments		34,205	-	34,205	29,282	-	29,282
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1,621,956	5,512,897	7,134,853	947,915	2,190,003	3,137,918
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		1,621,956	5,512,897	7,134,853	947,915	2,190,003	3,137,918
3.2.1. Forward foreign currency buy/sell transactions		1,621,956	5,136,960	6,758,916	947,915	2,123,362	3,071,277
3.2.1.1. Forward foreign currency transactions-buy		793,861	2,566,164	3,360,025	700,994	808,585	1,509,579
3.2.1.2. Forward foreign currency transactions-sell		828,095	2,570,796	3,398,891	246,921	1,314,777	1,561,698
3.2.2. Other forward buy/sell transactions		-	375,937	375,937	-	66,641	66,641
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		227,673,881	21,497,196	249,171,077	166,274,003	16,305,185	182,579,188
IV. ITEMS HELD IN CUSTODY		2,015,989	1,560,842	3,576,831	1,756,485	705,284	2,461,769
4.1. Customers' securities held		-	-	-	-	-	-
4.2. Investment securities held in custody		28,604	2,085	30,689	28,604	1,706	30,310
4.3. Checks received for collection		1,460,839	137,363	1,598,202	1,283,898	89,747	1,373,645
4.4. Commercial notes received for collection		526,543	108,324	634,867	443,980	80,803	524,783
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received through public offering		-	-	-	-	-	-
4.7. Other items under custody		-	1,026,369	1,026,369	-	508,938	508,938
4.8. Custodians		3	286,701	286,704	3	24,090	24,093
V. PLEDGED ITEMS		225,657,892	19,911,659	245,569,551	164,517,518	15,570,137	180,087,655
5.1. Securities		54,607	22,087	76,694	83,338	26,887	110,225
5.2. Guarantee notes		57,500,671	1,688,884	59,189,555	32,103,318	802,127	32,905,445
5.3. Commodities		1,976,516	404,229	2,380,745	1,473,959	268,813	1,742,772
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		46,924,906	100,480	47,025,386	38,687,297	94,112	38,781,409
5.6. Other pledged items		119,157,958	17,541,242	136,699,200	92,137,339	14,110,808	106,248,147
5.7. Pledged items-depository		43,234	154,737	197,971	32,267	267,390	299,657
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	24,695	24,695	-	29,764	29,764
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		236,701,271	30,871,558	267,572,829	173,002,749	21,686,627	194,689,376

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Income Statement

(Thousands of Turkish Lira (TL) unless otherwise stated)

		THOUSAND TURKISH LIRA		
		Footnotes	Audited CURRENT PERIOD 1 January- 31 December 2013	Audited PRIOR PERIOD 1 January- 31 December 2012
INCOME AND EXPENSE ITEMS		(5-IV)		
I.	PROFIT SHARE INCOME	(1)	1,566,233	1,410,356
1.1	Profit share on loans		1,436,930	1,350,262
1.2	Profit share on reserve deposits		-	-
1.3	Profit share on banks		437	1,312
1.4	Profit share on money market placements		-	-
1.5	Profit share on marketable securities portfolio		66,568	25,044
1.5.1	Financial assets held for trading		-	-
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Financial assets available for sale		66,568	25,044
1.5.4	Investments held to maturity		-	-
1.6	Finance lease income		40,612	14,957
1.7	Other profit share income		21,686	18,781
II.	PROFIT SHARE EXPENSE	(2)	692,150	618,245
2.1	Expense on profit sharing accounts		542,840	543,512
2.2	Profit share expense on funds borrowed		137,192	74,733
2.3	Profit share expense on money market borrowings		12,118	-
2.4	Expense on securities issued		-	-
2.5	Other profit share expense		-	-
III.	NET PROFIT SHARE INCOME (I - II)		874,083	792,111
IV.	NET FEES AND COMMISSIONS INCOME		128,272	108,231
4.1	Fees and commissions received		177,712	152,448
4.1.1	Non-Cash loans		83,128	75,743
4.1.2	Other	(12)	94,584	76,705
4.2	Fees and commissions paid		49,440	44,217
4.2.1	Non-Cash loans		-	-
4.2.2	Other	(12)	49,440	44,217
V.	DIVIDEND INCOME	(3)	-	-
VI.	TRADING INCOME/EXPENSES (Net)	(4)	71,677	56,700
6.1	Trading account income/expenses		1,201	1,171
6.2	Income/expenses from derivative financial instruments		37,110	138,915
6.3	Foreign exchange gains/losses		33,366	(83,386)
VII.	OTHER OPERATING INCOME	(5)	108,234	91,808
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		1,182,266	1,048,850
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(202,750)	(226,379)
X.	OTHER OPERATING EXPENSES (-)	(7)	(567,004)	(460,645)
XI.	NET OPERATING INCOME/EXPENSE (VIII-IX-X)		412,512	361,826
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	(8)	412,512	361,826
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(9)	(83,235)	(78,253)
16.1	Current tax charge		(80,719)	(78,760)
16.2	Deferred tax charge/(credit)		(2,516)	507
XVII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(10)	329,277	283,573
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.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
19.1	Expense on assets held for sale		-	-
19.2	Expense on sale of associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-
19.3	Expense on other discontinued operations		-	-
XX.	PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11)	329,277	283,573

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Statement of Income/Expense Items Accounted Under Shareholders' Equity

(Thousands of Turkish Lira (TL) unless otherwise stated)

		THOUSAND TURKISH LIRA	
		CURRENT PERIOD Audited (01/01/2013 - 31/12/2013)	PRIOR PERIOD Audited (01/01/2012 - 31/12/2012)
I.	MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(54,620)	12,368
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	71,615
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(16,702)	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	14,264	(6,053)
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(57,058)	77,930
XI.	CURRENT PERIOD PROFIT/LOSSES	329,277	283,573
1.1	Net changes in fair value of securities (transferred to income statement)	(133)	(1,713)
1.2	Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4	Others	329,410	285,286
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	272,219	361,503

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Statement of Cash Flows

(Thousands of Turkish Lira (TL) unless otherwise stated)

		THOUSAND TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
		Audited	Audited
		(01/01/2013 - 31/12/2013)	(01/01/2012 - 31/12/2012)
		Footnotes	
		(5-V)	
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	120,007	572,507
1.1.1	Profit share income received	1,517,647	1,409,540
1.1.2	Profit share expense paid	(675,851)	(603,420)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	177,712	152,448
1.1.5	Other income	38,961	167,030
1.1.6	Collections from previously written off loans and other receivables	112,797	74,215
1.1.7	Cash payments to personnel and service suppliers	(437,668)	(353,724)
1.1.8	Taxes paid	(86,908)	(81,284)
1.1.9	Other	(526,683)	(192,298)
		(1)	
1.2	Changes in Operating Assets and Liabilities	(714,865)	(482,000)
1.2.1	Net (Increase) Decrease in financial assets held for trading	1	-
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	(1,205,195)	(1,045,448)
1.2.4	Net (Increase) Decrease in loans	(5,261,777)	(2,753,571)
1.2.5	Net (Increase) Decrease in other assets	27,267	(189,188)
1.2.6	Net Increase (Decrease) in bank deposits	(11,225)	346,918
1.2.7	Net Increase (Decrease) in other deposits	3,716,798	1,571,622
1.2.8	Net Increase (Decrease) in funds borrowed	1,392,769	978,993
1.2.9	Net Increase (Decrease) in due payables	-	-
1.2.10	Net Increase (Decrease) in other liabilities	626,497	608,674
		(1)	
I.	Net cash provided from banking operations	(594,858)	90,507
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities	(796,483)	(91,932)
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries	(50)	(1,211)
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3	Purchases of tangible assets	(71,016)	(51,244)
2.4	Sales of tangible assets	279	1,555
2.5	Cash paid for purchase of financial assets available for sale	(786,782)	(594,485)
2.6	Cash obtained from sale of financial assets available for sale	61,086	553,453
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	-	-
		(1)	
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities	1,192,150	150,000
3.1	Cash obtained from funds borrowed and securities issued	1,067,150	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Equity instruments issued	125,000	150,000
3.4	Dividends paid	-	-
3.5	Payments for financial leases	-	-
3.6	Others	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	477,828	(78,768)
V.	Net increase/(decrease) in cash and cash equivalents	278,637	69,807
VI.	Cash and cash equivalents at beginning of period	1,599,964	1,530,157
		(4)	
VII.	Cash and cash equivalents at end of period	1,878,601	1,599,964
		(4)	

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Statement of Changes in Shareholders' Equity
(Thousands of Turkish Lira (TL) unless otherwise stated)

THOUSAND TURKISH LIRA								
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves
PRIOR PERIOD								
Audited (01.01-31.12.2012)								
I.	Balances at beginning of the period		800,000	-	-	-	46,748	-
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)		800,000	-	-	-	46,748	-
Changes during the period								
IV.	Mergers		-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-
VI.	Hedging reserves		-	-	-	-	-	-
6.1	Cash flow hedge		-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
X.	Translation differences		-	-	-	-	-	-
XI.	Changes resulted from disposal of assets		-	-	-	-	-	-
XII.	Changes resulted from reclassification of assets		-	-	-	-	-	-
XIII.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-
XIV.	Capital increase		850,000	-	-	-	-	-
14.1	Cash		150,000	-	-	-	-	-
14.2	Internal sources		700,000	-	-	-	-	-
XV.	Share issuance		-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-
XVIII.	Others		-	-	-	-	-	-
XIX.	Current period net profit/loss		-	-	-	-	-	-
XX.	Profit distribution		-	-	-	-	11,335	-
20.1	Dividends		-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	11,335	-
20.3	Others		-	-	-	-	-	-
	Balances at the end of the period (I+II+III+...+XVI+XVII+XVIII)		1,650,000	-	-	-	58,083	-

Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev.Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
516,738	-	231,587	-	(2,996)	21,582	-	-	-	1,613,659
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
516,738	-	231,587	-	(2,996)	21,582	-	-	-	1,613,659
-	-	-	-	-	-	-	-	-	-
-	-	-	-	9,897	-	-	-	-	9,897
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	68,033	-	-	-	68,033
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(700,000)	-	-	-	-	-	-	-	-	150,000
-	-	-	-	-	-	-	-	-	150,000
(700,000)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	283,573	-	-	-	-	-	-	283,573
220,252	-	(231,587)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
220,252	-	(231,587)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
36,990	-	283,573	-	6,901	89,615	-	-	-	2,125,162

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Statement of Changes in Shareholders' Equity
(Thousands of Turkish Lira (TL) unless otherwise stated)

THOUSAND TURKISH LIRA								
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes (5-V)	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves
CURRENT PERIOD Audited (01.01-31.12.2013)								
I.	Balances at beginning of the period		1,650,000	-	-	-	58,083	-
	Changes during the period							
II.	Mergers		-	-	-	-	-	-
III.	Market value changes of securities	(1),(2)	-	-	-	-	-	-
IV.	Hedging reserves		-	-	-	-	-	-
4.1	Cash flow hedge		-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	-	-
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-
X.	Changes resulted from reclassification of assets		-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-
XII.	Capital increase		125,000	-	-	-	-	-
12.1	Cash		125,000	-	-	-	-	-
12.2	Internal sources		-	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-
XVI.	Others	(5)	-	-	-	-	-	-
XVII.	Current period net profit/loss		-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	14,153	-
18.1	Dividends	(3)	-	-	-	-	-	-
18.2	Transfers to reserves	(4)	-	-	-	-	14,153	-
18.3	Others		-	-	-	-	-	-
	Balances at end of the period (I+II+III+...+XVI+XVII+XVIII)		1,775,000	-	-	-	72,236	-

Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev.Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
36,990	-	283,573	-	6,901	89,615	-	-	-	2,125,162
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(43,696)	-	-	-	-	(43,696)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	125,000
-	-	-	-	-	-	-	-	-	125,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	(13,362)	-	-	-	-	-	-	-	(13,362)
-	-	329,277	-	-	-	-	-	-	329,277
269,420	-	(283,573)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
269,420	-	(283,573)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
306,410	(13,362)	329,277	-	(36,795)	89,615	-	-	-	2,522,381

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Profit Distribution Table

(Thousands of Turkish Lira (TL) unless otherwise stated)

		THOUSAND TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
		Audited (31/12/2013)	Audited (31/12/2012)
I. DISTRIBUTION OF CURRENT PERIOD PROFIT ⁽¹⁾			
1.1	CURRENT PERIOD PROFIT	412,512	361,826
1.2	TAXES AND DUES PAYABLE (-)	(83,235)	(78,253)
1.2.1	Corporate Tax (Income Tax)	(80,719)	(78,760)
1.2.2	Income Tax Withholding	-	-
1.2.3	Other Taxes and Dues Payable ⁽²⁾	(2,516)	507
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	329,277	283,573
1.3	PRIOR YEAR'S LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(14,153)
1.5	OTHER STATUTORY RESERVES (-) ⁽³⁾	-	(507)
B.	DISTRIBUTABLE NET PERIOD PROFIT [(A-(1.3+1.4+1.5))]	-	268,913
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit and loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit/loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVE (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	268,913
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES			
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Owners of the profit/loss Sharing Certificates	-	-
2.4	SHARE TO PERSONNEL (-)	-	-
2.5	SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE			
3.1	TO OWNERS OF STOCKS	0.19	0.17
3.2	TO OWNERS OF STOCKS (%)	19	17
3.3	TO OWNERS OF PREFERRED STOCKS	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV. DIVIDEND PER SHARE			
4.1	TO OWNERS OF STOCKS	-	-
4.2	TO OWNERS OF STOCKS (%)	-	-
4.3	TO OWNERS OF PREFERRED STOCKS	-	-
4.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-

⁽¹⁾ Authorized unit is general assembly on current period profit distribution. Ordinary General assembly of the Participation Bank is not held as of the date of report.

⁽²⁾ Other tax and duties include deferred tax Gains/(Losses) amounts.

⁽³⁾ Is followed under Extraordinary Reserves

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE: ACCOUNTING POLICIES

I. Basis of Presentation

1. Presentation of Financial Statements

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 Participation 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) and Turkish Financial Reporting Standards (TFRS) issued by Turkish Accounting Standards Board and the related statements and guidance.

The Participation Bank prepares financial statements by applying accounting policies and basis of accounting in accordance with the Turkish Accounting Standards and related communiqués, pronouncements and explanations issued by the Banking Regulation and Supervision Agency. The related accounting policies and basis of accounting are explained in disclosures II to XXII below.

Amounts in Financial Statements and related explanations and disclosures are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

2. Restatement of Financial Statements upon the Current Purchasing Power Parity

The Participation Bank's financial statements have been prepared in accordance with TAS 29 "Reporting in Hyperinflationary Economies" until 31 December 2004. By a Circular declared by BRSA at 28 April 2005, it was stated that the indicators of a need for inflation accounting have been ceased and inflation accounting would not be applied starting from 1 January 2005.

3. Additional Paragraph for Convenience Translation to English

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

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

The Participation Bank receives profit share accounts on the basis of taking share from both profit and loss. These profit loss based accounts are generally evaluated as Corporate Financing Support, Individual Financing Support, Financial Leasing and Profit Loss Joint Project. Yields of these funds are fixed.

Active credit risk management procedures are applied due to fixed yields of funds. The rating and scoring systems applied by the Participation Bank, includes detailed company analysis realized in annually or semi-annually and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system and if acceptable, loan limits are revised.

In order to maintain the ratio of liquid assets to total assets (except statutory reserves) around 15%-17% is adopted as liquidity principle by the Participation Bank. Equity profitability is maximized by evaluating this liquidity opportunity in short maturity transactions in international markets.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Central Bank of Turkey's spot purchase rates and the differences are recorded as foreign exchange gain or loss in the income statement.

Net foreign currency position is followed in legal limits and ensured that the ratio is within +-20% level. Besides, different policies and strategies are settled according to macro economic situations about foreign currency position. However, the Participation Bank always avoids taking positions that expose high level of currency risk.

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Participation Bank's derivative financial instruments consist of forward foreign currency buy/sell agreements. The Participation Bank has no derivative products that are detached from the host contract.

Derivatives are initially recorded in off-balance sheet accounts at their contract values.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively. Subsequent fair value changes for trading derivatives are recorded under income statement.

The Participation Bank does not have any derivative financial instruments held for risk management as of balance sheet date.

IV. Explanations on Profit Share Income and Expenses

Profit share income and expenses are recognized in the income statement on an accrual basis.

Realized and unrealized profit share accruals of the non-performing loans are reversed and profit share income in connection with these loans is recorded as profit share income only when they are collected.

V. Explanations and Disclosures on Fees and Commission Income and Expenses

Banking service revenues are recognized as income only when they are collected while only the current portion of the prepaid commission income obtained from corporate loans is recorded as income on an accrual basis.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses and calculated based on internal rate of return method.

VI. Explanations and Disclosures on Financial Assets

Financial instruments comprise of financial assets, financial liabilities and derivative instruments. Basically, financial assets form majority of the commercial activities and operations of the Participation Bank. Risks due to these instruments are substantial portion of the total risk taken by the Participation Bank. Financial instruments expose, change or reduce the liquidity, credit and market risks of the Participation Bank's financial statements. Buying/selling of these financial instruments is carried out in the name of customers and on behalf and account of the Participation Bank.

Basically, financial instruments generate commercial operations of the Participation Bank. These instruments reveal, affect and decrease liquidity and credit risk on financial statements.

Buying/selling of financial instruments is recognized on settlement date basis. It is the date which an asset is delivered to the Participation Bank or by the Participation Bank. Settlement date accounting requires (a) recognizing of the asset in purchase date, and (b) to exclude the asset from balance sheet as of delivery date and recognizing profit or loss due to disposal of the assets as of the same date. Changes in fair value of the assets between trading date and settlement date are recognized for the financial assets at fair value through profit&loss and financial assets available for sale.

Ordinary purchase and sale generally suppose to purchase or sale of an asset based on a contract that requires the delivery of the asset in legal procedures and market precedents. Changes in fair value of the asset acquired between trading date and settlement date are recognized as the same in assets purchased. Changes in fair value of the asset are not recognized if it is recorded with its purchase or amortized cost. Gain or loss due to a financial asset at fair value is recorded in profit or loss, gain or loss due to an asset available for sale is recorded in equity.

Methods and assumptions used to determine reasonable value of every financial instrument are specified below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise of cash on hand, demand deposits, and highly liquid short-term investments not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book value of these financial assets approximate to their fair value.

Marketable securities at fair value through profit or loss are classified in two categories; i) marketable securities classified as trading securities; acquired or incurred principally for the purpose of selling or repurchasing it in the near term in order to benefit from short-term profit opportunities; ii) marketable securities classified as marketable securities at fair value through profit or loss at initial recognition. The Participation Bank uses the above-mentioned classification when permitted, or for the purposes of providing a more appropriate presentation.

In this group, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair value of debt securities traded in an active market is determined based on the quoted prices or current market prices.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to profit share income or diminution in value of marketable securities accounts. Profit share income from financial assets at fair value through profit and loss is reflected in profit share income.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Investments held to maturity include securities with fixed or determinable payments and fixed maturity when there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. Subsequent to initial recognition, held to maturity investments are measured at amortized cost by using the internal rate of return method less impairment losses, if any. The Participation Bank has no financial assets acquired and classified as held to maturity investments that cannot be subject to such classification for two years because of the non-performance of tainting rules.

The profit share income received from held to maturity investments is recorded as profit share income in the income statement.

The Participation Bank does not have any investments held to maturity as of balance sheet date.

Marketable securities classified as available for sale are initially recognized at cost including the transaction costs. After initial recognition, available for sale securities are measured at fair value and unrealized gains/losses originating from the difference between the amortized cost and the fair value are recorded in "Securities Value Increase Fund" under equity. At the disposal of available for sale financial assets, value increase/decrease recorded in "Securities Value Increase Fund" under equity is transferred to the income statement.

Loans

Loans and receivables are recognized at purchase cost and valued at amortized cost. Fees, transaction costs and other similar costs in connection with the guarantees of loans are considered as part of the transaction cost.

Individual and corporate loans followed in cash loans are recognized at their original amounts according to Uniform Chart of Accounts (UCA) and accounts determined in its prospects based on loans' contents.

Foreign currency indexed retail and commercial loans are converted to Turkish Lira at the rate on the lending date; they are followed under Turkish Lira ("TL") accounts. Repayment amounts are calculated at the exchange rate on the repayment date and the foreign exchange differences are reflected in the profit/loss accounts.

VII. Explanations on Impairment on Financial Assets

At each balance sheet date, the Participation Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is objective evidence that those assets have suffered an impairment loss. If any such indication exists, the Participation Bank determines the related impairment. A financial asset or a group of financial assets are impaired and have impairment loss if, and only if, there is an objective indicator of a single or multiple event ("event of loss") occurring after the initial recognition of the related asset and that the expected future cash flows of financial asset or group of financial assets are adversely affected by that event (or events). The losses expected to incur due to future events are not accounted regardless of high probability.

Loans considered as non-performing are classified in accordance with the "Regulation on Procedures and Principles Determination of Qualifications of Loans and Other Receivables by Banks and Provision", published on the Official Gazette nr.26333 dated 1 November 2006.

The provisions released in the same year are accounted by crediting the Provision Expenses Account and the released parts of the previous years' provisions are recorded to the Collections from Prior Years Expense account.

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

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

The Participation Bank provides specific allowances for loan and other receivables in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. The allowances are recorded under "loans" as negative balances on the asset side.

Other financial assets and liabilities than explained above are offset when the Participation Bank has a legally enforceable right to set off, and when the Participation Bank has the intension of collecting or paying the net amount of related assets and liabilities or when the Participation Bank has the right to offset the assets and liabilities simultaneously.

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

The Participation Bank does not have any repurchase agreements or lending of securities.

X. Explanations on Assets Held For Sale and Discontinued Operations and Debts due to These Assets

The principles on accounting, assessment and disposal of assets held for sale of the Participation Bank are determined based on the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale" published on 1 November 2006 in the Official Gazette numbered 26333.

If assets acquired due to receivables of the Participation Bank are under a plan, they are followed in assets held for sale account.

Assets which meet the criteria to be classified as held for sale are measured by the book value or the fair value from which the cost of sales is deducted, whichever is lower and no more amortization is made for the said assets; and these assets are shown separately on the balance sheet. In order to classify an asset as an asset held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions. In order for the sale to be highly probable, a plan should have been made by the suitable management for the sale of the asset (or the group of assets to be disposed of) and an active program should have been started to determine the buyers and to carry out the plan. Furthermore, the asset (or the group of assets to be disposed of) should be actively marketed at a price consistent with its fair value. Various events and conditions may extend the period for the completion of the sales process to more than a year. If there is enough evidence that the related delay has occurred beyond the Participation Bank's control and that the Participation Bank's plans for selling the related asset (or the group of assets to be disposed of) is still in progress, the related assets are continued to be classified as assets held for sale.

A discontinued operation is a part of a bank's business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement. There is not a discontinued operation of the Participation Bank in the current period.

XI. Explanations and Disclosures on Goodwill and Other Intangible Assets

As of the balance sheet date, The Participation Bank does not have any goodwill in its accompanying unconsolidated interim financial statements.

Intangible assets purchased before 1 January 2005, are presented with their inflation adjusted historical acquisition cost as of 31 December 2004 and intangible assets purchased in the subsequent periods, are presented with their acquisition cost less the accumulated amortization, and impairment provisions. Intangible assets are amortized by the straight-line method, considering their useful life. The amortization method and period are periodically reviewed at the end of each year. Intangible assets are comprised of computer software.

XII. Explanations and Disclosures on Tangible Assets

Tangible assets are accounted for at acquisition cost plus any other direct costs incurred to bring the asset for ready to use. Tangible assets are remeasured at their acquisition cost less accumulated depreciation and impairment loss, if any. The Participation Bank adopted a revaluation method in 2006 for its real estates in tangible assets due to (TAS 16) Standard for Tangible Assets. Expert values determined in December 2012 by an independent expert company are reflected to the financial statements. Such revaluation increase is realized net TL 89,615 after deferred tax as of balance sheet date (31 December 2012: TL 89,615).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

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

Gains/losses arising from the disposal of tangible assets or the inactivation of a tangible asset are recognized in the income statement by taking into account the difference between the net book value and the net proceeds.

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

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

The estimated useful lives of the tangible assets used by the Participation Bank are as follows:

Tangible Assets	Estimated Useful Lives
Safety Boxes	5 - 50 years
Office equipment	3 - 10 years
Leasehold Improvements	2 - 10 years
Other Movables	3 - 15 years
Furniture and Fixtures	3 - 10 years
Vehicles	5 years
Real Estates	50 years

XIII. Explanations and Disclosures on Leasing Transactions

The Participation Bank as a Lessor;

The Participation Bank acts as a Lessor in leasing transactions. Assets subject to leasing are accounted in the Participation Bank's financials as receivables that equal to net leasing investment amount. Total of rental payments including profit shares and principals are recorded under "finance lease receivables" as gross. The difference, i.e. the profit share, between the total of rental payments and the cost of the related tangible asset is recorded under "unearned income". When the rent payment incurs, the rent amount is deducted from "finance lease receivables"; and the profit share is recorded as finance lease income in the income statement.

The Participation Bank as a Lessee;

Assets held under finance leases are recognized as assets of the Participation Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. While the corresponding liability to the lessor is included in the balance sheet as a finance lease obligation, profit share amounts are accounted as deferred profit share amounts. Leased assets are followed in tangible assets account and subjected to the same accounting policy.

XIV. Explanations on Provisions and Contingent Liabilities

Apart from specific and general provisions set for funds given and other receivables, other provisions and contingent liabilities are set based on TAS 37 standard.

Specific and general provision expenses related with profit share accounts which are set by the Participation Bank are met from profit share accounts.

There are 910 ongoing suits filed against to the Participation Bank as of balance sheet date. Total amount of these suits are TL 168,231 (31 December 2012: 319 suits, TL 162,888). The Participation Bank set TL 7,664 provision for ongoing suits filed against to the Participation Bank for which cash outflow is probable and measurable (31 December 2012: TL 4,913).

XV. Explanations on Liabilities Regarding Employee Benefits

Under the existing Labor Law, the Company is required to pay termination benefits to each employee who earned the right to receive termination indemnities with the end of their employment contract. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 06.03.1981, No. 2422 and 25.08.1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Employment termination benefit is not a funded liability and there is no requirement to fund it. Employment termination benefit is calculated based on the estimation of the present value of the employee's probable future liability arising from the retirement. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the bank's obligation under defined employee plans. IAS 19 ("Employee Benefits") has been revised effective from the annual period beginning after 1 January 2013. In accordance with the revised standard, actuarial gain/loss related to employee benefits shall be recognized in other comprehensive income.

Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The average discount rate is 6.20% and share rate is 9.50% at the respective balance sheet date (31 December 2012: 5.10% and 8%). Severance pay ceiling is revised semi-annually. TL 3,254.44 severance pay ceiling, which is effective on 31 December 2013, has been considered in the provision for employment termination benefits calculations of the Bank.

XVI. Explanations on Taxation

Tax expense is the total amount of current tax expense and deferred tax expense.

Taxable profit is different from the profit on the income statement, due to the fact that it excludes the income and expense items, which can be taxed or deducted in the following periods and the items, which cannot be taxed or deducted, permanently. Liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability or asset is determined by calculating tax effects of temporary differences between the base amounts of the financial statement and legally enacted tax base amounts of liabilities and assets by using balance sheet method and considering legal tax rates. Deferred tax liabilities are calculated for all the temporary taxable differences, while the deferred tax assets composed of temporary deductible differences, are calculated in case it is highly probable to use these differences in the future to gain taxable profit. Deferred tax liability is not calculated for temporary timing differences, which are arising from the initial entering of assets or liabilities, except for goodwill and mergers, and which do not affect either the commercial or financial profit or loss.

The book value of deferred tax liability is reviewed at each balance sheet date. The book value of the deferred tax is reduced as probability of gaining enough taxable profit decreases.

Deferred tax is calculated at enacted tax rates valid in the period when the assets are formed or liabilities are fulfilled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the group of equity accounts.

A portion of provision directly associated with the equity is offset with related accounts in equity. Therefore, TL 7,823 deferred tax provision (31 December 2012: TL 6,441) directly associated with the equity is offset with "Revaluation Surplus on Tangible Assets", "Securities Value Increase Fund" and "Other Capital Reserves" accounts in equity as of 31 December 2013.

Current tax liability is offset with prepaid tax amounts due to its association. Deferred tax asset and liability is also offset.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

XVII. Additional Explanations on Borrowings

Borrowings are recognized in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". Borrowings except derivatives financial liabilities held for trading are recorded at their purchase costs and discounted by using the internal rate of return. Derivatives financial liabilities held for trading are recorded at their fair value amounts as explained in the accounting policy numbered III.

XVIII. Explanations on Share Certificates

The Participation Bank increased its capital by TL 1,650,000 to TL 1,775,000. The part of this increase amounting to TL 125,000 has been paid in cash and the remaining part amounting to TL 700,000 has been transferred from general reserve. As of 31 December 2013, the Participation Bank's paid-in-capital consists of 1,775,000,000 shares of TL 1 nominal each.

XIX. Explanations and Disclosures on Acceptances

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

XX. Explanations and Disclosures on Government Incentives

There are no government incentives used by the Participation Bank as of balance sheet date.

XXI. Explanations and Disclosures on Segment Reporting

The Participation Bank operates in individual banking, specific customer current accounts, profit sharing accounts, credit and ATM cards, consumer loans, long term housing and car loans and other individual bank services.

The Participation Bank operates in automatic transfer services, internet banking services, current accounts, profit share accounts, cash/non cash loans, financial leasing, foreign trade transactions, insurance transactions and corporate banking services.

There are not any economic, financial and political factors that affect segmenting of activities and investments. Due to fluctuations in economic situation, investments are affected from instability and available resources are evaluated as liquid.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Current Period	Retail Banking	Corporate Banking	Treasury	Unallocated	Total
Operating Income	348,093	624,878	209,295	-	1,182,266
Net profit of segment (*)	134,736	250,506	27,270	-	412,512
Profit Before Tax	134,736	250,506	27,270	-	412,512
Tax Provision	-	-	-	83,235	83,235
Profit after tax	134,736	250,506	27,270	(83,235)	329,277
Net period profit	134,736	250,506	27,270	(83,235)	329,277
Assets of segment	4,324,661	14,722,791	5,296,392	782,785	25,126,629
Total Assets	4,324,661	14,722,791	5,296,392	782,785	25,126,629
Liabilities of segment	10,014,493	6,596,642	5,465,287	527,826	22,604,248
Equity	-	-	-	2,522,381	2,522,381
Total liabilities and equity	10,014,493	6,596,642	5,465,287	3,050,207	25,126,629
Other segment items	-	-	-	38,610	38,610
Depreciation (**)	-	-	-	38,184	38,184
Impairment	-	-	-	426	426

(*) Personnel and administrative expenses are allocated according to ratio of asset and liabilities of the segments.

(**) Depreciation amount of TL 38,144 comprise of TL 25,659 of tangible assets' depreciation, TL 11,738 of intangible assets' depreciation and TL 787 of depreciation for assets held for resale.

Prior Period	Retail Banking	Corporate Banking	Treasury	Unallocated	Total
Operating Income	255,996	524,245	268,609	-	1,048,850
Net profit of segment (*)	115,824	236,843	9,159	-	361,826
Profit Before Tax	115,824	236,843	9,159	-	361,826
Tax Provision	-	-	-	78,253	78,253
Profit after tax	115,824	236,843	9,159	(78,253)	283,573
Net period profit	115,824	236,843	9,159	(78,253)	283,573
Assets of segment	3,107,769	10,288,504	3,750,299	469,932	17,616,504
Total Assets	3,107,769	10,288,504	3,750,299	469,932	17,616,504
Liabilities of segment	8,099,591	4,413,103	2,574,752	403,896	15,491,342
Equity	-	-	-	2,125,162	2,125,162
Total liabilities and equity	8,099,591	4,413,103	2,574,752	2,529,058	17,616,504
Other segment items	-	-	-	30,633	30,633
Depreciation (**)	-	-	-	30,455	30,455
Impairment	-	-	-	178	178

(*) Personnel and administrative expenses are allocated according to ratio of asset and liabilities of the segments.

(**) Depreciation amount of TL 30,455 comprise of TL 22,334 of tangible assets' depreciation, TL 7,553 of intangible assets' amortization and TL 568 of depreciation for fixed assets to be sold.

XXII. Explanations on Other Matters

There are no explanations exist other than the accounting policies stated above.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR: INFORMATION ON FINANCIAL STRUCTURE

I. Explanations and Disclosures Related to the Capital Adequacy Standard Ratio

The capital adequacy ratio of the Participation Bank in accordance with the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" which is published in Official Gazette no 28337 dated 28 June 2012 is 12.81% (31 December 2012: 14.76%).

Risk Measurement Methods in Calculation of Capital Adequacy Ratio

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

In the calculation of capital adequacy ratio, the data prepared from accounting records in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the Regulation. The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortization or impairment, are taken into account on a net basis after being reduced by the related amortizations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Procedures and Principles Determination of Qualifications of Loans and Other Receivables by Banks and Provision". The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

The amount subject to credit risk is calculated and reported with Simple Approach, the amount subject to market risk is calculated and reported with the Standard Method and the amount subject to operational risk is calculated and reported with Basic Indicator Method, described in the Communiqué on "Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation") published in the Official Gazette No: 28337 dated 28 June 2012.

In the calculation of counterparty credit risk arising from derivative instruments and marketable securities, "the valuation method according to the fair value" is used in accordance with the Regulation.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

	Risk Weightness								
	Participation Bank								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
The Amount Subject to Credit Risk	5,469,986	-	738,049	6,602,824	4,298,637	10,723,978	113,551	163,976	1,493
Risk Types									
Contingent and Non-Contingent Claims on Sovereigns	5,027,039	-	-	651,030	-	-	-	-	--
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	29	-	-	-	-	-	--
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	904	-	19,329	-	-	--
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-	-	-	-	--
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-	-	-	--
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	-	-	586,945	405,604	-	-	-	-	--
Contingent and Non-Contingent Claims on Corporate Receivables	290,834	-	151,063	-	-	9,938,941	-	-	--
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	4,298,637	123,048	-	-	--
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	-	5,477,406	-	-	-	-	--
Past Due Loans	-	-	-	20,178	-	47,509	-	-	--
Higher-Risk Categories Defined by Agency	-	-	-	46,044	-	5,541	113,551	163,976	1,493
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-	--
Securitization Exposures	-	-	-	-	-	-	-	-	--
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-	-	-	--
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-	-	-	--
Other Claims	152,113	-	12	1,658	-	589,610	-	-	--

TÜRKİYE FİNANS KATILIM BANKASI AŞ**Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013**

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Summary of the Capital Adequacy Standard Ratio of the Participation Bank

	Current Period	Prior Period
Required Capital Liabilities for Credit Risk (Main Amount related with Credit Risk*0.08) (RCLCR)	1,431,919	1,019,101
Required Capital Liabilities for Market Risk (RCLMR)	9,194	19,966
Required Capital Liabilities for Operational Risk (RCLOR)	118,776	103,234
Shareholders' Equity	2,498,204	2,107,599
Shareholders' Equity/((RCLCR+RCLMR+RCLOR) *12.5)*100	12.81	14.76

Information about the shareholders' equity items

	Current period	Prior period
CORE CAPITAL		
Paid-in capital	1,775,000	1,650,000
Nominal capital	1,775,000	1,775,000
Capital commitments (-)	-	(125,000)
Adjustment to paid-in capital	-	-
Share Premiums	-	-
Share Cancellation Profits	-	-
Transfers from reserves	365,284	95,073
Reserves from Inflation Adjustments	-	-
Profit	329,277	283,573
Net current period profit	329,277	283,573
Prior period profit	-	-
Provisions for possible losses up to 25% of core capital	-	-
Profit on sale of associates, subsidiaries and buildings	-	-
Primary subordinated loans	-	-
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Leasehold improvements (-)	29,884	30,004
Intangible assets (-)	37,149	18,881
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total Core Capital	2,402,528	1,979,761

⁽¹⁾ Actuarial losses amount to TL 13,362 are represented under other capital reserves which are accounted under other reserves.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

SUPPLEMENTARY CAPITAL	Current period	Prior period
General reserves	93,950	85,862
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	40,327	40,327
Bonus shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loans	-	-
45% of marketable securities and investment securities value increase fund	(36,795)	3,105
Adjustment to paid-in capital, profit reserves and previous years losses (except adjustment to legal, status and extraordinary reserves)	-	-
Total Supplementary Capital	97,482	129,294
CAPITAL	2,500,010	2,109,055
DEDUCTIONS FROM THE CAPITAL	1,806	1,456
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	1,767	1,456
Securitization positions deducted from preferred equity	-	-
Other	39	-
TOTAL SHAREHOLDERS' EQUITY	2,498,204	2,107,599

The Approaches for Internal Capital Adequacy Assessment Process about Current and Future Activities

The internal capital adequacy assessment process is carried out by taking into account characteristics of operations, scale, risk profile, complexity, capital structure and 5 years strategic plans of the Participation Bank within the framework of "The Regulation on the Internal System of Banks" and related legislations. As part of this process, identification, measurement, management and monitoring processes of all significant risks that the Participation Bank has been exposed in the existing case and may be exposed in the future depending on the strategic plans, have been specified and implementing. For this reason, not only the credit, market and operational risks but also profit share rate risk caused by accounting system of banks, liquidity risk, concentration risk, residual risk, reputational risk, business risk, strategic risk, compliance risk, country risk and transfer risk which directly affect the capital adequacy ratio are included in this assessment process. With the process of Internal Capital Adequacy Assessment, solid, efficient and comprehensive processes are identified and implemented in order to evaluate and maintain the amount of capital, its components and distribution, required to compensate the risk that a participation bank has been exposing or may be exposed in the future. In this context, the participation bank's current and future capital requirements are analyzed together with the bank's strategic objectives. In addition, with stress tests and scenario analysis the bank's potential losses that may be incurred, the methods of estimating the level of capital adequacy to afford these losses and as a result of assessments actions needed to maintain adequate capital levels are determined.

Internal Capital Adequacy Assessment Process is taken on as a developing process and the areas of a scheme of development are determining and the operation plans are forming. Additionally, management and monitoring of the bank operations and including of the senior management into these processes are forcing by defining risk appetite for important risks in the general of the bank.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations and Disclosures Related to Credit Risk

Credit risk is the risk of a counter party with whom the Participation Bank has a commercial relation. This risk represents the losses of the Participation Bank when its counter party can not conform to a signed contract by disregarding the related obligations partially or totally in specified periods.

Credit worthiness of loan customers are monitored and reviewed by the Credit Allocation Department of the Participation Bank semiannually or annually in accordance with the Communiqué on "Determining the Nature of Loan and Other Receivable Provisions Allocated by Banks and Procedures and Principles of Allocating Provisions". The account statements are obtained based on the prevailing regulations. Credit limits are determined by the Board of Directors, the Credit Committee of the Participation Bank and the Credit Administration. The Participation Bank obtains guarantees for its loans and other receivables. Guarantees received comprised of real and legal person sureties with a high credibility, bonds issued with guarantees of Treasury, Privatization Administration and Housing Development Administration of Turkey, securities issued with the guarantees of central governments and central banks of OECD countries, European Central Bank and securities issued with this Bank's guarantee, gold and other precious metals, investment equity shares listed on the stock exchange, asset based securities, private sector bonds, letters of guarantee and other guarantees by the banks, guarantees of banks operating in OECD countries, the guarantees of central governments and central banks of OECD countries, transfer or pledge of claims arise from public institutions, customer check, vehicle pledges, export documents, pledge of assets, hypothecs such as ship, aircraft and real estate and cash blockages.

In case of any significant credit risk exposure, the Participation Bank do not use forward, option or similar kind of contracts to reduce these risks by exercising their rights, fulfilling their obligations or selling them.

Indemnified non-cash loans are subject to the same risk weight with the unpaid cash loans although their maturity was due.

The risk of the Participation Bank from its top 100 and top 200 cash loan customers share in total cash loans ratios are 13.88% and 20.34% (31 December 2012: 14.04% and 20.69%).

The risk of the Participation Bank from its top 100 and top 200 non-cash loan customers share in total non-cash loan ratios are 29.14% and 39.85% (31 December 2012: 29.96% and 40.32%).

The cash receivables of the Bank from its top 100 and top 200 loan customers shares in total balance sheet assets are 10.04% and 14.71% (31 December 2012: 10.34% and 15.23%).

The non-cash receivables of the Participation Bank from its top 100 and top 200 loan customers shares in total non-cash loan ratios are 0.97% and 1.33% (31 December 2012: 1.09% and 1.47%).

The Participation Bank's general provision amount for its credit risk is TL 150,439 (31 December 2012: TL 139,804).

Risk Classifications	Current Period Risk Amount ^(*)	Average Risk Amount
Contingent and Non-Contingent Claims on Sovereigns	5,678,069	4,108,112
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	29	29
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	20,631	14,028
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	992,549	665,870
Contingent and Non-Contingent Claims on Corporate Receivables	10,209,512	8,364,565
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	4,588,954	4,069,619
Contingent and Non-Contingent Claims Secured by Residential Property	5,477,406	5,178,687
Past Due Loans	67,759	65,078
Higher-Risk Categories Defined by Agency	334,019	143,583
Collateralized Mortgage Marketable Securities	-	-
Securitization Exposures	-	-
Short-Term Claims on Banks and Corporate	-	-
Undertakings for Collective Investments in Transferable Securities	-	-
Other Claims	743,567	601,717

^(*) Includes to risk amounts before credit risk mitigation but after credit conversions.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk Profile According to the Geographical Concentration

	Risk Classifications*			
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary
Current Period				
1 Domestic	5,678,069	29	20,631	864,489
2 EU countries	-	-	-	34,951
3 OECD countries**	-	-	-	6,543
4 Off-shore banking regions	-	-	-	-
5 USA, Canada	-	-	-	46,473
6 Other countries	-	-	-	40,093
7 Investment and associates, subsidiaries and joint ventures	-	-	-	-
8 Undistributed Assets/Liabilities***	-	-	-	-
9 Total	5,678,069	29	20,631	992,549
Prior Period				
1 Domestic	3,302,463	29	2,846	309,858
2 EU countries	-	-	-	131,225
3 OECD countries**	-	-	-	2,513
4 Off-shore banking regions	-	-	-	-
5 USA, Canada	-	-	-	41,908
6 Other countries	-	-	-	43,182
7 Investment and associates, subsidiaries and joint ventures	-	-	-	-
8 Undistributed Assets/Liabilities***	-	-	-	-
9 Total	3,302,463	29	2,846	528,686

* Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.

** OECD Countries other than EU countries, USA and Canada.

*** Includes assets and liabilities items that cannot be allocated on a consistent basis.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk Classifications*

Contingent and Non-Contingent Claims on Corporate Receivables	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Other Claims	Total
10,099,830	4,579,143	5,470,902	67,759	318,082	743,565	27,842,499
24,716	5,268	2,363	-	307	1	67,606
781	85	419	-	-	-	7,828
4,827	-	-	-	-	-	4,827
8	182	473	-	-	-	47,136
79,350	4,276	3,249	-	15,630	1	142,599
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,209,512	4,588,954	5,477,406	67,759	334,019	743,567	28,112,495
6,700,169	3,252,651	5,021,518	44,699	49,081	650,665	19,333,979
4,540	289	3,434	-	-	938	140,426
839	1	283	-	-	-	3,636
5,493	382	-	-	-	-	5,875
-	33	-	-	-	4,573	46,514
32,489	1,320	4,368	-	14,803	1	96,163
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,743,530	3,254,676	5,029,603	44,699	63,884	656,177	19,626,593

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk profile by sectors or counterparties

Sectors/Counterparties	Risk Classifications (*)					
	1	2	3	4	5	6
1 Agriculture	-	-	-	-	213,580	51,392
1.1 Farming and Stockbreeding	-	-	-	-	213,580	51,392
1.2 Forestry	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-
2 Manufacturing	-	6	3,580	-	3,998,495	901,315
2.1 Mining	-	6	14	-	257,565	25,213
2.2 Production	-	-	1,905	-	3,358,945	867,089
2.3 Electricity, Gas, Water	-	-	1,661	-	381,985	9,013
3 Construction	-	-	769	-	1,695,589	581,718
4 Services	5,678,069	8	12,169	992,549	3,971,078	1,641,831
4.1 Wholesale and Retail Trade	-	-	7	-	2,452,174	1,325,371
4.2 Hotel, Food and Beverage Services	-	-	-	-	146,510	22,938
4.3 Transportation and Telecommunication	-	-	-	-	552,309	97,512
4.4 Financial Institutions	5,678,069	-	-	992,549	41,989	4,179
4.5 Real Estate and Renting Services	-	8	32	-	625,641	144,184
4.6 "Self-Employment" Type Services	-	-	-	-	-	-
4.7 Educational Services	-	-	12,113	-	42,989	10,596
4.8 Health and Social Services	-	-	17	-	109,466	37,051
5 Other	-	15	4,113	-	330,770	1,412,698
6 Total	5,678,069	29	20,631	992,549	10,209,512	4,588,954

- 1- Contingent and Non-Contingent Claims on Sovereigns
- 2- Contingent and Non-Contingent Claims on Regional Governments and Local Authorities
- 3- Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises
- 4- Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary
- 5- Contingent and Non-Contingent Claims on Corporate Receivables
- 6- Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios
- 7- Contingent and Non-Contingent Claims Secured by Residential Property
- 8- Past Due Loans
- 9- Higher-Risk Categories Defined by Agency
- 10- Other Claims

(*) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk Classifications (*)						
7	8	9	10	TC	FC	Total
70,627	2,293	1,288	92	294,857	44,415	339,272
70,627	2,293	1,288	92	294,857	44,415	339,272
-	-	-	-	-	-	-
-	-	-	-	-	-	-
718,323	14,449	17,054	738	4,191,738	1,462,222	5,653,960
21,953	49	51	40	272,372	32,519	304,891
656,167	12,452	16,754	630	3,641,202	1,272,740	4,913,942
40,203	1,948	249	68	278,164	156,963	435,127
1,036,130	19,003	1,507	1,155	3,003,600	332,271	3,335,871
1,513,196	24,391	8,535	2,784	8,908,010	4,936,600	13,844,610
1,052,961	21,287	6,894	911	4,296,716	562,889	4,859,605
116,857	475	194	184	153,774	133,384	287,158
91,009	1,017	228	177	542,352	199,900	742,252
3,801	-	283	1,264	2,764,424	3,957,710	6,722,134
156,506	1,273	849	210	846,489	82,214	928,703
-	-	-	-	-	-	-
45,744	39	-	11	111,454	38	111,492
46,318	300	87	27	192,801	465	193,266
2,139,130	7,623	305,635	738,798	4,738,215	200,567	4,938,782
5,477,406	67,759	334,019	743,567	21,136,420	6,976,075	28,112,495

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Analysis of maturity-bearing exposures according to remaining maturities

Risk Classifications*	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
1 Contingent and Non-Contingent Claims on Sovereigns	3,496,217	-	-	395,744	1,012,905
2 Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	8
3 Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	4,559	3	7	734	14,901
4 Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	11,968	2,299	-	1,281	22,533
5 Contingent and Non-Contingent Claims on Corporate Receivables	743,300	882,559	1,556,378	2,066,276	4,883,985
6 Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	495,587	468,908	685,473	873,817	1,940,544
7 Contingent and Non-Contingent Claims Secured by Residential Property	118,535	192,565	344,175	750,151	4,053,285
8 Past Due Loans	67,759	-	-	-	-
9 Higher-Risk Categories Defined by Agency	14,032	-	-	6,258	313,725
10 Other Claims	5,500	-	-	-	-
TOTAL	4,957,457	1,546,334	2,586,033	4,094,261	12,241,886

(*) Includes to risk amounts before credit risk mitigation but after credit conversions.

Risk balances according to risk weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from the shareholders' equity
1 Pre-Amount of Credit Risk										
Mitigation	5,179,152	-	586,986	3,814,265	5,492,777	12,705,295	138,462	193,792	1,765	-
2 Amount after Credit Risk										
Mitigation	5,469,986	-	738,050	6,602,824	4,298,637	10,723,978	113,551	163,976	1,493	-

Information by Major Sectors and Type of Counterparties:

Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, "specific provisions" are allocated as per the Provisioning Regulation.

Past Due Credits; are the credits that overdue up to 90 days but not impaired. For such credits, "general provisions" are allocated as per the Provisioning Regulation.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Major Sectors/Counterparties	Credits			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
1 Agriculture	11,698	7,535	2,572	5,275
1.1 Farming and Stockbreeding	11,651	7,535	2,572	5,229
1.2 Forestry	34	-	-	33
1.3 Fishery	13	-	-	13
2 Manufacturing	127,894	171,978	36,274	103,750
2.1 Mining	1,312	6,694	2,525	1,199
2.2 Production	123,010	164,612	31,389	100,456
2.3 Electricity, Gas, Water	3,572	672	2,360	2,095
3 Construction	82,930	119,008	20,290	57,637
4 Services	164,066	264,072	47,977	116,345
4.1 Wholesale and Retail Trade	146,665	147,294	33,517	104,220
4.2 Hotel, Food and Beverage Services	1,738	8,738	1,401	981
4.3 Transportation and Telecommunication	4,876	70,936	5,163	3,624
4.4 Financial Institutions	2,338	23	1,011	2,311
4.5 Real Estate and Renting Services	6,689	32,444	4,774	3,892
4.6 "Self-Employment" Type Services	-	-	-	-
4.7 Educational Services	171	1,264	826	107
4.8 Health and Social Services	1,589	3,373	1,285	1,210
5 Other	54,484	111,745	43,326	40,814
6 Total	441,072	674,338	150,439	323,821

Information about Value Adjustments and Changes in the Loan Impairment:

	The opening balance	Provision amounts set aside during the period	The cancelation of the provisions**	Other adjustments*	Close out balance
1 Specific Provisions	261,548	166,147	(108,645)	4,771	323,821
2 General Provisions	139,804	13,349	(6,542)	3,828	150,439

* Determined according to exchange rate differences.

** The amount of TL 108,645 of the cancelation of the provisions include write off amounting to TL 53,432 and loans sold to asset management company amounting to TL 4,522.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The credit quality of financial assets as of 31 December 2013 is as follows:

	Neither overdue nor impaired	Overdue and impaired	Total
Banks	4,635,667	-	4,635,667
Financial assets at fair value through profit and loss	46,669	-	46,669
Financial asset available for sale	1,408,649	-	1,408,649
Loans ^(*)	18,172,359	441,072	18,613,431
Corporate loans	6,431,976	192,451	6,624,427
Loans to SMEs	8,369,896	211,892	8,581,788
Consumer loans	3,370,487	36,729	3,407,216
Other	-	-	-
Total	24,263,344	441,072	24,704,416

^(*) Leasing receivables are also included in loans.

The credit quality of financial assets as of 31 December 2012 is as follows:

	Neither overdue nor impaired	Overdue and impaired	Total
Banks	3,199,772	-	3,199,772
Financial assets at fair value through profit and loss	14,273	-	14,273
Financial asset available for sale	664,994	-	664,994
Loans ^(*)	12,971,058	358,259	13,329,317
Corporate loans	4,049,434	168,809	4,218,243
Loans to SMEs	6,522,522	169,004	6,691,526
Consumer loans	2,399,102	20,446	2,419,548
Other	-	-	-
Total	16,850,097	358,259	17,208,356

^(*) Leasing receivables are also included in loans.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

Information on Risk Classifications

Risk classifications of receivables from countries or central banks are regarded by grade of Fitch Ratings, global credit rating institution, whereas other institutions remaining outside of Fitch Ratings are subject to the credit ratings country risk classification issued by Organization of Economic Corporation and Development. In case credit rating grades of institutions like Standard & Poor's (S&P), Moody's and Fitch Ratings are available, grades are in use together. Corporate receivables from counterparties are settled abroad with other risk classes, corporate receivables from residents and receivables from banks are accepted as "gradeless". Credit quality grades corresponding to score of Fitch Ratings, Moody's and Standard & Poor's are shown below.

Ratings to be matched	Credit Quality Grade	Fitch	Moody's	S&P
Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-
	2	A+ to A-	A1 to A3	A+ to A-
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
	5	B+ to B-	B1 to B3	B+ to B-
	6	CCC+ and below	Caa1 and below	CCC+ and below
Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1
	2	F2	P-2	A-2
	3	F3	P-3	A-3
	4	below F3	NP	below A-3
	5	-	-	-
	6	-	-	-
Long term securitization positions ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-
	2	A+ to A-	A1 to A3	A+ to A-
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
	5	B+ and below	B1 and below	B+ and below
Short term securitization positions ratings	1	F1+ to F1	P-1	A-1+ to A-1
	2	F2	P-2	A-2
	3	F3	P-3	A-3
	Others	below F3	NP	below A-3
Match for collective investment undertakings	1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m
	2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m
	3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m
	4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m
	5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m
	6	CCC+ and below	Caa1 and below	FCQR: CCC+f and below; PSFR: CCC+m and below

FCQR: Fund Credit Quality Ratings.

PSFR: Principal Stability Fund Ratings.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Credit Rating System

The credit risk is assessed through the internal rating system of the Participation Bank. Credits listed from the best ratings (high) to the lowest degrees (below standard) presented below; also in the bottom of the table, non-performing loans (impaired loans) is presented.

Current period (**)	Historical Default Rates %	Total (*)
High	0.14%	15,637,688
Standard	0.53%	7,123,347
Below Standard	0.00%	7,904
Non-performing Loans	-	441,072
Not Graded	0.42%	4,307,559
Total		27,517,570

(*) The amounts comprise of loans, leasing receivables and commitments and contingencies.

(**) Default ratios are the rate of non-performing loans (impaired loans) in 2013 to loans given in 2013.

The category "High" means that the borrower has a strong financial structure; the category "Standard" means that the borrower has a good and sufficient financial structure, and the category "Below Standard" means that the borrower's financial structure is under risk in the medium and short term.

Carrying values of rescheduled financial assets:

	Current Period	Prior Period
Banks	-	-
Financial assets at fair value through profit and loss	-	-
Loans	29,760	54,302
Corporate loans	8,449	25,922
Loans to SMEs	21,288	28,232
Consumer loans	23	148
Other	-	-
Total	29,760	54,302

III. Explanations and Disclosures Related to Market Risk

The amount subject to market risk is calculated and reported with the Standard Method described in Article 2 of Section 2 of the Communiqué on "Measurement and Assessment of Banks' Capital Adequacy" published in the Official Gazette No: 28337 dated 28 June 2012. Market risk is measured on a monthly basis.

1.1 Information on the market risk

	Amount
(I) Capital requirement to be employed for general market risk - Standard method	1,394
(II) Capital requirement to be employed for specific risk - Standard method	-
(III) Standard method for specific risk of necessary capital requirement on securitization positions	-
(IV) Capital requirement to be employed for currency risk - Standard method	2,491
(V) Capital requirement to be employed for commodity risk - Standard method	2,029
(VI) Capital requirement to be employed for settlement risk - Standard method	-
(VII) Total capital requirement to be employed for market risk resulting from options-Standard method	-
(VIII) Counterparty credit risk capital requirement - Standard method	3,279
(IX) Total capital requirement to be employed for market risk in banks using risk measurement model	-
(X) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII+VIII)	9,194
(XI) Market Value at Risk (12.5 x IX) or (12.5 x X)	114,925

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2. Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	796	1,394	263	512	840	249
Common Share Risk	-	-	-	2	18	-
Currency Risk	2,897	4,348	1,722	4,956	17,246	1,124
Stock Risk	2,120	2,406	1,646	1,513	1,999	1,084
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	1,552	3,664	496	1,319	2,492	665
Total Value at Risk	92,068	135,966	59,427	95,525	249,570	43,763

2. Quantitative information on counterparty risk

The Methods Related Credit Limits, Internal Capital Allocation and Distribution for Counterparty Risk

Credibility measure, limit allocation, the authorities and responsibilities of the users involved in the processes for transactions subjected to counterparty risk were determined in the bank's internal policies.

Within the scope of counterparty risk, the creditworthiness of customers are evaluated according to their ability in compliance with international and national legislations, the ratings taken from independent rating agencies, their operations, geographical regions and countries, the legislation, economic and social status of the region and countries as well as the customers financial information. Criteria which are regarding to transactions with customers according to considerations results (amount, maturity, exception etc.), are determined based on the rules of bank's internal policies and processes.

Collaterals for transactions with customers related the counterparty credit risks, when necessary providing additional collaterals and also provision policies are assessed in the scope of the Participation Bank's credit policies.

The bank does not have a policy for opposite tendency risk mentioned in the Regulation on Measurement and Evaluation of Capital Adequacy of Banks Annex 2.

Positive fair value of agreements, benefits of netting off, netted current risk amount, indemnities and net derivative position

The counterparty risk of trading books for derivative financial instruments is calculated by fair use valuation method within the framework of Regulation on Measurement and Evaluation of Capital Adequacy of Banks in Annex-2. The renewal costs of contracts with positive values are determined by valuation based on the fair value of the contracts. Potential credit risk is calculated by multiplying credit conversion rates with contract amounts mentioned in the Regulation Annex-2. Total amount of counterparty risk is calculated by summing of the renewal costs of contracts with positive values and the potential credit risk of all contracts.

Information About Counterparty Risk	Balance
Contracts based on Interest rate	-
Contracts based on currency	3,834,592
Contracts based on commodity	-
Contracts based on stocks	-
Other	-
Gross Positive Fair Value	46,668
Benefits of clarification	-
Clarified current risk amount	-
The securities which are held	-
The net position of derivatives	85,014

In the scope of trading books, there is not any securement is traded with loan derivatives, from the Participation Bank.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

IV. Explanations and disclosures related to operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Section 3 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 28337 dated 28 June 2012. The value at operational risk used in the calculation of Capital Adequacy Standard Ratio is computed with the data dated 31 December 2012, 31 December 2011 and 31 December 2010.

	2 PP value (2010)	1 PP value (2011)	CP value (2012)	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	634,453	758,123	982,944	791,840	15	118,776
Amount subject to operational risk (Total*12.5)						1,484,700

V. Explanations and Disclosures Related to Currency Risk

Currency risk is included in foreign currency buying/selling portfolio so that how available position affects the general risk profile is calculated. Sensitivity analysis made by RMD results and stress tests are reported to top management.

The Participation Bank does not have any derivative instruments held for risk management as of 31 December 2013.

The Participation Bank centralized currency risk and ensured the managing and bearing of all currency risk by Fund Management. Other profit centers transfers the currency risk on them to Fund Management and the risk is followed in foreign currency buying/selling portfolio.

The Participation Bank efforts not to take short position based on the foreign currency risk. When any currency risk is occurred due to customer transactions, currency risk is eliminated by taking reverse position.

Foreign exchange buying rates of the Participation Bank at the date of the balance sheet and for the previous five working days are in the following table:

	EUR	USD
Buying Rate at Balance Sheet Date	2.9365	2.1343
December 31, 2013	2.9365	2.1343
December 30, 2013	2.9844	2.1604
December 27, 2013	2.8693	2.0957
December 26, 2013	2.8353	2.0710
December 25, 2013	2.8466	2.0812
December 24, 2013	2.8573	2.0877

The Participation Bank's average foreign currency buying rate over a period of thirty days preceding the date of the financial statement is in the table below:

1 USD	2.0578 TL
1 EUR	2.8180 TL

TÜRKİYE FİNANS KATILIM BANKASI AŞ

**Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013**

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Information on currency risk of the Participation Bank: Foreign Currencies (Thousand of TL)

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash and Balances with the Central Bank of Turkey	504,108	2,139,941	633,899	3,277,948
Banks	163,956	281,116	24,683	469,755
Financial Assets at Fair Value through Profit/Loss ^(****)	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	151	345,567	-	345,718
Loans ^(*)	1,688,436	4,333,225	-	6,021,661
Investment in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Investments Held to Maturity	-	-	-	-
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ^(**)	404,548	175,000	42	579,590
Total Assets	2,761,199	7,274,849	658,624	10,694,672
Liabilities				
Funds Collected from Banks Via Current and Profit Sharing Accounts	116,991	57,010	382	174,383
Current and Profit Sharing Accounts	1,616,526	3,023,737	685,094	5,325,357
Money Market Deposits	-	-	-	-
Funds Provided from Other Financial Institutions	242,241	4,762,621	-	5,004,862
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	29,608	81,336	87	111,031
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities ^(***)	25,135	44,704	516	70,355
Total Liabilities	2,030,501	7,969,408	686,079	10,685,988
Net Balance Sheet Position	730,698	(694,559)	(27,455)	8,684
Net Off Balance Sheet Position	(732,883)	666,557	42,098	(24,228)
Financial Derivative Assets	583,662	1,989,956	332,471	2,906,089
Financial Derivative Liabilities	1,316,545	1,323,399	290,373	2,930,317
Non-Cash Loans ^(****)	1,143,731	2,327,049	67,176	3,537,956
	EUR	USD	Other FC	Total
Prior Period				
Total Assets	1,670,187	4,925,877	471,161	7,067,225
Total Liabilities	1,373,188	4,721,710	516,327	6,611,225
Net Balance Sheet Position	296,999	204,167	(45,166)	456,000
Net Off Balance Sheet Position	(299,330)	(226,196)	63,065	(462,461)
Financial Derivative Assets	275,339	595,969	123,781	995,089
Financial Derivative Liabilities	574,669	822,165	60,716	1,457,550
Non-Cash Loans ^(*****)	917,456	1,970,960	40,387	2,928,803

^(*) Loans given includes foreign currency indexed loans (principle, exchange rate differences, rediscounts and accruals) given as foreign currency indexed but followed in TL accounts amounting to TL 5,105,392.

^(**) Other assets comprise of receivables from leasing operations, sundry debtors and other assets. Besides, foreign currency indexed leasing receivables amounting to TL 566,319 and foreign currency indexed closely monitored loans amounting to TL 7,210 are included to other assets. Besides, prepaid expenses amounting to TL 554 is deducted from other assets.

^(***) Other liabilities include general loan loss provision set for foreign currency denominated and foreign currency indexed loans amounting to TL 15,736. Accrual of derivative financial liabilities held for trading amounting to TL 16,798 is deducted from other liabilities. Besides, securities value increase fund amounting to TL 15,959 is added into other liabilities.

^(****) Accrual of derivative financial assets held for trading amounting to TL 12,742 is deducted from financial assets at fair value through profit or loss.

^(*****) No effect on net off balance sheet position.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Foreign currency sensitivity

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

The following table details the Participation Bank's sensitivity to a 10% change in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A positive number indicates an increase in profit or loss and other equity in the case of TL strengthens 10% against USD and EUR. This analysis has been prepared with the assumption that all other variables remain constant.

	Change in currency rate in %*	Effect on profit/(loss)		Effect on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10%	(2,800)	(2,203)	(2,800)	(2,203)
EUR	10%	(219)	(233)	(219)	(233)
Other FC	10%	1,464	1,790	1,464	1,790

(*) Includes the profit/(loss) effect in the case of a change for 10% in currency rates.

VI. Explanations and disclosures related to interest rate risk

Since the Participation Bank has interest-free banking operations, it does not have any interest sensitive asset or liability and consequently, it does not have any interest rate risk.

VII. Explanations and Disclosures Related to Equity Position Risk due from Banking Book

Comparison of carrying, fair value and market value of shares is stated below:

Investment in Shares	Comparison		
	Carrying Value	Fair Value	Market Value
1 Securities Available-for-Sale	4,376	-	-
Quoted Securities	-	-	-
2 Associates	-	-	-
Quoted Securities	-	-	-
3 Subsidiaries	50	-	-
Quoted Securities	-	-	-

VIII. Explanations and Disclosures Related to Liquidity Risk

The TL and FC liquidity need of the Participation Bank is met by the funds collected, when needed, certain amount of funds from abroad are used via syndication loans. The Participation Bank's cash inflows mainly come from profit share income and commissions earned from non-cash loans whereas the cash outflows mainly consist of profit share expenses given to the collected funds and operational expenses. Main reason of the liquidity risk is funding long-term assets with short-term resources. The Participation Bank uses its liquidity in foreign investments for one or two weeks in order to maintain regular cash inflows and collects loan installments monthly. Procedures for liquidity risk method and urgent action plan are available for the Participation Bank.

The ratios of liquid assets to total assets and liquid assets to funds collected are 24.87% (31 December 2012: 22.68%) and 41.28% (31 December 2012: 34.95%), respectively. Cash demands occurred in every maturity segment are determined via maturity dispersion (Gap) analysis. It is enforced to have short term liquid assets and long term liabilities. As of 31 December 2013 it is seen that 15.27% of total assets are in cash and cash equivalents (31 December 2012: 16%) and 3.80% of total assets are in banks (31 December 2012: 2.82%) in financial statements.

Condensation of funds collected to one month predominantly and having long term loans perceived as a threat as in the general conditions of Turkish banking system. In order to decrease related risk to minimum, the Participation Bank enforces to be liquid in up to one month group.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

As per the BRSA Communiqué, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly (7 days) and monthly (31 days) liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios of the years 2013 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	184.49	152.35	137.84	117.70
Maximum (%)	266.48	190.69	158.22	135.70
Minimum (%)	110.83	104.75	110.52	103.51

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	5 Years and over	Unallocated (*)	Total
Assets								
Cash and Balances with the Central Bank of Turkey	3,836,254	-	-	-	-	-	-	3,836,254
Banks and Other Financial Institutions	954,203	-	-	-	-	-	-	954,203
Financial Assets at Fair Value through Profit/Loss	-	32,040	9,731	4,898	-	-	-	46,669
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available for Sale	4,376	-	-	395,745	1,012,904	-	-	1,413,025
Loans	-	2,189,870	2,805,009	6,527,657	5,293,126	515,048	-	17,330,710
Investments Held to Maturity	-	-	-	-	-	-	-	-
Other Assets (**)	289,640	23,777	43,789	198,565	562,005	13,513	414,479	1,545,768
Total Assets	5,084,473	2,245,687	2,858,529	7,126,865	6,868,035	528,561	414,479	25,126,629
Liabilities								
Funds Collected from Banks via Current and Profit Sharing Accounts	12,066	337,053	1,498	-	-	-	-	350,617
Current and Profit Sharing Accounts	3,428,341	8,185,399	1,871,688	1,214,126	91,547	-	-	14,791,101
Funds Provided from Other Financial Institutions	-	220,645	544,607	1,398,207	3,002,550	-	-	5,166,009
Money Market Deposits	-	721,560	-	-	-	-	-	721,560
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	543,874	91,104	-	-	-	-	-	634,978
Other Liabilities (***)	549,273	45,826	31,121	3,474	-	-	2,832,670	3,462,364
Total Liabilities	4,533,554	9,601,587	2,448,914	2,615,807	3,094,097	-	2,832,670	25,126,629
Liquidity Gap	550,919	(7,355,900)	409,615	4,511,058	3,773,938	528,561	(2,418,191)	-
Prior Period								
Total Assets	3,626,827	1,804,158	2,295,695	4,810,747	4,263,556	476,169	339,352	17,616,504
Total Liabilities	3,693,759	5,149,442	1,986,188	3,203,720	1,203,646	-	2,379,749	17,616,504
Liquidity Gap	(66,932)	(3,345,284)	309,507	1,607,027	3,059,910	476,169	(2,040,397)	-

(*) 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, prepaid expenses and non-performing loans are included in this column.

(**) Other assets include net finance lease receivables amounting to TL 841,649 and non-performing loans (net) amounting to TL 117,251.

(***) Shareholders' equity and provisions is included in "other liabilities" line under "unallocated" column.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Analysis of financial liabilities based on the remaining contractual maturities:

The table below is drawn up based on the undiscounted contractual maturities and earliest payment dates of the financial liabilities. Profit share expenses to be paid on such liabilities are included in this table. "Adjustments" column is the difference between the balance sheet values and undiscounted values of financial liabilities. These items are not included in the balance sheet value of such financial liabilities.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
Funds Collected from Banks Via Profit Sharing Accounts	12,066	337,053	1,498	-	-	-	-	350,617
Other Profit Sharing Accounts	3,428,341	8,185,399	1,871,688	1,214,126	91,547	-	-	14,791,101
Funds Provided from Other Financial Institutions	-	221,588	564,962	1,465,900	3,082,491	-	(168,932)	5,166,009
Money Market Deposits	-	721,560	-	-	-	-	-	721,560
Miscellaneous Payables	543,874	91,104	-	-	-	-	-	634,978
Other Liabilities	224,706	-	-	-	-	-	-	224,706
Total	4,208,987	9,556,704	2,438,148	2,680,026	3,174,038	-	(168,932)	21,888,971
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
Funds Collected from Banks Via Profit Sharing Accounts	3,978	58,091	182,507	121,112	-	-	-	365,688
Other Profit Sharing Accounts	2,523,831	4,911,037	1,512,399	2,017,996	98,585	-	-	11,063,848
Funds Provided from Other Financial Institutions	-	67,805	284,200	1,092,091	1,189,281	-	(129,434)	2,503,943
Miscellaneous Payables	492,853	85,887	-	-	-	-	-	578,740
Other Liabilities	302,050	-	-	-	-	-	-	302,050
Total	3,322,712	5,122,820	1,979,106	3,231,199	1,287,866	-	(129,434)	14,814,269

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Maturity analysis of conditioned liabilities and commitments is as follows:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Guarantees and Collaterals	2,706,414	1,190,773	788,461	1,345,119	2,654,675	218,697	8,904,139
Irrevocable Commitments	1,816,836	505,334	12,875	27,562	153	-	2,362,760
Forward asset purchase and sale commitments	-	492,668	-	-	-	-	492,668
Share capital commitments to associates and subsidiaries	-	1,744	2,506	12,768	-	-	17,018
Commitments for cheque payments	1,109,434	-	-	-	-	-	1,109,434
Tax and fund obligations on export commitments	-	1,262	131	487	153	-	2,033
Commitments for credit card limits	706,334	-	-	-	-	-	706,334
Commitments for credit cards and banking services promotions	1,068	-	-	-	-	-	1,068
Other irrevocable commitments	-	9,660	10,238	14,307	-	-	34,205
Revocable Commitments	-	-	-	-	-	-	-
Revocable loan allocation commitments	-	-	-	-	-	-	-
Forward foreign currency buy/sell transactions	-	5,722,240	1,051,437	361,176	-	-	7,134,853
Forward foreign currency transactions-buy	-	2,809,786	423,341	126,898	-	-	3,360,025
Forward foreign currency transactions-sell	-	2,689,385	529,231	180,275	-	-	3,398,891
Other forward foreign currency buy/sell transactions	-	223,069	98,865	54,003	-	-	375,937
Total	4,523,250	7,418,347	1,852,773	1,733,857	2,654,828	218,697	18,401,752
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Guarantees and Collaterals	2,273,619	1,049,468	705,206	1,878,163	1,082,494	119,747	7,108,697
Irrevocable Commitments	1,529,682	302,455	29,152	1,253	1,030	1	1,863,573
Forward asset purchase and sale commitments	-	301,633	-	-	-	-	301,633
Share capital commitments to associates and subsidiaries	-	-	-	-	-	-	-
Commitments for cheque payments	1,066,949	-	-	-	-	-	1,066,949
Tax and fund obligations on export commitments	-	188	504	1,253	1,030	1	2,976
Commitments for credit card limits	461,707	-	-	-	-	-	461,707
Commitments for credit cards and banking services promotions	1,026	-	-	-	-	-	1,026
Other irrevocable commitments	-	634	28,648	-	-	-	29,282
Revocable Commitments	-	-	-	-	-	-	-
Revocable loan allocation commitments	-	-	-	-	-	-	-
Forward foreign currency buy/sell transactions	-	2,650,740	265,932	221,246	-	-	3,137,918
Forward foreign currency transactions-buy	-	1,296,164	102,399	111,016	-	-	1,509,579
Other forward transactions buy/sell	-	1,287,935	163,533	110,230	-	-	1,561,698
Total	-	66,641	-	-	-	-	66,641
Total	3,803,301	4,002,663	1,000,290	2,100,662	1,083,524	119,748	12,110,188

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

IX. Explanations and Disclosures Related to Securitization Position

The Participation bank has not securitization position.

X. Explanations and Disclosures Related to Credit Risk Mitigation Techniques

The Participation Bank applies credit risk mitigation according to simple method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals in compliance with the article 33 of the "Regulation on Credit Risk Mitigation Techniques".

The risk mitigators that are used in credit process are stated below:

- Financial Collaterals (Cash or equivalent and high quality credit level had debt instruments)
- Guarantees
- Mortgage (In the implementation of the Basel II, although, risk mortgage loans evaluated as a class, in terms of valuation methods and concentrations they are also given in this section).

The value of mortgage is being revalued during the credit period. Only Treasury and the Banks' guarantees are taken into account as risk mitigation within the framework of BRSA regulations. Besides, the credibility of the Participation Banks is reviewed periodically.

There is no on-balance sheet netting and special netting agreement.

Risk Classifications	Amount ^(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	5,678,069	721,184	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	124	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	30,659	666	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	994,144	-	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	13,130,969	345,193	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	6,530,146	222,440	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	5,906,349	-	-	-
Past Due Loans	67,759	72	-	-
Higher-Risk Categories Defined by Agency	334,036	3,414	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Claims	743,567	174	-	-

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

XI. Explanations and Disclosures Related to Risk Management Target and Policies

The risk measurement, description and following activities are being carried out by the Risk Management Department which reports to Audit Committee directly.

Risk Management Department consists of Risk Policy and Reporting and Risk Analysis Management.

The storage of the datas, analysis and measurement of risks, the results of analysis and monitor activities of compliance with limit and criteria which is determined due to the credit policy of the Participation Bank's credit risk from banking book is regularly reported to the Board of Directors, the audit committee and the management by the Risk Management Department. The following of compliance and focusing of the limit of country, products, customer, maturity and sector has been carried out periodically.

The analysis about under close monitoring and non-performing loans and receivables is being made in order to provide suggestions to the Board of Directors, the audit committee and the management for risk factors on market, sector, customer, products and application process of internal banking.

In the scope of the assessment process of the Participation Bank, specifically developed and designed risk assessment and measurement systems are in use according to credit types of the Participation Bank portfolio and also these systems have been monitored, validated and taken actions if the improvement is necessary.

To ensure that credit risk exposure arising from personal loans and credit cards is measured reliably and effectively, policy- and rule-based decision support systems are consistently employed, as are a variety of portfolio-specific, statistics-based scoring models that have been developed. In the scope of these systems, available fund amounts and credit card limits are determined by systemically applied policies with rating of customer's risk and calculating of ability to pay.

In the case of loans made to small-business, commercial, and corporate customers, credit risk quantification and grading employs rating models which are both sector-appropriate and international standard-compliant and which make use of portfolio-specific statistical methods. These rating models generate not only individual customers' ratings but also provide estimates of a customer's probability of default (PD).

In addition to these rating models, small-business, commercial, and corporate customer credit risk measurement and grading also involve the use of a suite of target market and risk acceptance criteria that make it possible to make judgments about individual customers' ratings based on their sector and appetite for risk.

The risk exposure of the credit portfolio of the Participation Bank in the negative economic circumstances proactively managed by estimating via scenario analysis and stress tests. Besides, product risk analysis is made with calculating the exposure of the new products on the Participation Bank's credit portfolio and financial structure.

The Board of Directors, the audit committee and the management of the Participation Bank are informed by the Risk Management Department monthly and quarterly about the quality of credit portfolio, statistics, eye catching fluctuations and compliance with the credit policies and the reports in which these analysis are took part in with the calculation, analysis and monitor activities; and thus, the required update on credit policies and processes are made after the evaluation of these results.

Market risk factors and its effects are measured and regularly reported to BRSA in the Participation Bank. The market risks are measured and reported with the standard method including trading accounts according to the "Communique on Measurement and Assessment of Capital Adequacy Ratios of Banks".

In addition, Internal Capital Adequacy Assessment Process (ICAAP) studies related to end of 2012 are completed on June 2013 approved by Board of Directors and delivered to relevant legal authorities.

Risk mitigating cautions are applied while managing the foreign exchange position with defining the trading of foreign exchange, stop loss and position limits. The risk calculation of specified limits, monitor the consistency of limits, control and reporting are performed by the Risk Management Department.

The Participation Bank apply some strategies in order to mitigate liquidity risk such as diversification of funding sources, obtaining funds with a longer term and catching the maturity match between the assets and liabilities.

Risk Management Department created some methodologies and methods to measure, analysis, report and manage the liquidity risk.

The liquidity position is analyzed by preparing the tables for the maximum cumulative cash outflows of all balance sheet items subject to liquidity risk according to their maturities. In addition, the measurement of liquidity ratios is calculated and evaluated on a monthly basis in the meetings of Asset/Liability Committee.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The stress tests are performed to calculate the liquidity risk of the Participation Bank.

The liquidity risk management and emergency plan in which the actions and the cautions defined with their priorities are built in case of any liquidity congestion results from the Participation Bank or market.

The Participation Bank adopts a risk terminology which is in accordance with Basel II in order to create an international approach on Operational Risk Management. This common risk language provides a consistent view and communication about operational risk throughout the Participation Bank. A software is used in order to support the standard framework for the management of operational risk by creating the data house for risk losses and reporting and analyzing of the mentioned data.

The Participation Bank performs necessary works for buying customary insurance policy in the sector with the aim of transferring loss and deficiency that existing as a result of operational risks, out of the Participation Bank.

Within the context of the "Regulation of Acquiring Support Services of Banks", for the support services acquired by the bank, after the reports about the services and the provider prepared by the business units that acquired the service, are studied to have a Risk Point of View and presented to the Audit Committee.

The Risk Control Evaluation (RCE) is performed periodically in the Participation Bank as a basic principle of the Basel II Operational Risk implementations. It is aimed with RCE to restrict the operational risk effects by investigating the business processes subject to operational risk and performing controls by the process owners. In the departments where RCE study is implemented, 'Key Risk Indicators' and the threshold value for the mentioned risk points are determined.

Besides, in consequence of the Capital Adequacy Measurement and Reporting Project, it has been ensured that a flexible parametric model that shall be in compliance with legal framework changes has been built, a reporting infrastructure that is in accordance with Basel II standards has been created, stress tests to the capital adequacy related risks has been applied and current system infrastructure is still being used.

XII. Explanations and disclosures related to fair values of financial assets and liabilities

The table below shows the carrying value and the fair value of financial assets and liabilities of the Participation Bank:

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	20,539,587	14,133,201	20,435,721	14,405,770
Equity Securities	-	-	-	-
Banks (*)	954,203	497,028	954,203	497,028
Financial Assets Available For Sale	1,413,025	665,115	1,413,025	665,115
Loans (**)	18,172,359	12,971,058	18,068,493	13,243,627
Financial Liabilities	20,942,705	14,512,219	20,928,776	14,500,755
Funds Collected from Banks Via Current and Profit Sharing Accounts (***)	350,617	365,688	350,617	365,688
Current and Profit Sharing Accounts (****)	14,791,101	11,063,848	14,791,101	11,063,848
Funds Provided from Other Financial Institutions	5,166,009	2,503,943	5,152,080	2,492,479
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	634,978	578,740	634,978	578,740

(*) Because due from banks are demand deposits, their carrying value and fair value is the same.

(**) In order to calculate the fair value of loans, current profit sharing rates are used as of the balance sheet date. Loan balance also includes finance lease receivables.

(***) Carrying value of the funds collected from banks via current and profit sharing accounts and current and profit sharing accounts equals to their fair value as it is revalued with the year end unit value.

(****) Loan rates that valued as balance sheet date are used for fair value calculation of funds that provided by other financial

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

The table below analyses financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available for Sale	-	1,408,649	-	1,408,649
Financial Assets Held for Trading	-	198	-	198
Derivative Financial Assets Held for Trading	-	46,471	-	46,471
Financial Assets at Fair Value	-	1,455,318	-	1,455,318
Financial Liabilities Held for Trading	-	39,140	-	39,140
Derivative Financial Liabilities Held for Trading	-	39,140	-	39,140
Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available for Sale	-	664,994	-	664,994
Financial Assets Held for Trading	-	183	-	183
Derivative Financial Assets Held for Trading	-	14,090	-	14,090
Financial Assets at Fair Value	-	679,267	-	679,267
Financial Liabilities Held for Trading	-	8,577	-	8,577
Derivative Financial Liabilities Held for Trading	-	8,577	-	8,577

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

Observable market prices such as the marketable security prices which are announced by CBRT and the prices obtained from foreign capital markets are used for fair value determination of financial assets and liabilities measured at fair value except derivative assets and derivative liabilities held for trading. The similar ratios announced in the capital markets are used for discounting the contractual prices of derivative financial assets and derivative financial liabilities for fair value determination.

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

The Participation Bank does not provide buying, selling and custody services and management and financial advisory services in the name of the third parties. The Bank is not involved in trust activities.

SECTION FIVE: EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets

1. Cash and Central Bank of Turkey:

1.1. Information on Cash and Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	89,017	60,628	73,962	27,629
Central Bank of Turkey	469,277	3,212,187	399,574	2,303,169
Others	12	5,133	130	13,704
Total	558,306	3,277,948	473,666	2,344,502

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2. Information on Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	467,739	305,464	399,574	601,641
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	1,538	-	-	-
Others ^(*)	-	2,906,723	-	1,701,528
Total	469,277	3,212,187	399,574	2,303,169

^(*) Reserve deposits that are kept as blockage in CBTR for foreign currency liabilities. The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. After the change in communiqué reserve ratio for Turkish Lira liabilities has been changed to between 5% and 13% according to the maturity of the liabilities and it has been taken into consideration as of the report date.

2. Information on Financial Assets at Fair Value through Profit and Loss

The other security line in the amount of TL 198 refers to fair value of spot derivative transactions of the Participation Bank, accounted based on the settlement date, between the trade date and the balance sheet date (31 December 2012: TL 183).

2.1. Information on Financial Assets at Fair Value through Profit and Loss, Which are Given as Collateral or Blocked

None (31 December 2012: None).

2.2. Information on Financial Assets at Fair Value through Profit and Loss, Which are Subject to Repurchase Agreements

None (31 December 2012: None).

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

Financial Derivative Assets Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	33,288	9,512	4,514	6,697
Swap Transactions	505	3,166	1,884	995
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	33,793	12,678	6,398	7,692

3. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	484,411	379,715	106,033	201,277
Foreign	37	90,040	515	189,203
Branches and Head Offices Abroad	-	-	-	-
Total	484,448	469,755	106,548	390,480

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	34,952	130,991	-	-
USA and Canada	46,472	41,908	-	-
OECD Countries*	5,194	2,470	-	-
Off-Shore Banking Regions	350	-	-	-
Other	3,109	14,349	-	-
Total	90,077	189,718	-	-

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

4. Information on Financial Assets Available for Sale

	Current Period	Prior Period
Debt Securities	1,408,649	664,994
Quoted on a Stock Exchange	-	-
Not Quoted ^(*)	1,408,649	664,994
Share Certificates	4,376	121
Quoted on a Stock Exchange	-	-
Not Quoted ^(**)	4,376	121
Impairment Provision (-)	-	-
Other	-	-
Total	1,413,025	665,115

^(*) Although the related debt securities are quoted on a Stock Exchange, they have been presented as not quoted since the market transactions are not deep enough as of balance sheet date.

^(**) In the current period, Kredi Garanti Fonu amounting to TL 4,211 is presented in the not quoted line

As of 31 December 2013, the Participation Bank's "financial assets available-for-sale" portfolio includes the rent certificate at a total face value of TL 1,427,083 (31 December 2012: TL 591,642), a total carrying value amounting to TL 1,408,649 (31 December 2012: TL 608,156) which is issued by Republic of Turkey Undersecretariat of Treasury.

4.1. Available-for-Sale Financial Assets Blocked/Given As Collateral or Subject to Repurchase Agreements

As of 31 December 2013, available-for-sale financial assets blocked/given as collateral or subject to repurchase agreements are amounting to TL 415,930 (31 December 2012: None).

4.2. Information on Financial Assets Available for Sale, Which are Subject to Repurchase Agreements

As of 31 December 2013, information on financial assets available for sale, which are subject to repurchase agreements are amounting to TL 724,055 (31 December 2012: None).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5. Information Related to Loans

5.1. Information on All Types of Loans and Advances Given to Shareholders and Employees of the Participation Bank

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	105	33,432	703	74,320
Corporate Shareholders	-	22,534	-	74,317
Real Person Shareholders	105	10,898	703	3
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	15,367	-	12,720	-
Total	15,472	33,432	13,423	74,320

5.2. Information about the First And Second Group Loans and Other Receivables Including Loans That Have Been Restructured or Rescheduled

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Amendments on Conditions of Contract		Loans and Other Receivables	Amendments on Conditions of Contract	
		Amendments related to the extension of the payment plan	Other		Amendments related to the extension of the payment plan	Other
Cash Loans	16,656,372	52,914	12,713	674,338	217,484	17,047
Export Loans	765,904	-	-	2,435	-	-
Import Loans	-	-	-	-	-	-
Business Loans	12,583,292	50,376	12,697	592,428	215,836	17,040
Consumer Loans	2,945,865	2,538	16	64,512	1,648	7
Credit Cards	349,118	-	-	10,992	-	-
Loans Given to Financial Sector	10,672	-	-	-	-	-
Other	1,521	-	-	3,971	-	-
Other Receivables	-	-	-	-	-	-
Total	16,656,372	52,914	12,713	674,338	217,484	17,047

The loans for which the amendments related to the extension of the payment plan made according to article 4 of first clause (a) and (b) of "Regulation on Procedures and Principles Determination of Qualifications of Loans and Other Receivables by Banks and Provision" are stated below as of 31 December 2013.

	Number of amendments related to the extension of the payment plan	
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended for 1 or 2 times	52,914	214,990
Extended for 3, 4 or 5 times	-	2,494
Extended for more than 5 times	-	-

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The time extended via the amendment on payment plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	19,860	4,731
6-12 Months	13,286	30,551
1-2 Years	8,955	76,371
2-5 Years	10,813	105,634
5 Years and More	-	197

According to article 5 of regulation on procedures and principles for determination of qualifications of loans and other receivables by banks and provision, there is no restructured loan as of 31 December 2013.

According to article 6 of regulation on procedures and principles for determination of qualifications of loans and other receivables by banks and provision, there are thirteen restructured loans as of 31 December 2013. The maturity date of these loans was rolled over 368-1,123 days.

5.3. Maturity Analysis of Cash Loans

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-Term Loans and Other Receivables	4,557,861	-	104,190	-
Loans	4,557,861	-	104,190	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	12,085,798	12,713	553,101	17,047
Loans	12,085,798	12,713	553,101	17,047
Other Receivables	-	-	-	-

5.4. Collaterals Received for Loans and Other Receivables under Close Monitoring

	Current Period	Prior Period
Cash	23,365	13,656
Mortgages	437,055	222,029
Pledged Assets	35,501	10,631
Cheques and Notes	68,704	35,743
Other Collaterals	2,528	2,126
Unsecured Loans	121,513	42,863
Total	688,666	327,048

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.5. Information on Consumer Loans, Individual Credit Cards, Personnel Loans and Personnel Credit Cards

	Short Term	Medium and Long Term	Total
Consumer Loans - TL	33,507	2,964,235	2,997,742
Real Estate Loans	9,611	2,625,421	2,635,032
Auto Loans	11,479	232,534	244,013
General Purpose Consumer Loans	1,418	30,459	31,877
Other	10,999	75,821	86,820
Consumer Loans - FC Indexed	-	6,101	6,101
Real Estate Loans	-	6,101	6,101
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Real Estate Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	272,616	14,395	287,011
With Installment	119,546	14,395	133,941
Without Installment	153,070	-	153,070
Individual Credit Cards - FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans - TL	661	5,874	6,535
Real Estate Loans	-	397	397
Auto Loans	313	2,804	3,117
General Purpose Consumer Loans	43	564	607
Other	305	2,109	2,414
Personnel Loans - FC Indexed	-	-	-
Real Estate Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Real Estate Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	8,752	80	8,832
With Installment	4,211	80	4,291
Without Installment	4,541	-	4,541
Personnel Credit Cards - FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Accounts - TL (real persons)	-	-	-
Overdraft Accounts - FC (real persons)	-	-	-
Total	315,536	2,990,685	3,306,221

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.6. Installment Based Commercial Loans and Corporate Credit Cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment-TL	83,567	747,535	831,102
Business Loans	9,678	607,737	617,415
Auto Loans	3,579	123,870	127,449
General Purpose Consumer Loans	304	15,344	15,648
Other	70,006	584	70,590
Commercial Loans with Installment - FC Indexed	-	36,184	36,184
Business Loans	-	30,729	30,729
Auto Loans	-	281	281
General Purpose Consumer Loans	-	2,627	2,627
Other	-	2,547	2,547
Commercial Loans with Installments - FC	-	-	-
Business Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	53,512	10,755	64,267
With Installment	3,688	10,755	14,443
Without Installment	49,824	-	49,824
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Accounts - TL (corporate)	-	-	-
Overdraft Accounts - FC (corporate)	-	-	-
Total	137,079	794,474	931,553

5.7. Loan Distribution According to Borrowers

	Current Period	Prior Period
Public Sector	-	-
Private Sector	17,330,710	12,666,689
Total	17,330,710	12,666,689

5.8. International and Domestic Loans

	Current Period	Prior Period
Domestic Loans	17,166,355	12,600,567
International Loans	164,355	66,122
Total	17,330,710	12,666,689

5.9. Loans Granted to Subsidiaries and Participations

None (31 December 2012: None).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.10. Specific Provisions Provided Against Loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	18,759	32,090
Loans and Receivables with Doubtful Collectibility	61,163	51,129
Uncollectible Loans and Receivables	243,899	178,329
Total	323,821	261,548

5.11. Information on Non-Performing Loans (Net)

5.11.1. Information on Loans and Other Receivables Included in Loans under Follow-Up Account, Which are Restructured or Rescheduled

None. (31 December 2012: None)

5.11.2. Information of Movements of Loans

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Prior Period Ending Balance	58,550	83,736	215,973
Additions (+)	231,980	6,181	15,403
Transfers from Other Categories of Non-performing Loans (+)	-	217,815	173,793
Transfers to Other Categories of Non-performing Loans (-)	(217,815)	(173,793)	-
Collections (-)	(35,768)	(25,788)	(51,241)
Write-offs (-)	-	(4,524)	(53,430)
Corporate and Commercial Loans	-	(4,524)	(52,244)
Retail Loans	-	-	(827)
Credit Cards	-	-	(359)
Other	-	-	-
Current Period Ending Balance	36,947	103,627	300,498
Specific Provisions (-)	(18,759)	(61,163)	(243,899)
Net Balance on Balance Sheet	18,188	42,464	56,599

(*) The Participation Bank has sold its non performing loans portfolio part of TL 4,522 on 25 October 2013 with amount of TL 425 to RTC Yönetim Varlık A.Ş.

5.11.3. Information on Foreign Currency Loans and Other Receivables Included in Loans under Follow-Up Account

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period:			
Period Ending Balance	-	4,114	5,763
Specific Provisions (-)	-	(2,214)	(4,964)
Net Balance on Balance Sheet	-	1,900	799
Prior Period:			
Prior Period Ending Balance	-	181	5580
Specific Provisions (-)	-	(45)	(2,523)
Net Balance on Balance Sheet	-	136	3,057

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.11.4. Information on Gross and Net Non-Performing Loans and Receivables as per Customer Categories:

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period (Net)	18,188	42,464	56,599
Loans to Individuals and Corporates (Gross)	36,848	103,464	296,739
Specific Provisions (-)	(18,684)	(61,067)	(240,345)
Loans to Individuals and Corporates (Net)	18,164	42,397	56,394
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Others Loans and Receivables (Gross)	99	163	3,759
Specific Provisions (-)	(75)	(96)	(3,554)
Other Loans and Receivables (Net)	24	67	205
Prior Period (Net)	26,460	32,607	37,644
Loans to Individuals and Corporates (Gross)	58,467	83,665	212,310
Specific Provisions (-)	(32,043)	(51,086)	(174,837)
Loans to Individuals and Corporates (Net)	26,424	32,579	37,473
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Others Loans and Receivables (Gross)	83	71	3,663
Specific Provisions (-)	(47)	(43)	(3,492)
Others Loans and Receivables (Net)	36	28	171

5.11.5. Collaterals Received for Non-Performing Loans

	Current Period	Prior Period
Cash	1,925	1,234
Mortgages	153,917	150,780
Pledged Assets	22,977	16,593
Cheques and Notes	59,650	21,194
Other Collaterals	10,500	8,186
Unsecured Loans	192,103	160,272
Total	441,072	358,259

5.11.6. Non-Performing Loans and Main Guidelines of Liquidation Process for Loans and Receivables

Related loans are classified as non-performing loans as per "Determining the Nature of Loan and Other Receivable Provisions Allocated by Banks and Procedures and Principles of Allocating Provisions" which was published in the Official Gazette No: 26333 on November 1, 2006.

5.11.7. Explanation on "Write-off" Policies

The loans and receivables whose collections are considered to be definitely uncollectible are collected by legal proceedings and encashing the guarantees or written-off by the decision of the Participation Bank's management pursuant to the requirements in outstanding Turkish Tax Procedures Code. TL 57,954 (31 December 2012: TL 35,184) deletion from assets on the current period.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.12 Other Explanation and Disclosures

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

Current Period (*)	0-30 Days	31- 60 Days	61- 90 Days	Total
Loans and Receivables				
Commercial Loans	15,875	12,465	5,965	34,305
SME Loans	11,301	8,875	3,858	24,034
Consumer Loans	1,839	4,618	2,893	9,350
Total	29,015	25,958	12,716	67,689

(*) Only past due loans are presented and the principals of unpaid loans.

Prior Period (*)	0-30 Days	31- 60 Days	61- 90 Days	Total
Loans and Receivables				
Commercial Loans	13,825	2,768	1,672	18,265
SME Loans	15,180	8,124	5,637	28,941
Consumer Loans	17,183	5,581	2,555	25,319
Total	46,188	16,473	9,864	72,525

(*) Only past due loans are presented and the principals of unpaid loans.

6. Investments Held-to-Maturity (Net)

None (31 December 2012: None).

7. Information on Associates (Net)

None (31 December 2012: 4,211 TL).

8. Information on Subsidiaries (Net)

According to a decision of the Parent Participation Bank's Board of Directors on 22 October 2012, asset rent company was established purposing rent certificate issues with the capital TL 50. Asset rent company named TF Varlık Kiralama A.Ş. was established with the authorizations of Banking Regulation and Supervision Agency dated 20 December 2012, Capital Markets Board dated 8 February 2013 and Ministry of Customs and Trade dated 11 February 2013.

Associate	Address (City/Country)	Bank's Share - If Different, Voting Rights (%)		Bank's Risk Group Share (%)
1 TF Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00		-

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	1,231,979	50	-	-	-	-	-	-

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

9. Information on Entities under Common Control

None (31 December 2012: None).

10. Information on Finance Lease Receivables

10.1. Presentation of Finance Lease Investments According to Their Remaining Maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	306,164	266,131	117,864	101,137
1-4 Years	605,449	526,282	221,988	190,483
More Than 4 Years	56,642	49,236	14,858	12,749
Total	968,255	841,649	354,710	304,369

10.2. Financial Information on Net Investments Made in Finance Lease

	Current Period	Prior Period
Gross Finance Lease Receivables	968,255	354,710
Income Earned from Other Operations apart from Finance Lease (-)	(126,606)	(50,341)
Written off leasing amounts	-	-
Total	841,649	304,369

10.3. General Information on Criteria Used in Determination of Contingent Lease Installments, If Any, Updates About Available Situations and Contract Amounts Related to Renewal or Purchase Options and Constraints due to Leasing Contracts, Any Past Due Situations, Renewal of Contracts, If Renewed, Conditions on It, Any Matter Caused to Constraints and Other Important Issues Related to Finance Lease Contracts

Finance lease contracts are realized in consistent with the Financial Leasing, Factoring And Financing Companies Law Nr. 6361. There is not any constraint due to finance lease contracts or any renewal that affects financial statements. (31 December 2012: None)

11. Derivative Financial Assets Held for Risk Management

None (31 December 2012: None).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

12. Information on Tangible Assets

	Buildings	Leased Tangible Assets	Other Tangible Assets	Total
Cost				
Opening Balance	115,150	6,979	181,848	303,977
Movements in the Current Period	-	(1,197)	35,522	34,325
-Additions	-	-	41,010	41,010
-Disposals	-	-	(6,685)	(6,685)
-Transfers	-	(1,197)	1,197	-
-Impairments (Losses)/Reversals	-	-	-	-
-Value Increase	-	-	-	-
Ending Balance	115,150	5,782	217,370	338,302
	-	-	-	-
Accumulated Depreciation				
Opening Balance	(1,913)	(6,923)	(98,524)	(107,360)
-Accumulated Depreciation Reversals	-	-	-	-
Movements in the Current Period	(375)	1,141	(20,019)	(19,253)
-Depreciation Expense	(375)	(56)	(25,228)	(25,659)
-Value Increase	-	-	-	-
-Transfers	-	1,197	(1,197)	-
-Disposals	-	-	6,406	6,406
Ending Balance	(2,288)	(5,782)	(118,543)	(126,613)
Prior Period Net Book Value	113,237	56	83,324	196,617
Current Period Net Book Value	112,862	-	98,827	211,689

13. Information on Intangible Assets

13.1. Useful Life or Depreciation Rates Used

It is explained in the footnote numbered XI in the Section 3.

13.2. Depreciation Methods Used for Intangible Assets

Intangible assets are depreciated by straight-line depreciation method.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

13.3. Movement Table Between the Current and Prior Period

	Intangible Assets
Cost	
Opening Balance	47,818
Movements in the Current Period	30,006
- Additions	30,006
- Disposals (-)	-
- Transfers	-
- Impairment	-
- Value Increase	-
Ending Balance	77,824
	-
Accumulated Depreciation	
Opening Balance	(28,937)
Movements in the Current Period	(11,738)
- Depreciation Expense (-)	(11,738)
- Value Increase	-
- Disposals	-
Ending Balance	(40,675)
Prior Period Net Book Value	18,881
Current Period Net Book Value	37,149

14. Information on Investment Property

None (31 December 2012: None).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

15. Explanations Related to the Deferred Tax Asset

The Participation Bank is calculated deferred tax liability amounting to TL 16,731 (31 December 2012: TL 14,374) from the difference between book values of assets and liabilities, and the tax based amounts which are going to be added to the financial profit or loss in the following periods. The Participation Bank net-off calculated deferred tax asset amounting to TL 39,380 (31 December 2012: TL 25,489) and deferred tax liability, and booked deferred tax asset amounting to TL 22,649 in the current period (31 December 2012: TL 11,115).

	Current Period	
	Deferred Tax Base Amount	Deferred Tax Asset/(Liability)
Retirement Pay Provisions	34,060	6,812
Short-Term Employee Benefits	11,597	2,319
Credit Card Promotion Provision	1,880	376
Provision Expense for Law Suits	7,664	1,533
Fair Value Valuation Differences	636	127
Loan Accrual Differences	38	8
Fair Value Differences of Derivative Financial Instruments	(8,165)	(1,633)
Fixed Asset Depreciation Difference	(45,533)	(9,107)
Revaluation Surplus on Tangible Assets	(23,583)	(4,717)
Rediscounts of Commission	104,813	20,963
Other	29,842	5,968
Deferred Tax Asset (net)		22,649

	Prior Period	
	Deferred Tax Base Amount	Deferred Tax Asset/(Liability)
Retirement Pay Provisions	15,824	3,165
Short-Term Employee Benefits	11,378	2,276
Credit Card Promotion Provision	1,333	267
Provision Expense for Law Suits	4,913	983
Fair Value Valuation Differences	(81)	(16)
Loan Accrual Differences	(167)	(33)
Fair Value Differences of Derivative Financial Instruments	(5,615)	(1,123)
Fixed Asset Depreciation Difference	(26,031)	(5,206)
Revaluation Surplus on Tangible Assets	(23,583)	(4,717)
Rediscounts of Commission	85,588	17,118
Other	(7,993)	(1,599)
Deferred Tax Asset (net)		11,115

Movement of the deferred tax asset is stated as below:

	Current Period	Prior Period
As of January 1	11,115	16,661
Current Period Income/(Expense)	(2,516)	507
Effect of the Change in Tax Rate	(214)	-
Deferred Tax Accounted for Under Equity	14,264	(6,053)
Deferred Tax Asset	22,649	11,115

16. Information on Assets Held for Sale

As of 31 December 2013, information on assets held for sale is amounting to TL 67 (31 December 2012: None).

17. Information on Other Assets

Other assets do not exceed 10% of total assets as of 31 December 2013 and 31 December 2012.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations Related to the Liabilities

1. Information on funds collected

1.1 The Maturity Structure of Funds Collected

Current Period	Demand	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 9 Months	Up to 1 Year	1 Year and Over	Accumulated Profit Sharing Accounts	Total
I. Real Persons Current Accounts-TL	894,578	-	-	-	-	-	-	-	894,578
II. Real Persons Profit Sharing Accounts-TL	-	2,489,240	2,401,698	108,147	-	108,118	610,879	-	5,718,082
III. Other Current Accounts-TL	1,229,597	-	-	-	-	-	-	-	1,229,597
Public Sector	4,434	-	-	-	-	-	-	-	4,434
Commercial Sector	1,193,446	-	-	-	-	-	-	-	1,193,446
Other Institutions	31,212	-	-	-	-	-	-	-	31,212
Commercial and Other Institutional	262	-	-	-	-	-	-	-	262
Banks and Finance Houses	243	-	-	-	-	-	-	-	243
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	221	-	-	-	-	-	-	-	221
Bank	22	-	-	-	-	-	-	-	22
Other	-	-	-	-	-	-	-	-	-
IV. Profit Sharing Accounts-TL	-	415,479	1,212,122	18,973	-	42,125	111,022	-	1,799,721
Public Sector	-	89	38	-	-	-	-	-	127
Commercial Sector	-	357,893	916,802	10,547	-	39,920	106,203	-	1,431,365
Other Institutions	-	57,497	119,290	8,426	-	2,205	4,819	-	192,237
Commercial and Other Institutional	-	-	1	-	-	-	-	-	1
Banks	-	-	175,991	-	-	-	-	-	175,991
V. Real Persons Current Accounts-FC	373,888	-	-	-	-	-	-	-	373,888
VI. Real Persons Profit Sharing Accounts-FC	-	945,547	902,863	72,182	-	124,642	353,457	-	2,398,691
VII. Other Current Accounts-FC	537,777	-	-	-	-	-	-	-	537,777
Commercial Residents in Turkey	507,193	-	-	-	-	-	-	-	507,193
Commercial Residents in Abroad	18,761	-	-	-	-	-	-	-	18,761
Banks	11,823	-	-	-	-	-	-	-	11,823
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	1,022	-	-	-	-	-	-	-	1,022
Banks	10,801	-	-	-	-	-	-	-	10,801
Other	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts Other-FC	-	298,526	837,857	203,236	-	71,563	119,196	-	1,530,378
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Sector	-	157,989	738,973	4,390	-	60,422	56,190	-	1,017,964
Other Institutions	-	6,245	6,811	75,363	-	149	2,065	-	90,633
Commercial and Other Institutional	-	2,594	62,695	121,999	-	10,992	60,941	-	259,221
Banks and Participation Banks	-	131,698	29,378	1,484	-	-	-	-	162,560
IX. Precious Metal Accounts	404,567	-	7,212	239,325	-	7,902	-	-	659,006
X. Profit Sharing Accounts Special Fund Pools-TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Fund Pools-FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	3,440,407	4,148,792	5,361,752	641,863	-	354,350	1,194,554	-	15,141,718

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Prior Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 9 Months	Up to 1 Year	1Year and Over	Accumulated Profit Sharing Accounts	Total
I. Real Persons Current Accounts-TL	580,048	-	-	-	-	-	-	-	580,048
II. Real Persons Profit Sharing Accounts-TL	-	2,001,737	1,188,873	151,363	-	88,314	1,371,042	-	4,801,329
III. Other Current Accounts-TL	722,622	-	-	-	-	-	-	-	722,622
Public Sector	27,264	-	-	-	-	-	-	-	27,264
Commercial Sector	674,869	-	-	-	-	-	-	-	674,869
Other Institutions	20,217	-	-	-	-	-	-	-	20,217
Commercial and Other Institutionals	164	-	-	-	-	-	-	-	164
Banks and Finance Houses	108	-	-	-	-	-	-	-	108
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	52	-	-	-	-	-	-	-	52
Bank	56	-	-	-	-	-	-	-	56
Other	-	-	-	-	-	-	-	-	-
IV. Profit Sharing Accounts-TL	-	242,437	624,589	155,468	-	37,278	281,001	-	1,340,773
Public Sector	-	151	74	-	-	-	-	-	225
Commercial Sector	-	218,777	386,813	30,186	-	37,133	267,783	-	940,692
Other Institutions	-	23,393	55,640	4,170	-	145	13,218	-	96,566
Commercial and Other Institutionals	-	61	-	-	-	-	-	-	61
Banks	-	55	182,062	121,112	-	-	-	-	303,229
V. Real Persons Current Accounts-FC	286,509	-	-	-	-	-	-	-	286,509
VI. Real Persons Profit Sharing Accounts-FC	-	789,256	552,410	63,253	-	154,624	450,286	-	2,009,829
VII. Other Current Accounts-FC	456,597	-	-	-	-	-	-	-	456,597
Commercial Residents in Turkey	430,135	-	-	-	-	-	-	-	430,135
Commercial Residents in Abroad	22,592	-	-	-	-	-	-	-	22,592
Banks	3,870	-	-	-	-	-	-	-	3,870
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	534	-	-	-	-	-	-	-	534
Banks	3,336	-	-	-	-	-	-	-	3,336
Other	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts Other-FC	-	280,645	259,840	17,552	-	21,703	145,829	-	725,569
Public Sector	-	11	-	-	-	-	-	-	11
Commercial Sector	-	127,884	193,769	5,074	-	172	142,964	-	469,863
Other Institutionals	-	2,060	8,346	-	-	6	2,865	-	13,277
Commercial and Other Institutionals	-	92,654	57,280	12,478	-	21,525	-	-	183,937
Banks and Participation Banks	-	58,036	445	-	-	-	-	-	58,481
IX. Precious Metal Accounts	482,033	-	12,322	11,876	-	29	-	-	506,260
X. Profit Sharing Accounts Special Fund Pools-TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Fund Pools-FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	2,527,809	3,314,075	2,638,034	399,512	-	301,948	2,248,158	-	11,429,536

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2 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 insurance		Exceeding the Limit of insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real Persons Current and Profit Sharing Accounts that are not Subject to the Commercial Activities	5,172,050	3,399,951	4,794,572	4,711,264
TL Accounts	3,829,189	2,510,748	2,740,294	2,827,133
FC Accounts	1,342,861	889,203	2,054,278	1,884,131
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

Guarantee of Deposit Insurance Fund changed insurance amount from TL 50 to TL 100 on the "Regulation on Deposits and Participation Funds Subject to Insurance and Premiums Collected by Savings Deposit Insurance Fund" dated 15 February 2013.

1.3. Current and Profit Sharing Accounts which are not Under the Guarantee of Deposit Insurance Fund

	Current Period	Prior Period
Foreign Branches' Profit Share Funds and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts held by Shareholders and Their Relatives	-	-
Profit Sharing Accounts and Other Accounts of the Chairman and Board of Directors, Chief Executive Officer, Senior Executive Officers and Their Relatives	45,898	49,969
Profit Sharing Accounts and Other Accounts Held as Assets Subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26/9/2004	-	-
Off Shore banking Regions' Profit Sharing Accounts	-	-

1.4. Information on the Current and Profit Sharing Accounts of the Participation Bank with Head Office Abroad, if the Saving Deposits in the Branches of the Participation Bank Located in Turkey are Under the Guarantee of Saving Deposit Insurance in that Country Abroad

The center of the Participation Bank is in Turkey and under the guarantee of Saving Deposits Insurance Fund of Turkey.

1.5. Current and Profit Sharing Accounts which are not Under the Guarantee of Deposit Insurance Fund

Total of current and profit sharing accounts which are not under the guarantee of Deposit Insurance Fund is TL 45,898 (31 December 2012: TL 49,969).

2. Negative Differences on Derivative Financial Liabilities Held for Trading

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transaction	21,646	2,679	2,777	2,236
Swap Transaction	-	13,981	3,340	122
Future	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	21,646	16,660	6,117	2,358

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

3. Information on Borrowings

3.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from the Central Bank of Turkey	-	-	-	-
Funds Borrowed from Domestic Banks and Institutions	-	1,139,294	-	7,130
Funds Borrowed from Foreign Banks, Institutions and Funds	161,147	3,865,568	-	2,496,813
Total	161,147	5,004,862	-	2,503,943

3.2. Maturity Analysis of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	2,163,459	-	1,398,882
Medium and Long-Term	161,147	2,841,403	-	1,105,061
Total	161,147	5,004,862	-	2,503,943

4. Other Liabilities Exceeding 10% of the Balance Sheet Total and the Breakdown of Such Liabilities Constituting at Least 20% of the Grand Total

Other liabilities do not exceed 10% of total liabilities as of 31 December 2013 and 31 December 2012.

5. Information on Finance Lease Payables (net)

5.1. The General Explanations on Criteria Used in Determining Installments of Financial Lease Agreements, Renewal and Purchasing Options and Restrictions in the Agreements that Create Significant Obligations to the Participation Bank

None (31 December 2012: None).

5.2. The Explanation on Modifications in Agreements and New Obligations Resulting from such Modifications

None (31 December 2012: None).

6. Information on Derivative Financial Liabilities Held for Risk Management

None (31 December 2012: None).

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

7. Information on Provisions

7.1. Information on General Provisions

	Current Period	Prior Period
General Provisions	150,439	139,804
Provision for Group 1. Loans and Receivables	114,838	115,487
Profit Sharing Accounts' Share	49,199	50,344
The Bank's Share	65,639	65,143
Other	-	-
Additional provisions for Group 1. loans with extended payment plan	1,888	2,046
Profit Sharing Accounts' Share	404	783
The Bank's Share	1,484	1,263
Other	-	-
Provision for Group 2. Loans and Receivables	20,225	9,211
Profit Sharing Accounts' Share	7,290	3,598
The Bank's Share	12,935	5,613
Other	-	-
Additional provisions for Group 2. loans with extended payment plan	7,476	3,241
Profit Sharing Accounts' Share	2,644	1,402
The Bank's Share	4,832	1,839
Other	-	-
Provision for Non Cash Loans	15,376	15,106
Other	-	-

7.2. Information on Foreign Exchange Losses on the Foreign Currency Indexed Loans and Finance Lease Receivables

Foreign exchange differences on foreign currency indexed loans amounting to TL 764 are netted with loans on the asset side as of balance sheet date (31 December 2012: TL 31,606).

7.3. Information on Employee Termination Benefits

The Participation Bank's provision amount for unused vacation is TL 11,597 (31 December 2012: TL 11,378), provision amount for performance premium is TL 24,454 (31 December 2012: TL 19,443) and provision amount for severance indemnities is TL 34,060 (31 December 2012: TL 15,824) as of 31 December 2013.

Employee Termination Movement Statements

	Current Period	Prior Period
As of 1 January 2013	15,824	11,460
Current Service Cost	2,317	1,896
Profit share cost	1,127	971
Actuarial profit/loss ^(*)	16,702	2,978
Accounted profit/loss	1,297	1,860
Indemnity paid during the period	(3,207)	(3,341)
Total severance obligation	34,060	15,824

^(*) Actuarial losses of employee termination benefits amount to TL 16,702 are accounted under other capital reserves net amount to TL 13,362 which is net off deferred tax amount to TL 3,340.

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

7.4. Information on Other Provisions

7.4.1. Information on Provisions for possible risks

None (31 December 2012: None).

7.4.2. Other Provisions Exceeding 10% of Total Provisions and Name, Amount and Breakdown of Such Provisions

	Current Period	Prior Period
Specific Provision for Cheques	18,647	24,977
Specific Provision for Non Cash Loans not Indemnified or not Converted into Cash	33,108	26,398
Provision for Lawsuits against Participation Bank	7,664	4,913
Provision for Decrease in Value Spot Derivative Transactions	834	102
Provision for Profits will be Allocated to Participation Accounts ⁽¹⁾	27,606	10,415
Provision for Credit Cards Promotion Commitments	1,880	1,333
Total	89,739	68,138

⁽¹⁾ According to article 14 of regulation on procedures and principles for determination of qualifications of loans and other receivables and provision by banks, the amount is reserved to use for general loan loss provision, specific provisions and the Participation Accounts allocated to premium of Guarantee of Deposit Insurance Fund.

8. Information on Tax Liability

8.1. Explanations Related to Current Tax Liability

8.1.1. Information on Tax Provision

The Participation Bank has corporate tax liability amounting to TL 80,719 (31 December 2012: TL 78,760) and prepaid tax amounting to TL 67,679 (31 December 2012: TL 59,391) as of 31 December 2013. The remaining corporate tax liability after the deduction of the prepaid tax amount is reflected to financial statements.

8.1.2. Information on Taxes Payable

	Current Period	Prior Period
Corporate Tax Payables	13,040	19,369
Tax on Securities Income	7,453	6,807
Tax on Real Estate Income	713	562
Banking Insurance Transaction Tax	8,924	6,124
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payables	1,598	1,137
Other	5,309	4,667
Total	37,037	38,666

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

8.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	2,193	1,900
Social Security Premiums-Employer	2,363	1,922
Bank Pension Fund Premiums- Employees	-	-
Bank Pension Fund Premiums- Employer	-	-
Pension Fund Membership Fees and Provisions- Employees	-	-
Pension Fund Membership Fees and Provisions- Employers	-	-
Unemployment Insurance- Employees	157	136
Unemployment Insurance- Employer	313	271
Other	52	69
Total	5,078	4,298

8.2. Information on Deferred Tax Liabilities

None (31 December 2012: None).

9. Information on Liabilities Regarding Assets Held for Sale and Discontinued Operations

None (31 December 2012: None).

10. Information on Subordinated Loans

None (31 December 2012: None).

11. Information on Shareholders' Equity

11.1. Presentation of Paid-in Capital

	Current Period	Prior Period
Common Stock	1,775,000	1,650,000
Preferred Stock	-	-

11.2. Paid-in Capital Amount, Explanation as to Whether the Registered Share Capital System is Applicable at Participation Bank if so Amount of Registered Share Capital Ceiling

Registered share capital system is not applied in Participation Bank.

11.2.1 Information on Share Capital Increases and Their Sources; Other Information on Increased Capital Shares in Current Period

During the current period Participation Bank increased its capital total amounting to TL 125,000. (2012: total amounting to TL 850,000 consisting of amounting TL 150,000 paid in cash and amounting to TL 700,000 from general reserve).

11.2.2 Information on Capital Reserves Transferred to the Capital During the Period

During the current period Participation Bank didn't transfer any capital reserves to the capital (31 December 2012: 700,000 TL).

No balance has been added to capital reserves from revaluation fund in the current period (31 December 2012: None).

11.2.3 Capital Commitments in the Last Fiscal Year and at the end of the Following Interim Period, the General Purpose of These Commitments and Projected Resources Required Meeting These Commitments

None (31 December 2012: 125,000 TL).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

11.3. Indicators of the Participation Bank's Income, Profitability and Liquidity for the Previous Periods and Possible Effects of These Future Assumptions on the Participation Bank's Equity Due to the Uncertainty of These Indicators

None (31 December 2012: None).

11.4. Information on Preferred Shares

None (31 December 2012: None).

11.5. Information on Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Securities Available for Sale	(20,836)	(15,959)	6,916	(15)
Valuation Differences	(20,836)	(15,959)	6,916	(15)
Exchange Rate Differences	-	-	-	-
Total	(20,836)	(15,959)	6,916	(15)

11.6. Other Information on Shareholders' Equity

By a decision taken in the Participation Bank's General Assembly dated 28 March 2013, the profit of the year 2012 that is amounting to TL 283,573 was transferred to statutory reserves and extraordinary reserves amounting to TL 14,153 and TL 269,420 respectively.

III. Explanations Related to the Off-Balance Sheet Items

1. Information on Off-Balance Sheet Liabilities

1.1. Types and Amounts of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset purchase-sale commitments	492,668	301,633
Commitments for Subsidiaries and Affiliates	17,018	-
Commitments for Check Payments	1,109,434	1,066,949
Tax and Fund Liabilities from Export Commitments	2,033	2,976
Commitments for Credit Card Expenditure Limits	706,334	461,707
Commitments for Credit Cards and Banking Services Promotions	1,068	1,026
Other	34,205	29,282
Total	2,362,760	1,863,573

1.2. Nature and Amount of Irrevocable Loan Commitments

As per the BRSA's article, dated 3 June 2013, non-cash loans and cash loans within credit agreements which are not been granted or do not have a guarantee to be granted should be accounted under the other off-balance sheet items. According to that article, the Parent Participation Bank removed the amount TL 23,208,485 from the Statement of Off-Balance Sheet Items, which was previously reported as revocable loan granting commitments under the Statement of Off Balance Sheet Items.

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantee and Other Letters of Credits

	Current Period	Prior Period
Guarantees	7,726,279	6,197,780
Acceptances	435,940	292,225
Letter of Credits	741,920	618,692
Other guarantees	-	-
Total	8,904,139	7,108,697

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2.2. Permanent Guarantees, Temporary Guarantees, Suretyships and Similar Transactions

	Current Period	Prior Period
Temporary Guarantee Letters	1,180,089	821,661
Permanent Guarantee Letters	4,207,154	3,596,243
Advance Guarantee Letters	504,690	283,098
Guarantee Letters Given to Duties	359,995	226,378
Other Guarantee Letters	1,474,351	1,270,400
Total	7,726,279	6,197,780

1.2.3. Total Non Cash Loans

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	744,686	640,838
With maturity of 1 year or less than 1 year	17,680	10,419
With maturity more than 1 year	727,006	630,419
Other non cash loans	8,159,453	6,467,859
Total	8,904,139	7,108,697

1.2.4. Information on Sectoral Risk Concentration of Non-Cash Loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	79,222	1.47	42,218	1.19	45,860	1.10	24,229	0.83
Farming and Stockbreeding	79,115	1.47	42,218	1.19	45,860	1.10	24,229	0.83
Forestry	5	0.00	-	0.00	-	0.00	-	0.00
Fishery	102	0.00	-	0.00	-	0.00	-	0.00
Manufacturing	1,056,233	19.69	1,752,349	49.54	759,360	18.16	1,279,664	43.69
Mining	64,737	1.21	58,974	1.67	53,924	1.29	58,253	1.99
Production	828,451	15.44	1,527,181	43.17	553,443	13.23	1,033,642	35.29
Electricity, Gas, Water	163,045	3.04	166,194	4.70	151,993	3.64	187,769	6.41
Construction	2,084,663	38.85	582,435	16.46	1,639,783	39.23	473,798	16.18
Services	2,101,092	39.15	1,132,742	32.01	1,562,770	37.39	1,028,582	35.12
Wholesale and Retail Trade	1,065,310	19.85	638,821	18.06	825,394	19.74	482,995	16.49
Hotel, Food and Beverage Services	21,738	0.41	94,249	2.66	17,842	0.43	218,232	7.45
Transportation and Telecommunication	161,603	3.01	265,141	7.49	154,979	3.71	88,980	3.04
Financial Institutions	14,849	0.28	36,080	1.02	14,490	0.35	85,493	2.92
Real Estate and Renting Services	705,986	13.15	97,287	2.75	406,093	9.71	144,765	4.94
"Self-Employment" Type Services	-	0.00	-	0.00	-	0.00	-	0.00
Educational Services	27,477	0.51	76	0.00	35,405	0.85	-	0.00
Health and Social Services	104,129	1.94	1,088	0.03	108,567	2.60	8,117	0.28
Other	44,973	0.84	28,212	0.80	172,121	4.12	122,530	4.18
Total	5,366,183	100.00	3,537,956	100.00	4,179,894	100.00	2,928,803	100.00

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2.5. Information on Ist and IInd Group Non-Cash Loans

	I st Group		II nd Group	
	TL	FC	TL	FC
Non-Cash Loans	5,257,296	3,514,229	108,887	23,727
Letters of Guarantee	5,249,244	2,344,421	108,887	23,727
Endorsements and Acceptances	3,911	432,029	-	-
Letters of Credit	4,141	737,779	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Commitments	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

2. Explanations Related to the Derivative Financial Instruments

	Current Period	Prior Period
Type of Trading Transactions		
Foreign Currency Related Derivative Transactions (I):	6,758,916	3,071,277
Forward Transactions	3,464,413	1,554,162
Swap Transactions	3,294,503	1,517,115
Futures Transactions	-	-
Option Transactions	-	-
Other Trading Derivative Transactions (II)	375,937	66,641
A. Total Trading Derivative Transactions (I+II)	7,134,853	3,137,918

3. Explanations Related to the Contingent Liabilities and Assets

None (31 December 2012: None).

4. Services rendered on behalf of third parties

None (31 December 2012: None).

IV. Explanations Related to the Income Statement

1. Profit Share Income

1.1. Information on Profit Share on Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit Share on Loans (*)	1,387,011	49,919	1,297,671	52,591
Short Term Loans	350,690	10,228	414,961	14,485
Medium and Long Term Loans	1,027,905	39,691	876,103	38,106
Profit Share on Non Performing Loans	8,416	-	6,607	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	1,387,011	49,919	1,297,671	52,591

(*) Profit Share on Loans includes commission income on cash loans.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2. Information on Profit Share on Participation Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	135	302	530	782
Branches and Head Office Abroad	-	-	-	-
Total	135	302	530	782

1.3. Information on Profit Share on Marketable Securities Portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Financial Assets Available for Sale	58,108	8,460	24,133	911
Investments Held to Maturity	-	-	-	-
Total	58,108	8,460	24,133	911

1.4. Information on Profit Share Income Received from Associates and Subsidiaries

None (31 December 2012: None).

2. Profit Share Expenses

2.1. Information on Profit Share on Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	6,455	103,729	805	73,928
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	1,281	767	2
Foreign Banks ⁽¹⁾	6,455	102,448	38	73,926
Branches and Head Office Abroad	-	-	-	-
Other Institutions	-	27,008	-	-
Total	6,455	130,737	805	73,928

⁽¹⁾ Profit Share on Funds Borrowed includes commission expense on cash loans.

2.2. Profit Share Expense Given to Associates and Subsidiaries

	Current Period	Prior Period
Profit Share Expense Given to Associates and Subsidiaries	27,008	-

2.3. Information on Profit Share Expense to Marketable Securities Issued

None (31 December 2012: None).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

2.4. Distribution of Profit Share Expense on Funds Collected Based on Maturity of Funds Collected

Account Name	Profit Sharing Accounts					Accumulated Profit Sharing Account	Total
	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira							
Funds Collected from Banks via Current and Profit Sharing Accounts	2	15,982	901	1,815	-	-	18,700
Real Person's Non Commercial Profit Sharing Acc.	133,902	113,808	8,593	7,305	68,381	-	331,989
Public Sector Profit Sharing Acc.	70	2,332	-	-	-	-	2,402
Commercial Sector Profit Sharing Acc.	17,066	50,380	1,474	2,421	12,387	-	83,728
Other Institutions Profit Sharing Acc.	2,036	8,719	1,074	102	1,028	-	12,959
Total	153,076	191,221	12,042	11,643	81,796	-	449,778
Foreign Currency							
Banks	1,030	939	-	174	-	-	2,143
Real Person's Non Commercial Profit Sharing Acc.	19,374	19,623	1,752	4,743	12,391	-	57,883
Public Sector Profit Sharing Acc.	-	-	-	-	-	-	-
Commercial Sector Profit Sharing Acc.	5,095	14,587	136	295	3,388	-	23,501
Other Institutions Profit Sharing Acc.	490	2,062	3,105	860	1,530	-	8,047
Precious Metal Accounts	-	82	1,376	30	-	-	1,488
Total	25,989	37,293	6,369	6,102	17,309	-	93,062
Grand Total	179,065	228,514	18,411	17,745	99,105	-	542,840

3. Information on Dividend Income

None (31 December 2012: None).

4. Information on Trading Income/Losses (net)

	Current Period	Previous Period
Income	2,451,529	1,178,434
Trading Account Income	1,238	1,171
Derivative Financial Instruments	514,178	436,166
Foreign Exchange Gains	1,936,113	741,097
Losses (-)	(2,379,852)	(1,121,734)
Trading Account Losses	(37)	-
Derivative Financial Instruments	(477,068)	(297,251)
Foreign Exchange Losses	(1,902,747)	(824,483)

Foreign exchange gains from the exchange rate changes of derivative financial instruments: TL 32,381 (31 December 2012: TL 10,896). TL 29,830 (31 December 2012: TL 8,637) of foreign exchange losses are resulted from the exchange rate changes of derivative financial instruments.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

5. Information on Other Operating Income

	Current Period	Previous Period
Communication Expense Charged to Customers	6,520	6,351
Gain on Sale of Assets	8,081	6,383
Checkbook Expenses	5,188	5,886
Reversals Related to Prior Year's Expenses	69,273	58,254
Other	19,172	14,934
Total	108,234	91,808

6. Provision Expenses Related To Loans and Other Receivables of the Participation Bank

	Current Period	Previous Period
Specific Provisions for Loans and Other Receivables	154,990	156,620
III. Group	19,490	32,401
IV. Group	66,335	50,939
V. Group	65,067	72,022
Doubtful Commission, Fee and Other Receivables	4,098	1,258
General Provision Expenses	13,349	46,856
Provision Expenses for Possible Losses	-	-
Marketable Securities Impairment Losses	-	-
Financial Assets at Fair Value Through Profit and Losses	-	-
Investment Securities Available for Sale	-	-
Impairment Provision Expenses	-	-
Investment in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities	-	-
Investments Held to Maturity	-	-
Other^(*)	34,411	22,903
Total	202,750	226,379

^(*) Other provision expenses amounting to TL 34,411 comprised of specific provision expenses for cheques amounting to TL 3,563, specific provision expenses for non cash loans not indemnified or not converted into cash amounting to TL 12,563, specific provision expenses allocated to participation accounts amounting to TL 15,286 and provision expenses for law suits amounting to TL 2,999 (31 December 2012: Other provision expenses amounting to TL 22,903 comprised of specific provision expenses for cheques amounting to TL 5,628, specific provision expenses for non cash loans not indemnified or not converted into cash amounting to TL 13,341, specific provision expenses allocated to participation accounts amounting to TL 1,513 and provision expense for law suits amounting to TL 2,421).

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

7. Information on Other Operating Expenses

	Current Period	Previous Period
Personnel Expenses	287,003	242,839
Reserve for Employee Termination Benefits	1,534	6,520
Bank Pension Fund Deficit Provisions	-	-
Impairment Losses on Tangible Assets	-	418
Depreciation Expenses of Tangible Assets	25,659	22,334
Impairment Losses on Intangible Assets	-	-
Amortization Expenses of Goodwill	-	-
Depreciation Expenses of Intangible Assets	11,738	7,553
Impairment Provision for Investments Accounted for Under Equity Method	-	-
Impairment Losses on Assets to be Disposed	426	178
Depreciation Expenses of Assets to be Disposed	787	568
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	150,665	110,885
Operating Lease Expenses	53,682	42,336
Repair and Maintenance Expenses	4,407	3,265
Advertisement Expenses	23,826	14,864
Other Expenses	68,750	50,420
Loss on Sales of Assets	212	1,090
Other	88,980	68,260
Total	567,004	460,645

8. Explanations Related to the Profit/Loss Before Taxes Including Profit/Loss from Discontinued Operations

The Participation Bank's profit before taxes realized at TL 412,512 increasing by 14.01% comparing to the prior year. The profit before taxes includes a net profit share income of TL 874,083 a net fees and commission income of TL 128,272. Operating expenses are amounted to TL 567,004.

9. Information on Provision for Taxes

The Participation Bank tax reconciliation is listed below:

	Current Period	Prior Period
Profit Before Tax	412,512	361,826
Corporate Tax Ratio	% 20	% 20
Calculated Tax	82,502	72,365
Deductions	(45,205)	(25,497)
Other	45,938	31,385
Income Tax Expense	83,235	78,253

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

10. Explanations Related to the Net Profit/Loss Including Profit/Loss From Discontinued Operations

Net period profit is TL 329,277 (31 December 2012: TL 283,573).

11. Explanation on Net Period Profit/Loss

11.1 The Nature and Amount of Certain Income and Expense Items from Ordinary Operations is Disclosed If the Disclosure for Nature, Amount and Repetition Rate of Such Items is Required for the Complete Understanding of the Participation Bank's Performance for the Period

Profit share income on regular banking operations is TL 1,566,233 and profit share expenses are TL 692,150 (31 December 2012: profit share income; TL 1,410,356 profit share expenses: TL 618,245).

11.2 Effect of Changes in Accounting Estimates on Income Statement for the Current and, If Any, for Subsequent Periods

None (31 December 2012: None).

11.3 Nature and Amount of Changes in Accounting Estimates which Have Material Effects on the Current Period or Expected to Have Material Effects on the Subsequent Periods

None (31 December 2012: None).

12. If the Other Items in the Income Statement Exceed 10% of the Income Statement Total, Accounts Amounting to At Least 20% of These Items are shown below

Other Fees and Commissions Received	Current Period	Prior Period
Commissions of Letters of Credit on Imports	599	511
Commission of Collection Note/Check	2,573	2,628
Commissions on Remittance	8,015	8,058
Insurance Commissions	11,290	6,315
Credit Letter Commissions	1,973	1,780
Expert Fees	14,635	11,042
Credit Card Fees and Commissions	16,606	16,647
Commissions on Member Firm -POS	13,362	12,301
Cash Import Commissions	3,840	2,836
Other Commissions and Fees	21,691	14,587
Total	94,584	76,705

Other Fees and Commissions Given	Current Period	Prior Period
POS Transaction Commission Expense	16,282	20,127
7/24 Card Domestic ATM Commission Given	1,047	919
Credit Card Service and Usage Expense	3,546	3,137
Commissions and Fees Given for Remittance	1,705	1,549
Other Commissions and Fees	26,860	18,485
Total	49,440	44,217

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

V. Explanations and Disclosures Related to the Statements of Shareholders' Equity Movement

1. Information on Any Increases Arising from Application of Accounting for Financial Instruments in the Current Period

1.1. Increases from Valuation of Financial Assets Available-for-Sale

None (31 December 2012: 9,897 TL).

1.2. Increases Due to Cash Flow Hedges

None (31 December 2012: None).

1.3. Increases Due to the Revaluation of Tangible Fixed Assets

None (31 December 2012: 68,033 TL).

2. Information on Any Decreases Arising from Application of Accounting for Financial Instruments in the Current Period

2.1. Decreases from Valuation of Financial Assets Available-for-Sale

As of 31 December 2013, the revaluation of financial assets available-for-sale at fair value netted with the related deferred tax liability effect has resulted in an increase by TL 43,696 that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. (31 December 2012: None).

2.2. Decreases Due to Cash Flow Hedges

None (31 December 2012: None).

3. Information on Dividend

3.1. Dividends Declared Subsequent to the Balance Sheet Date, but Before the Announcement of the Financial Statements

None.

3.2. Dividends per Share Proposed Subsequent to the Balance Sheet Date

None.

4. Amounts Transferred to Legal Reserves

In 2013, the amount transferred to legal reserves is TL 14,153 and amount transferred to extraordinary reserves TL 269,420 (31 December 2012: to the legal reserves is TL 11,335 to the extraordinary reserves is TL 220,252).

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

5. Information on Shares Issued

5.1. For All Capital Share Classes of the Participation Bank; Rights, Priorities and Restrictions about This Item Including Distribution of Dividend and Restrictions related to Repayment of Capital

None (31 December 2012: None).

5.2. Explanations Related to Other Capital Increase Items in the Statements of Shareholders' Equity Movement

None.

VI. Explanations Related to Statement of Cash Flows

1. Disclosures for "other" items and "effect of change in foreign currency rates cash and cash equivalents" in statement of cash flows

The "other" item amounting to a loss of TL 526,683 under operating profit before changes in operating assets and liabilities composes of fees and commissions paid, other operating expenses excluding employee costs and depreciation expense, provision expense (31 December 2012: TL 192,298 loss).

The "net increase in other liabilities" amounting to TL 626,497 under the changes in operating assets and liabilities is resulted from the changes in the miscellaneous payables and other external funding payables (31 December 2012: TL 608,674).

As of 31 December 2013, the effect of change in the exchange rate on cash and cash equivalents calculated a loss of TL 477,828 (31 December 2012: TL 78,768).

2. Cash outflows from Acquisition of Associates, Subsidiaries and Joint-ventures

TF Varlık Kiralama AŞ which is wholly owned by the Participation Bank has been established with TL 50 capital at 11 February 2013. (31 December 2012: Participation Bank paid their TL 1,000 capital commitment to Kredi Garanti Fonu AŞ at 20 September 2012. It has been decided to purchase shares of Kredi Garanti Fonu AŞ with amounting TL 211 at meeting of board of directors on 13 December 2013 and the price paid on 28 December 2012.)

3. Cash Inflows from Acquisition of Associates, Subsidiaries and Joint-ventures

None (31 December 2012: None).

4. Information on Cash and Cash Equivalents at Beginning and End of Periods

	Current Period	Prior Period
Cash	924,398	1,102,936
Cash in TL and Foreign Currency	149,645	101,591
Central Bank of Turkey	774,741	1,001,215
Other	12	130
Cash Equivalents	954,203	497,028
Receivables from Interbank Money Markets	-	-
Banks and Other Financial Institutions	954,203	497,028
Total Cash and Cash Equivalents	1,878,601	1,599,964

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5. Restricted Cash and Cash Equivalents of the Participation Bank Due to Legal Requirements or Other Reasons

The placements at Central Bank of Turkey include blocked accounts with a total principal balance of TL 2,906,724 (31 December 2012: TL 1,701,528) which is kept as reserve deposits for foreign currency liabilities.

6. Additional Information on Financial Position and Liquidity

6.1. Restrictions on the Participation Bank's potential borrowings

None (31 December 2012: None).

6.2. Cash inflows presenting increase in operating capacity of the Participation Bank

The Participation Bank daily follows the cash transactions for banking activities continuance and the cash flow represents the increase in the banking activities is analyzed under this conditions.

VII. Explanations on the Risk Group of the Participation Bank

1. Information on the volume of transactions relating to the Participation Bank's risk group, incomplete loan and funds collected transactions and period's profit and loss

1.1. Information on loans and other receivables of the Participation Bank's risk group

Current Period

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Cash	Non Cash	Cash	Non Cash	Cash	Non Cash
Loans and Others Receivables						
Balance at the beginning of the period	-	-	116	74,318	85,459	89,573
Balance at the end of the period ^(*)	-	-	106	33,432	202,554	100,277
Profit Share and Commission Income	-	-	422	7	49,747	579

^(*) Lease receivables from the Participation Bank's risk group are included in cash balances amounting to TL 19,289.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Unconsolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Cash	Non Cash	Cash	Non Cash	Cash	Non Cash
Loans and Others Receivables						
Balance at the beginning of the period	-	-	147	59,337	133,063	74,466
Balance at the end of the period (*)	-	-	116	74,318	85,459	89,573
Profit Share and Commission Income	-	-	318	-	15,768	1,042

(*) Lease receivables from the Participation Bank's risk group are included in cash balances amounting to TL 8,057.

1.2 Information on Current and Profit Sharing Accounts Related to Risk Group of the Participation Bank

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been 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 the period	-	-	197,213	203,337	126,926	80,972
Balance at the end of the period	38	-	220,461	197,213	97,125	126,926
Profit Share Expenses (*)	-	-	12,397	18,068	5,296	9,984

1.3. Forward Transactions, Option Contracts and Other Similar Contracts Made With the Participation Bank's Risk Group

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Transactions at fair value through profit/loss						
Balance at the beginning of the period	-	-	-	-	9,032	8,732
Balance at the end of the period	-	-	-	-	-	9,032
Total Profit/Loss	-	-	-	-	3	40
Derivative Instruments Held for Risk Management						
Balance at the beginning of the period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

1.4. Funds Borrowed from the Participation Bank's Risk Group

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans Received						
Balance at the Beginning of the period	-	-	935,865	376,757	-	-
Balance at the End of the period	1,074,246	-	1,114,834	935,865	-	-
Profit Share and Commission Expense (*)	27,008	-	37,320	25,887	-	-

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on the Participation Bank's Domestic Branches, Branches Abroad and Off-shore Branches or Associates and Agencies

1. Explanations on the Participation Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

	Number	Employees*		
Domestic Branches	250	2,554		
			Country	
Rep-Offices Abroad			1-	
			2-	
				Total Assets
				Capital
Branches Abroad			1-	
			2-	
Off-Shore Branches			1-	
			2-	

(* Employees number consists of branch employees. As of 31 December 2013, 1,436 employees work at the head office.

2. Explanations on Branch and Agency Openings or Closings of the Participation Bank

In 2013, Participation Bank opened 30 new domestic branches.

IX. Explanations Related to Subsequent Events

1. Transactions Not Finalized Yet Related to Subsequent Events and Their Impact on Financial Statements

Rent certificates that are offered to public by TF Varlık Kiralama A.Ş. on 15-16 January 2014 with nominal value at TL 100,000,000 with 179 days maturity and redemption date of 18 July 2014, are started to be traded at 21 January 2014 as listed at Debt Securities Outright Purchases and Sales Market within the scope of resolution of the stock exchange board of directors at 21 February 2013.

2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect decision making process of users

None.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Unconsolidated Financial Report as of and For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION SIX: OTHER EXPLANATIONS

I. Other Explanations Related to Participation Bank's Operations

Summary information of the Participation Bank related to rating given by international rating agencies:

Foreign Currency	
Long Term	BBB
Short Term	F3
View	Stable
Turkish Lira	
Long Term	BBB+
Short Term	F2
View	Stable
National	
Long Term	AAA(tur)
Financial Capacity Note	bb-
Stand By Note	2
View	Stable

Information obtained from Fitch Ratings Report published at 9 December 2013.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements of the Participation Bank as of and for the year ended 31 December 2013 were audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Independent Auditors' Report dated 14 February 2014 is presented in the introduction of this report. It was noted in their report that the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Finans Katılım Bankası AŞ as of 31 December 2013 and the result of its operations.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.

Independent Auditors' Report



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**
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To the Board of Directors of Türkiye Finans Katılım Bankası AŞ:

We have audited the consolidated balance sheet of Türkiye Finans Katılım Bankası AŞ ("the Bank") and its financial subsidiary (together "the group") as of 31 December 2013 and the consolidated statements of income, cash flows, changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

Disclosure for the Responsibility of the Bank's Board of Directors

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

Disclosure for the Responsibility of the Authorized Audit Firm

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

Independent Auditor's Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Finans Katılım Bankası AŞ and its financial subsidiary as of 31 December 2013 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 and 38 of (Turkish) Banking Law No 5411 and other regulations, circular and communiqués published by the Banking Regulation and Supervision Board, and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

İstanbul,

14 February 2014

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Erdal TIKMAK
Partner

Additional paragraph for convenience translation to English:

As explained in Note 1 in Third Section, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

The Consolidated Financial Report of Türkiye Finans Katılım Bankası A.Ş. For the Year Ended 31 December 2013

Address of the Headquarter of the Bank: Adnan Kahveci Caddesi No:139 34876 Yakacak -Kartal/İstanbul
Phone and Fax Numbers of the Bank: 0 216 586 70 00/0 216 586 63 26
Website of the Bank: www.turkiyefinans.com.tr
Electronic Mail Address to Contact: maliisler@turkiyefinans.com.tr

The consolidated Year-End Financial Report prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

GENERAL INFORMATION ABOUT THE PARENT BANK

CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK

EXPLANATIONS ON ACCOUNTING POLICIES OF THE PARENT BANK

EXPLANATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK INFORMATION ON FINANCIAL STRUCTURE OF THE PARENT BANK

EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Subsidiary whose financial statement has been consolidated in the consolidated financial report are as follows:

Subsidiaries

1. TF Varlık Kiralama AŞ

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

Mustafa BOYDAK
Chairman of the
Board of Directors

V. Derya GÜRERK
General Manager

Abdüllatif ÖZKAYNAK
Finance Executive
Vice President

Mete M. KANAT
Financial Reporting & Control
Vice President

Oğuz KAYHAN
Audit Committee Member

Brian Keith BELCHER
Audit Committee Member

Information on the authorized personnel to whom questions may be directed related to this financial report:

Name-Surname/Title: Sefa SEYHAN/Manager

Phone Nr: 0216 586 91 86

Fax Nr: 0216 586 63 34

	PAGE
SECTION ONE	
GENERAL INFORMATION	
I. Explanations on the date of establishment and the initial status of the Participation Bank, and the history including the changes in the former status	1
II. Explanations regarding the Participation Bank's shareholder structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in the current period, if any and explanations on the controlling group of the Participation Bank	1
III. Explanations regarding the chairman and the members of Board of Directors, Audit Committee, General Manager and assistants and their shares in the Participation Bank	2
IV. Explanations on the people and institutions that have qualified shares of the Participation Bank	3
V. Summary information on the Participation Bank's functions and areas of activity	3
VI. Differences between the Communiqué on Preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the Institutions subject to line-by-line method or proportional consolidation and Institutions which are deducted from equity or not included in these three methods	4
VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its Subsidiaries or the reimbursement of liabilities	4
SECTION TWO	
CONSOLIDATED FINANCIAL STATEMENTS	
I. Balance Sheet (Statement of Financial Position)	5
II. Off-balance sheet items	7
III. Income statement	8
IV. Statement of income/expense items accounted under shareholders' equity	9
V. Statement of cash flows	12
VI. Statement of changes in shareholders' equity	10
VII. Profit distribution table	13
SECTION THREE	
ACCOUNTING POLICIES	
I. Basis of presentation	14
II. Explanations on usage strategy of financial assets and foreign currency transactions	14
III. Explanations on forward and option contracts and derivative instruments	15
IV. Explanations on profit share income and expenses	15
V. Explanations and disclosures on fees and commission income and expenses	15
VI. Explanations and disclosures on financial assets	15
VII. Explanations on impairment on financial assets	17
VIII. Explanations on offsetting of financial assets and liabilities	17
IX. Explanations on sales and repurchase agreements and lending of securities	17
X. Explanations on assets held for sale and discontinued operations and debts due to these assets	17
XI. Explanations and disclosures on goodwill and other intangible assets	18
XII. Explanations and disclosures on tangible assets	18
XIII. Explanations and disclosures on leasing transactions	19
XIV. Explanations on provisions and contingent liabilities	19
XV. Explanations on liabilities regarding employee benefits	19
XVI. Explanations on taxation	20
XVII. Additional explanations on borrowings	20
XVIII. Explanations on share certificates	20
XIX. Explanations and disclosures on acceptances	20
XX. Explanations and disclosures on government incentives	20
XXI. Explanations and disclosures on segment reporting	21
XXII. Explanations on other matters	21

	PAGE
SECTION FOUR	
INFORMATION ON FINANCIAL STRUCTURE	
I. Explanations and disclosures related to the capital adequacy standard ratio	22
II. Explanations and disclosures related to credit risk	26
III. Explanations and disclosures related to market risk	34
IV. Explanations and disclosures related to operational risk	34
V. Explanations and disclosures related to currency risk	36
VI. Explanations and disclosures related to interest rate risk	38
VII. Explanations and disclosures related to share risk due from banking book	39
VIII. Explanations and disclosures related to liquidity risk	39
IX. Explanations and disclosures related to securitization position	42
X. Explanations and disclosures related to credit risk mitigation techniques	42
XI. Explanations and disclosures related to risk management target and policies	43
XII. Explanations and disclosures related to fair values of financial assets and liabilities	45
XIII. Transactions carried out on behalf of customers, items held in trust	46
SECTION FIVE	
EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS	
I. Explanations related to the assets	47
II. Explanations related to the liabilities	60
III. Explanations related to the off-balance sheet items	67
IV. Explanations related to the income statement	69
V. Explanations related to the statements of shareholders' equity movement	74
VI. Explanations on the risk group of cash flows	76
VII. Explanations on the risk group of the participation bank	77
VIII. Explanations on the participation bank's domestic branches, branches abroad and off-shore branches or associates and agencies	78
IX. Explanations related to subsequent events	79
SECTION SIX	
OTHER EXPLANATIONS	
I. Other explanations related to participation bank's operations	80
SECTION SEVEN	
INDEPENDENT AUDITOR'S REPORT	
I. Explanations on the independent auditor's report	80
II. Other footnotes and explanations prepared by the independent auditors	80

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE : GENERAL INFORMATION

I. Explanations on the date of establishment and the initial status of the Parent Participation Bank, and the history including the changes in the former status

Participation banks started their operations in accordance with the Provision on Establishment of Participation Banks of Decree No. 83/7506 dated 16 December 1983, and the related Communiqués issued by Prime Ministry Undersecretariat of Treasury and by Central Bank of Turkish Republic. Participation banks then continued their operations in accordance with Banking Act Nr. 4389, dated 18 June 1999, with the change declared in Act Nr. 4491, dated 17 December 1999. In the Provisional Article Nr. 3, of Act Nr. 4491, a transition period of two years is stated to complete the compliance to Banking Act. The Parent Participation Bank is now operating in accordance with Banking Act Nr. 5411.

The Parent Participation Bank began its operations on 4 November 1991 in accordance with the regulation nr. 83/7506 published on 16 December 1983.

According to the decision made by Board of Directors' meeting of Anadolu Finans Kurumu AŞ nr. 1047 on 31 May 2005, it is decided that Anadolu Finans Kurumu AŞ is merged with Family Finans Kurumu AŞ.

The merger was realized by transferring all assets, liabilities and off-balance sheet items of Family Finans Kurumu AŞ to Anadolu Finans Kurumu AŞ. Banking Regulation and Supervision Agency ("BRSA") affirmed both the transfer agreement signed between Anadolu Finans Kurumu AŞ and Family Finans Kurumu AŞ and alterations in primary contract of Anadolu Finans Kurumu AŞ on 20 October 2005. Decision related to merger was approved by the decree nr. 1764 dated 28 December 2005 of BRSA.

BRSA approved the title of the Participation Bank to be Türkiye Finans Katılım Bankası AŞ ("the Parent Participation Bank"), during the merger process, with the decision dated 30 November 2005 and Nr. 1747, in compliance with Article 48 of Turkish Commercial Code, and subject to the approval of Council of Ministers. The change in title of the Participation Bank was registered by T.R. Istanbul Trade Registry Office on 30 December 2005, in compliance with Turkish Commercial Code Nr. 6762.

As 31 December 2013 the Parent Bank operates through 250 branches with 3,990 employees.

II. Explanations regarding Participation Bank's shareholder structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current period, if any and explanations on the controlling group of the Parent Participation Bank

The shareholder structure of the Participation Bank is presented in note IV.

With the authorization of BRSA, numbered 2489 and dated 28 February 2008, 60% of the Parent Participation Bank was acquired by the National Commercial Bank. The Parent Participation Bank increased its capital from TL 292,047 to TL 800,000 with the capital increase in 2008. As per the decision has been taken by the Extraordinary General Assembly on 6 June 2012, the Parent Bank's share capital will increase by TL 975,000 from TL 800,000 to TL 1,775,000. The part of this increase amounting to TL 700,000 will be transferred from general reserve and the remaining part amounting to TL 275,000 will be paid in cash. This decision has been published and approved in the trade official gazette on 2 July 2012. The portion amounting to TL 150,000 of the capital increase which has been committed to be paid in cash as TL 275,000 in total will be paid in three months after the registration of the capital increase, and the remaining portion amounting to TL 125,000 will be paid until 31 December 2012. Cash commitment amounting to TL 150,000 was paid by shareholders on 2 October 2012 and recorded into capital accounts on 19 November 2012. As of 31 December 2012, cash commitment amounting to TL 125,000 was paid by shareholders and recorded into capital accounts on with the approval of Banking Regulation and Supervision Agency on increase dated 6 February 2013. As of 31 December 2013, the shares are as follows; the National Commercial Bank 66.27%, Boydak Group holds 22.09%, Ülker Group holds 11.57%; and they have the main controlling power after merger.

As of 31 December 2013, the Parent Participation Bank's paid-in-capital consists of 1,775,000,000 shares of TL 1 nominal each.

The Parent Participation Bank is controlled by the National Commercial Bank group.

The National Commercial Bank (NCB) established as the first and the biggest bank of Saudi Arabia. The Parent Bank is performing its banking operations through cross-border in Bahrain and Lebanon. The headquarter of The National Commercial Bank is located in Jeddah.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

III. Explanations regarding the Chairman and the Members of Board of Directors, Audit Committee, Chief Executive Officer and Assistants, if any, their shares and responsibilities in the Parent Participation Bank

Title	Name and Surname	Educational Degree	Responsibilities	Ownership percentage %
Chairman of the Board of Directors	Mustafa Boydak	University	Chairman of the Board of Directors	1.87
Members of the Board	Saeed Mohammed A. Alghamdi	University	Member of the Board	-
	Oğuz Kayhan	Master	Member of the Board and the Audit Committee	-
	Mehmet Atila Kurama	Master	Member of the Board	-
	Alsharif Khalid AlGhalib	Master	Member of the Board	-
	Brian Keith Belcher	University	Member of the Board and the Audit Committee	-
	Veysel Derya Gürek (General Manager)	Master	Member of the Board and General Manager	-
Members of the Audit Committee	Oğuz Kayhan	Master	Member of the Board and the Audit Committee	-
	Brian Keith Belcher	University	Member of the Board and the Audit Committee	-
Presidents	Osman ÇELİK	University	Loans	-
	İkram GÖKTAŞ	University	Distribution and Service	-
	Zühal Ulutürk	Master	Human Resources	-
	Erol GÖRGÜN	Master	Commercial Banking	-
	Menduh KARA	University	SME Banking	-
	Fahri ÖBEK	Master	Information Technology	-
	Semih ALŞAR	Master	Retail Banking	-
	Abdüllatif ÖZKAYNAK	University	Finance	-
	Ali GÜNEY	University	Treasury	-
	Dursun ARSLAN	Master	Operation and Strategy	-

According to a decision of Board of Directors on 28 March 2013, Saeed Mohammed A. Alghamdi is appointed as Member of Board instead of Abdulkareem Asaad A. Abualnasr who has resigned. According to a decision of Board of Directors on 28 March 2013, Vice General Manager Bedri Sayın's resignation is accepted. According to a decision of Board of Directors on 15 April 2013, Dursun Arslan appointed as Vice General Manager responsible of Operation and Strategy. According to a decision of Board of Directors on 29 May 2013, Alsharif Khalid AlGhalib is appointed as Member of Board instead of Donald Paul Hill who has resigned. Osman Çelik appointed as Vice General Manager responsible of Commercial Banking on 1 October 2013 instead of Aydın Gündoğdu who has resigned on 30 September 2013. Erol Görgün appointed as Vice General Manager responsible of Loans instead of Osman Çelik who has resigned on 1 October 2013.

IV. Explanations on the people and institutions that have qualified shares of the Parent Participation Bank

Name Surname/Commercial Name	Share Amounts	Share Ratio %	Paid Up Shares	Unpaid Shares
THE NATIONAL COMMERCIAL BANK	1,176,369	66.27	1,176,369	-
GÖZDE GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.	205,405	11.57	205,405	-
(HACI) MUSTAFA BOYDAK (1934)	41,173	2.32	41,173	-
BOYDAK HOLDİNG A.Ş.	39,213	2.21	39,213	-
BEKİR BOYDAK	33,269	1.87	33,269	-
MEMDUH BOYDAK	33,269	1.87	33,269	-
MUSTAFA BOYDAK (1963)	33,250	1.87	33,250	-
YUSUF BOYDAK	31,309	1.76	31,309	-
ŞÜKRÜ BOYDAK	27,730	1.56	27,730	-
HACI BOYDAK	26,678	1.50	26,678	-

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

V. Summary on the Parent Participation Bank's functions and areas of activity

The Parent Participation Bank operates in accordance with the principles of interest-free banking as a participation bank, by collecting funds through current accounts and profit sharing accounts, and lending such funds through production support, finance lease and profit/loss sharing partnership.

The Parent Participation Bank has two ways of collecting funds; current accounts and profit sharing accounts. The Participation Bank classifies current accounts and profit sharing accounts in accordance with their maturities in its accounting system. Profit sharing accounts are categorized into five different maturity groups; one month, up to three months (three months included), up to six months (six months included), up to one year and one year and more than one year (one month, three months, six months and one year profit share payment).

The Parent Participation Bank could determine the participation rates on profit/loss sharing accounts with respect to the maturity group of Turkish Lira and foreign currency accounts, separately under the limitation that the participation rate on loss shall not be less than 50%, for different currency type, amount and maturity groups specifically.

The Parent Participation Bank constitutes specific fund pools, allocated to the individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are distinguished from others with respect to the terms, accounted separately from the others and it is not allowed to make any transfers from these accounts to any other maturity groups. Specific fund pools are clarified at the end of the financing period.

In addition to ordinary banking activities, the Parent Participation Bank has services through branches. It has insurance agency operations through Eureko Sigorta, Işık Sigorta, Aviva Sigorta, Neova Sigorta and HDI Sigorta. Besides, it has private pension insurance agency operations on behalf of Garanti Emeklilik and Groupama Emeklilik. In addition, it has stock broker agency services on behalf of Bizim Menkul Değerler A.Ş.

On the other hand Parent Participation Bank mainly has services such as letters of guarantee, import credits and acceptance credits and other kind of non-cash credits as well.

The Parent Participation Bank's operations are not limited as mentioned above. In case of any transaction else made, not mentioned above, and considered as in favor of participating bank, upon the request of the board of directors, this case is adjudicated by general meeting and is proceeded to be got required approval from competent authority and depends on the approval of Ministry of commerce and customs. Thus, the approved decision is added on main agreement.

TF Varlık Kiralama AŞ which is wholly owned by the Parent Participation Bank has been established to generate (leasing/rental) income by leasing assets back to the originating company which were taken over from the originating company; by issuing leasing certificate related to aforementioned leasing (rental) income and then transferring the related assets back to the originating company.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

VI. Differences Between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About the Institutions Subject to Line-by-Line Method or Proportional Consolidation and Institutions Which are Deducted From Equity or Not Included in These Three Methods

TF Varlık Kiralama AŞ, which was established on 11 February 2013 and the subsidiary of the Parent Participation Bank with 100% ownership is fully consolidated in the consolidated financial statements of the Participation Bank from 30 June 2013.

VII. The Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholder's Equity Between the Parent Bank and Its Subsidiaries or the Reimbursement of Liabilities

The transfer of shareholder's equity between the Parent Bank and its subsidiaries is not in question.

There is no restriction on existing or potential, actual or legal obstacles on the Reimbursement of Liabilities between the Parent Bank and its subsidiaries. The Parent Bank can receive or pay the amounts regarding rendering and getting services from its subsidiaries within the framework service agreements.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Statement of Financial Position)
- II. Consolidated Off-Balance Sheet Items
- III. Consolidated Income Statement
- IV. Consolidated Statement of Income/Expense Items Accounted Under Shareholders' Equity
- V. Consolidated Statement of Cash Flows
- VI. Consolidated Statement of Changes in Shareholders' Equity
- VII. Profit Distribution Table

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Consolidated Balance Sheet (Statement of Financial Position)

(Thousands of Turkish Lira (TL) unless otherwise stated)

ASSETS	Footnotes	THOUSAND TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		Audited (31/12/2013)			Audited (31/12/2012)		
	(5-1)	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(1)	558,306	3,277,948	3,836,254	473,666	2,344,502	2,818,168
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	33,927	12,742	46,669	6,476	7,797	14,273
2.1 Financial assets held for trading		33,927	12,742	46,669	6,476	7,797	14,273
2.1.1 Government debt securities		-	-	-	-	-	-
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		33,793	12,678	46,471	6,398	7,692	14,090
2.1.4 Other marketable securities		134	64	198	78	105	183
2.2 Financial assets at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	484,448	469,755	954,203	106,548	390,480	497,028
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1,067,307	345,718	1,413,025	466,785	198,330	665,115
5.1 Equity securities		4,225	151	4,376	-	121	121
5.2 Government debt securities		1,063,082	345,567	1,408,649	466,785	198,209	664,994
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS	(5)	16,528,993	918,968	17,447,961	12,071,578	691,822	12,763,400
6.1 Loans		16,414,441	916,269	17,330,710	11,978,060	688,629	12,666,689
6.1.1 Loans to the Bank's Risk Group		159,248	24,123	183,371	77,518	-	77,518
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		16,255,193	892,146	17,147,339	11,900,542	688,629	12,589,171
6.2 Non-performing loans		431,195	9,877	441,072	352,498	5,761	358,259
6.3 Specific provisions (-)		(316,643)	(7,178)	(323,821)	(258,980)	(2,568)	(261,548)
VII. INVESTMENTS HELD TO MATURITY (Net)	(6)	-	-	-	-	-	-
VIII. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	4,211	-	4,211
8.1 Consolidated under equity method		-	-	-	-	-	-
8.2 Unconsolidated associates		-	-	-	4,211	-	4,211
8.2.1 Financial investments		-	-	-	4,211	-	4,211
8.2.2 Non-financial investments		-	-	-	-	-	-
IX. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
9.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
9.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
X. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	(9)	-	-	-	-	-	-
10.1 Consolidated under equity method		-	-	-	-	-	-
10.2 Unconsolidated associates		-	-	-	-	-	-
10.2.1 Financial investments		-	-	-	-	-	-
10.2.2 Non-Financial investments		-	-	-	-	-	-
XI. LEASE RECEIVABLES (Net)	(10)	841,649	-	841,649	304,369	-	304,369
11.1 Finance lease receivables		968,255	-	968,255	354,710	-	354,710
11.2 Operating lease receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned income (-)		(126,606)	-	(126,606)	(50,341)	-	(50,341)
XII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(11)	-	-	-	-	-	-
12.1 Fair value hedges		-	-	-	-	-	-
12.2 Cash flow hedges		-	-	-	-	-	-
12.3 Net foreign investment hedges		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)	(12)	211,689	-	211,689	196,617	-	196,617
XIV. INTANGIBLE ASSETS (Net)	(13)	37,149	-	37,149	18,881	-	18,881
14.1 Goodwill		-	-	-	-	-	-
14.2 Other intangibles		37,149	-	37,149	18,881	-	18,881
XV. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET		22,649	-	22,649	11,115	-	11,115
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset	(15)	22,649	-	22,649	11,115	-	11,115
XVII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	67	-	67	-	-	-
17.1 Assets held for sale		67	-	67	-	-	-
17.2 Assets of discontinued operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	311,348	3,916	315,264	308,554	14,773	323,327
TOTAL ASSETS		20,097,532	5,029,047	25,126,579	13,968,800	3,647,704	17,616,504

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Balance Sheet (Statement of Financial Position)

(Thousands of Turkish Lira (TL) unless otherwise stated)

LIABILITIES AND EQUITY		Footnotes (5-II)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD Audited (31/12/2013)			PRIOR PERIOD Audited (31/12/2012)		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(1)	9,641,940	5,499,740	15,141,680	7,444,772	3,984,764	11,429,536
1.1	Funds from risk group of the Bank		178,072	139,514	317,586	233,746	90,393	324,139
1.2	Other		9,463,868	5,360,226	14,824,094	7,211,026	3,894,371	11,105,397
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	21,646	16,660	38,306	6,117	2,358	8,475
III.	FUNDS BORROWED	(3)	161,147	3,930,615	4,091,762	-	2,503,943	2,503,943
IV.	MONEY MARKET BALANCES		721,560	-	721,560	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)	(4)	-	1,074,246	1,074,246	-	-	-
VI.	MISCELLANEOUS PAYABLES		523,932	111,031	634,963	522,787	55,953	578,740
VII.	OTHER LIABILITIES	(5)	529,523	19,752	549,275	640,100	32,997	673,097
VIII.	LEASE PAYABLES (Net)	(6)	-	-	-	-	-	-
8.1	Finance lease payables		-	-	-	-	-	-
8.2	Operating lease payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred finance lease expenses (-)		-	-	-	-	-	-
IX.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(7)	-	-	-	-	-	-
9.1	Fair value hedges		-	-	-	-	-	-
9.2	Cash flow hedges		-	-	-	-	-	-
9.3	Net foreign investment hedges		-	-	-	-	-	-
X.	PROVISIONS	(8)	275,284	35,005	310,289	236,480	18,107	254,587
10.1	General loan loss provision		150,439	-	150,439	139,804	-	139,804
10.2	Provision for Restructuring		-	-	-	-	-	-
10.3	Reserve for employee benefits		70,111	-	70,111	46,645	-	46,645
10.4	Insurance technical reserves (Net)		-	-	-	-	-	-
10.5	Other provisions		54,734	35,005	89,739	50,031	18,107	68,138
XI.	TAX LIABILITY	(9)	42,117	-	42,117	42,964	-	42,964
11.1	Current tax liability		42,117	-	42,117	42,964	-	42,964
11.2	Deferred tax liability		-	-	-	-	-	-
XII.	LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(10)	-	-	-	-	-	-
12.1	Assets held for sale		-	-	-	-	-	-
12.2	Assets of discontinued operations		-	-	-	-	-	-
XIII.	SUBORDINATED DEBTS	(11)	-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY	(12)	2,538,340	(15,959)	2,522,381	2,125,177	(15)	2,125,162
14.1	Paid-in capital		1,775,000	-	1,775,000	1,650,000	-	1,650,000
14.2	Capital reserves		55,417	(15,959)	39,458	96,531	(15)	96,516
14.2.1	Share premium		-	-	-	-	-	-
14.2.2	Share cancellation profits		-	-	-	-	-	-
14.2.3	Securities value increase fund		(20,836)	(15,959)	(36,795)	6,916	(15)	6,901
14.2.4	Tangible assets revaluation reserve		89,615	-	89,615	89,615	-	89,615
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 (Joint Ventures)		-	-	-	-	-	-
14.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
14.2.9	Accumulated revaluation reserves on assets held for sale and discontinued operations		-	-	-	-	-	-
14.2.10	Other capital reserves		(13,362)	-	(13,362)	-	-	-
14.3	Profit reserves		378,646	-	378,646	95,073	-	95,073
14.3.1	Legal reserves		72,236	-	72,236	58,083	-	58,083
14.3.2	Statutory reserves		-	-	-	-	-	-
14.3.3	Extraordinary reserves		306,410	-	306,410	36,990	-	36,990
14.3.4	Other profit reserves		-	-	-	-	-	-
14.4	Profit or loss		329,277	-	329,277	283,573	-	283,573
14.4.1	Prior years' profit/loss		-	-	-	-	-	-
14.4.2	Current period net profit/loss		329,277	-	329,277	283,573	-	283,573
14.5	Non-controlling interest		-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			14,455,489	10,671,090	25,126,579	11,018,397	6,598,107	17,616,504

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Consolidated OFF-Balance Sheet Items

(Thousands of Turkish Lira (TL) unless otherwise stated)

	Footnotes (5-III)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		Audited (31/12/2013)			Audited (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		9,027,390	9,374,362	18,401,752	6,728,746	5,381,442	12,110,188
I. GUARANTEES AND SURETIES	(1)	5,366,183	3,537,956	8,904,139	4,179,894	2,928,803	7,108,697
1.1. Letters of guarantee		5,358,131	2,368,148	7,726,279	4,176,322	2,021,458	6,197,780
1.1.1. Guarantees subject to State Tender Law		189,098	-	189,098	172,793	-	172,793
1.1.2. Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3. Other letters of guarantee		5,169,033	2,368,148	7,537,181	4,003,529	2,021,458	6,024,987
1.2. Bank acceptances		3,911	432,029	435,940	2,328	289,897	292,225
1.2.1. Import letter of acceptance		953	432,029	432,982	2,328	289,897	292,225
1.2.2. Other bank acceptances		2,958	-	2,958	-	-	-
1.3. Letters of credit		4,141	737,779	741,920	1,244	617,448	618,692
1.3.1. Documentary letters of credit		4,141	737,779	741,920	1,244	617,448	618,692
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Other guarantees		-	-	-	-	-	-
1.7. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	2,039,251	323,509	2,362,760	1,600,937	262,636	1,863,573
2.1. Irrevocable commitments		2,039,251	323,509	2,362,760	1,600,937	262,636	1,863,573
2.1.1. Forward asset purchase and sale commitments		169,159	323,509	492,668	38,997	262,636	301,633
2.1.2. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.3. Loan granting commitments		17,018	-	17,018	-	-	-
2.1.4. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.5. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6. Commitments for cheque payments		1,109,434	-	1,109,434	1,066,949	-	1,066,949
2.1.7. Tax and fund obligations on export commitments		2,033	-	2,033	2,976	-	2,976
2.1.8. Commitments for credit card limits		706,334	-	706,334	461,707	-	461,707
2.1.9. Commitments for credit cards and banking services promotions		1,068	-	1,068	1,026	-	1,026
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		34,205	-	34,205	29,282	-	29,282
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1,621,956	5,512,897	7,134,853	947,915	2,190,003	3,137,918
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		1,621,956	5,512,897	7,134,853	947,915	2,190,003	3,137,918
3.2.1. Forward foreign currency buy/sell transactions		1,621,956	5,136,960	6,758,916	947,915	2,123,362	3,071,277
3.2.1.1. Forward foreign currency transactions-buy		793,861	2,566,164	3,360,025	700,994	808,585	1,509,579
3.2.1.2. Forward foreign currency transactions-sell		828,095	2,570,796	3,398,891	246,921	1,314,777	1,561,698
3.2.2. Other forward buy/sell transactions		-	375,937	375,937	-	66,641	66,641
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		227,673,881	21,497,196	249,171,077	166,274,003	16,305,185	182,579,188
IV. ITEMS HELD IN CUSTODY		2,015,989	1,560,842	3,576,831	1,756,485	705,284	2,461,769
4.1. Customers' securities held		-	-	-	-	-	-
4.2. Investment securities held in custody		28,604	2,085	30,689	28,604	1,706	30,310
4.3. Checks received for collection		1,460,839	137,363	1,598,202	1,283,898	89,747	1,373,645
4.4. Commercial notes received for collection		526,543	108,324	634,867	443,980	80,803	524,783
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received through public offering		-	-	-	-	-	-
4.7. Other items under custody		-	1,026,369	1,026,369	-	508,938	508,938
4.8. Custodians		3	286,701	286,704	3	24,090	24,093
V. PLEDGED ITEMS		225,657,892	19,911,659	245,569,551	164,517,518	15,570,137	180,087,655
5.1. Securities		54,607	22,087	76,694	83,338	26,887	110,225
5.2. Guarantee notes		57,500,671	1,688,884	59,189,555	32,103,318	802,127	32,905,445
5.3. Commodities		1,976,516	404,229	2,380,745	1,473,959	268,813	1,742,772
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		46,924,906	100,480	47,025,386	38,687,297	94,112	38,781,409
5.6. Other pledged items		119,157,958	17,541,242	136,699,200	92,137,339	14,110,808	106,248,147
5.7. Pledged items-depository		43,234	154,737	197,971	32,267	267,390	299,657
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	24,695	24,695	-	29,764	29,764
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		236,701,271	30,871,558	267,572,829	173,002,749	21,686,627	194,689,376

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Income Statement
(Thousands of Turkish Lira (TL) unless otherwise stated)

		THOUSAND TURKISH LIRA	
		Audited CURRENT PERIOD	Audited PRIOR PERIOD
		1 January- 30 December 2013	1 January- 31 December 2012
INCOME AND EXPENSE ITEMS	Footnotes (5-IV)		
I. PROFIT SHARE INCOME		1,566,233	1,410,356
1.1 Profit share on loans	(1)	1,436,930	1,350,262
1.2 Profit share on reserve deposits		-	-
1.3 Profit share on banks		437	1,312
1.4 Profit share on money market placements		-	-
1.5 Profit share on marketable securities portfolio		66,568	25,044
1.5.1 Financial assets held for trading		-	-
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Financial assets available for sale		66,568	25,044
1.5.4 Investments held to maturity		-	-
1.6 Finance lease income		40,612	14,957
1.7 Other profit share income		21,686	18,781
II. PROFIT SHARE EXPENSE	(2)	692,151	618,245
2.1 Expense on profit sharing accounts		542,840	543,512
2.2 Profit share expense on funds borrowed		110,450	74,733
2.3 Profit share expense on money market borrowings		12,118	-
2.4 Expense on securities issued		26,743	-
2.5 Other profit share expense		-	-
III. NET PROFIT SHARE INCOME/EXPENSE (I - II)		874,082	792,111
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		128,272	108,231
4.1 Fees and commissions received		177,712	152,448
4.1.1 Non-Cash loans		83,128	75,743
4.1.2 Other	(12)	94,584	76,705
4.2 Fees and commissions paid		49,440	44,217
4.2.1 Non-Cash loans		-	-
4.2.2 Other	(12)	49,440	44,217
V. DIVIDEND INCOME	(3)	-	-
VI. TRADING INCOME/EXPENSES (Net)	(4)	71,677	56,700
6.1 Gains/Losses on securities trading		1,201	1,171
6.2 Derivative financial transactions gains/losses		37,110	138,915
6.3 Foreign exchange gains/losses		33,366	(83,386)
VII. OTHER OPERATING INCOME	(5)	108,234	91,808
VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		1,182,265	1,048,850
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(202,750)	(226,379)
X. OTHER OPERATING EXPENSES (-)	(7)	(567,003)	(460,645)
XI. NET OPERATING INCOME/EXPENSE (VIII-IX-X)		412,512	361,826
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-
XIV. NET MONETARY POSITION GAIN/LOSS		-	-
XV. PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	(8)	412,512	361,826
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (±)	(9)	(83,235)	(78,253)
16.1 Current tax provision		(80,719)	(78,760)
16.2 Deferred tax provision		(2,516)	507
XVII. NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(10)	329,277	283,573
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. EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
19.1 Expense on assets held for sale		-	-
19.2 Expense on sale of associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-
19.3 Expense on other discontinued operations		-	-
XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	329,277	283,573
23.1 Group's Profit/Loss		329,277	283,573
23.2 Non-controlling Interest (-)		-	-

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

Consolidated Statement of Income/Expense Items Accounted Under Shareholders' Equity

(Thousands of Turkish Lira (TL) unless otherwise stated)

	THOUSAND TURKISH LIRA	
	CURRENT PERIOD Audited (01/01/2013 - 31/12/2013)	PRIOR PERIOD Audited (01/01/2012 - 31/12/2012)
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	(54,620)	12,368
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	71,615
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(16,702)	-
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	14,264	(6,053)
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(57,058)	77,930
XI. CURRENT PERIOD PROFIT/LOSSES	329,277	283,573
1.1 Net changes in fair value of securities (transferred to income statement)	(133)	(1,713)
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	329,410	285,286
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	272,219	361,503

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Consolidated Statement of Cash Flows

(Thousands of Turkish Lira (TL) unless otherwise stated)

	Footnotes (5-VI)	THOUSAND TURKISH LIRA	
		CURRENT PERIOD Audited (01/01/2013 - 31/12/2013)	PRIOR PERIOD Audited (01/01/2012 - 31/12/2012)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		120,007	572,507
1.1.1 Profit share income received		1,517,647	1,409,540
1.1.2 Profit share expense paid		(675,852)	(603,420)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		177,712	152,448
1.1.5 Other income		38,961	167,030
1.1.6 Collections from previously written off loans and other receivables		112,797	74,215
1.1.7 Cash payments to personnel and service suppliers		(437,671)	(353,724)
1.1.8 Taxes paid		(86,908)	(81,284)
1.1.9 Other	(1)	(526,679)	(192,298)
1.2 Changes in Operating Assets and Liabilities		(714,915)	(482,000)
1.2.1 Net (Increase) Decrease in financial assets held for trading		1	-
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		(1,205,195)	(1,045,448)
1.2.4 Net (Increase) Decrease in loans		(5,261,777)	(2,753,571)
1.2.5 Net (Increase) Decrease in other assets		27,267	(189,188)
1.2.6 Net Increase (Decrease) in bank deposits		(11,225)	346,918
1.2.7 Net Increase (Decrease) in other deposits		3,716,760	1,571,622
1.2.8 Net Increase (Decrease) in funds borrowed		1,392,768	978,993
1.2.9 Net Increase (Decrease) in due payables		-	-
1.2.10 Net Increase (Decrease) in other liabilities	(1)	626,486	608,674
I. Net cash provided from banking operations		(594,908)	90,507
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(796,433)	(91,932)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(2)	-	(1,211)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	(3)	-	-
2.3 Purchases of tangible assets		(71,016)	(51,244)
2.4 Sales of tangible assets		279	1,555
2.5 Cash paid for purchase of financial assets available for sale		(786,782)	(594,485)
2.6 Cash obtained from sale of financial assets available for sale		61,086	553,453
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other	(1)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		1,192,150	150,000
3.1 Cash obtained from funds borrowed and securities issued		1,067,150	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		125,000	150,000
3.4 Dividends paid		-	-
3.5 Payments for financial leases		-	-
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	477,828	(78,768)
V. Net increase/(decrease) in cash and cash equivalents		278,637	69,807
VI. Cash and cash equivalents at beginning of period	(4)	1,599,964	1,530,157
VII. Cash and cash equivalents at end of period	(4)	1,878,601	1,599,964

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

Consolidated Statement of Changes in Shareholders' Equity

(Thousands of Turkish Lira (TL) unless otherwise stated)

THOUSAND TURKISH LIRA								
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves
PRIOR PERIOD Audited (01.01-31.12.2012)								
I.	Balances at beginning of the period		800,000	-	-	-	46,748	-
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)		800,000	-	-	-	46,748	-
Changes during the period								
IV.	Mergers		-	-	-	-	-	-
V.	Market value changes of securities		-	-	-	-	-	-
VI.	Hedging reserves		-	-	-	-	-	-
6.1	Cash flow hedge		-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets		-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets		-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
X.	Translation differences		-	-	-	-	-	-
XI.	Changes resulted from disposal of assets		-	-	-	-	-	-
XII.	Changes resulted from reclassification of assets		-	-	-	-	-	-
XIII.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-
XIV.	Capital increase		850,000	-	-	-	-	-
14.1	Cash		150,000	-	-	-	-	-
14.2	Internal sources		700,000	-	-	-	-	-
XV.	Share issuance		-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-
XVIII.	Others		-	-	-	-	-	-
XIX.	Current period net profit/loss		-	-	-	-	-	-
XX.	Profit distribution		-	-	-	-	11,335	-
20.1	Dividends		-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	11,335	-
20.3	Others		-	-	-	-	-	-
Balances at the end of the period (I+II+III+...+XVI+XVII+XVIII)			1,650,000	-	-	-	58,083	-

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

Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedge Reserves	Accu. Rev.Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity
516,738	-	231,587	-	(2,996)	21,582	-	-	-	1,613,659
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
516,738	-	231,587	-	(2,996)	21,582	-	-	-	1,613,659
-	-	-	-	-	-	-	-	-	-
-	-	-	-	9,897	-	-	-	-	9,897
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	68,033	-	-	-	68,033
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(700,000)	-	-	-	-	-	-	-	-	150,000
(700,000)	-	-	-	-	-	-	-	-	150,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	283,573	-	-	-	-	-	-	283,573
220,252	-	(231,587)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
220,252	-	(231,587)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
36,990	-	283,573	-	6,901	89,615	-	-	-	2,125,162

Consolidated Statement of Changes in Shareholders' Equity

(Thousands of Turkish Lira (TL) unless otherwise stated)

THOUSAND TURKISH LIRA								
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes (5-V)	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves
CURRENT PERIOD								
Audited (01.01-31.12.2013)								
I.	Balances at beginning of the period		1,650,000	-	-	-	58,083	-
Changes during the period								
II.	Mergers		-	-	-	-	-	-
III.	Market value changes of securities	(1),(2)	-	-	-	-	-	-
IV.	Hedging reserves		-	-	-	-	-	-
4.1	Cash flow hedge		-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
VIII.	Translation differences		-	-	-	-	-	-
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-
X.	Changes resulted from reclassification of assets		-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity		-	-	-	-	-	-
XII.	Capital increase		125,000	-	-	-	-	-
12.1	Cash		125,000	-	-	-	-	-
12.2	Internal sources		-	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-
XVI.	Others	(5)	-	-	-	-	-	-
XVII.	Current period net profit/loss		-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	14,153	-
18.1	Dividends	(3)	-	-	-	-	-	-
18.2	Transfers to reserves	(4)	-	-	-	-	14,153	-
18.3	Others		-	-	-	-	-	-
Balances at end of the period (I+II+III+...+XVI+XVII+XVIII)			1,775,000	-	-	-	72,236	-

Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev.Surp. on Assets Held for Sale and Assets of Discont. Op.s	Total Shareholders' Equity Except Non-controlling Interest	Non-controlling Interest	Total Shareholders' Equity
36,990	-	283,573	-	6,901	89,615	-	-	-	2,125,162	-	2,125,162
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	(43,696)	-	-	-	-	(43,696)	-	(43,696)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	125,000	-	125,000
-	-	-	-	-	-	-	-	-	125,000	-	125,000
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	(13,362)	-	-	-	-	-	-	-	(13,362)	-	(13,362)
-	-	329,277	-	-	-	-	-	-	329,277	-	329,277
269,420	-	(283,573)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
269,420	-	(283,573)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
306,410	(13,362)	329,277	-	(36,795)	89,615	-	-	-	2,522,381	-	2,522,381

TÜRKİYE FİNANS KATILIM BANKASI AŞ

Profit Distribution Table

(Thousands of Turkish Lira (TL) unless otherwise stated)

		THOUSAND TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
		Audited (31/12/2013)	Audited (31/12/2012)
I.	DISTRIBUTION OF CURRENT PERIOD PROFIT ⁽¹⁾		
1.1	CURRENT PERIOD PROFIT	412,512	361,826
1.2	TAXES AND DUES PAYABLE (-)	(83,235)	(78,253)
1.2.1	Corporate Tax (Income Tax)	(80,719)	(78,760)
1.2.2	Income Tax Withholding	-	-
1.2.3	Other Taxes and Dues Payable ⁽²⁾	(2,516)	507
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	329,277	283,573
1.3	PRIOR YEAR'S LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(14,153)
1.5	OTHER STATUTORY RESERVES (-) ⁽³⁾	-	(507)
B.	DISTRIBUTABLE NET PERIOD PROFIT [(A-(1.3+1.4+1.5))]	-	268,913
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit and loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit/loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVE (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	268,913
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION FROM RESERVES		
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Owners of the profit/loss Sharing Certificates	-	-
2.4	SHARE TO PERSONNEL (-)	-	-
2.5	SHARE TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF STOCKS	0.19	0.17
3.2	TO OWNERS OF STOCKS (%)	19	17
3.3	TO OWNERS OF PREFERRED STOCKS	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF STOCKS	-	-
4.2	TO OWNERS OF STOCKS (%)	-	-
4.3	TO OWNERS OF PREFERRED STOCKS	-	-
4.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-

⁽¹⁾ Authorized unit is general assembly on current period profit distribution. Ordinary General assembly of the Participation Bank is not held as of the date of report.

⁽²⁾ Other tax and duties include deferred tax Gains/(Losses) amounts.

⁽³⁾ Is followed under Extraordinary Reserves

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE: ACCOUNTING POLICIES

I. Basis of Presentation

1. Presentation of Financial Statements

As per the Article 37 and 38 of "Accounting and Recording Rules" of the Turkish Banking Law No 5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Parent Participation Bank keeps its accounting records and prepares its consolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published by the Banking Regulatory and Supervisory Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) issued by Turkish Accounting Standards Board and the related statements and guidance.

The Participation Bank prepares consolidated financial statements by applying accounting policies and basis of accounting in accordance with the Turkish Accounting Standards and related communiqués, pronouncements and explanations issued by the Banking Regulation and Supervision Agency. The related accounting policies and basis of accounting are explained in disclosures II to XXIII below.

Amounts in Consolidated Financial Statements and related explanations and disclosures are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

2. Restatement of Financial Statements upon the Current Purchasing Power Parity

The Participation Bank's financial statements have been prepared in accordance with TAS 29 "Reporting in Hyperinflationary Economies" until 31 December 2004. By a Circular declared by BRSA at 28 April 2005, it was stated that the indicators of a need for inflation accounting have been ceased and inflation accounting would not be applied starting from 1 January 2005.

3. Additional Paragraph for Convenience Translation to English

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

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

The Parent Participation Bank receives profit share accounts on the basis of taking share from both profit and loss. These profit loss based accounts are generally evaluated as Corporate Financing Support, Individual Financing Support, Financial Leasing and Profit Loss Joint Project. Yields of these funds are fixed.

Active credit risk management procedures are applied due to fixed yields of funds. The rating and scoring systems applied by the Participation Bank, includes detailed company analysis realized in annually or semi-annually and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system and if acceptable, loan limits are revised.

In order to maintain the ratio of liquid assets to total assets (except statutory reserves) around 15%-17% is adopted as liquidity principle by the Participation Bank. Equity profitability is maximized by evaluating this liquidity opportunity in short maturity transactions in international markets.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Central Bank of Turkey's spot purchase rates and the differences are recorded as foreign exchange gain or loss in the income statement.

Net foreign currency position is followed in legal limits and ensured that the ratio is within +/-20% level. Besides, different policies and strategies are settled according to macro economic situations about foreign currency position. However, the Parent Participation Bank always avoids taking positions that expose high level of currency risk.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

III. Explanations on Consolidated Subsidiaries

Türkiye Finans Katılım Bankası A.Ş. and its subsidiary TF Varlık Kiralama A.Ş. are consolidated by full consolidation method in the accompanying consolidated interim financial statements. The consolidated interim financial statements have been prepared in accordance with the procedures listed in the "Communiqué Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette numbered 26340 dated 8 November 2006. The Parent Participation Bank and the consolidated subsidiary are referred to as together "the Group".

Basis of consolidation of the subsidiary:

A subsidiary is an entity that is controlled directly or indirectly by the Parent Participation Bank.

Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

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

In full consolidation method, 100% of the assets, liabilities, income and expenses and off-balance sheet items of subsidiary are combined with the Parent Participation Bank's assets, liabilities and income, expense and off-balance sheet items. The carrying amount of the Group's investment in subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. All significant transactions and balances between the Parent Participation Bank and its consolidated subsidiary are eliminated reciprocally.

When there are differences between the accounting policies of the subsidiary with the Parent Participation Bank, the financial statements are adjusted in accordance with the principle of materiality.

TF Varlık Kiralama AŞ, which was established on 11 February 2013, has been fully consolidated in the consolidated financial statements of the Participation Bank from 30 June 2013.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Group's derivative financial instruments consist of forward foreign currency buy/sell agreements. The Group has no derivative products that are detached from the host contract.

Derivatives are initially recorded in off-balance sheet accounts at their contract values.

Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively. Subsequent fair value changes for trading derivatives are recorded under income statement.

The Group does not have any derivative financial instruments held for risk management as of balance sheet date.

V. Explanations on Profit Share Income and Expenses

Profit share income and expenses are recognized in the income statement on an accrual basis.

Realized and unrealized profit share accruals of the non-performing loans are reversed and profit share income in connection with these loans is recorded as profit share income only when they are collected.

VI. Explanations and Disclosures on Fees and Commission Income and Expenses

Banking service revenues are recognized as income only when they are collected while only the current portion of the prepaid commission income obtained from corporate loans is recorded as income on an accrual basis.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses and calculated based on internal rate of return method.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

VII. Explanations and Disclosures on Financial Assets

Financial instruments comprise of financial assets, financial liabilities and derivative instruments. Basically, financial assets form majority of the commercial activities and operations of the Group. Risks due to these instruments are substantial portion of the total risk taken by the Group. Financial instruments expose, change or reduce the liquidity, credit and market risks of the Group's financial statements. Buying/selling of these financial instruments is carried out in the name of customers and on behalf and account of the Group.

Basically, financial instruments generate commercial operations of the Group. These instruments reveal, affect and decrease liquidity and credit risk on financial statements.

Buying/selling of financial instruments is recognized on settlement date basis. It is the date which an asset is delivered to the Group or by the Group. Settlement date accounting requires (a) recognizing of the asset in purchase date, and (b) to exclude the asset from balance sheet as of delivery date and recognizing profit or loss due to disposal of the assets as of the same date. Changes in fair value of the assets between trading date and settlement date are recognized for the financial assets at fair value through profit&loss and financial assets available for sale.

Ordinary purchase and sale generally suppose to purchase or sale of an asset based on a contract that requires the delivery of the asset in legal procedures and market precedents. Changes in fair value of the asset acquired between trading date and settlement date are recognized as the same in assets purchased. Changes in fair value of the asset are not recognized if it is recorded with its purchase or amortized cost. Gain or loss due to a financial asset at fair value is recorded in profit or loss, gain or loss due to an asset available for sale is recorded in equity.

Methods and assumptions used to determine reasonable value of every financial instrument are specified below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise of cash on hand, demand deposits, and highly liquid short-term investments not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book value of these financial assets approximate to their fair value.

Marketable securities at fair value through profit or loss are classified in two categories; i) marketable securities classified as trading securities: acquired or incurred principally for the purpose of selling or repurchasing it in the near term in order to benefit from short-term profit opportunities; ii) marketable securities classified as marketable securities at fair value through profit or loss at initial recognition. The Group uses the above-mentioned classification when permitted, or for the purposes of providing a more appropriate presentation.

In this group, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair value of debt securities traded in an active market is determined based on the quoted prices or current market prices.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to profit share income or diminution in value of marketable securities accounts. Profit share income from financial assets at fair value through profit and loss is reflected in profit share income.

Investments held to maturity include securities with fixed or determinable payments and fixed maturity when there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. Subsequent to initial recognition, held to maturity investments are measured at amortized cost by using the internal rate of return method less impairment losses, if any. The Group has no financial assets acquired and classified as held to maturity investments that cannot be subject to such classification for two years because of the non-performance of tainting rules.

The profit share income received from held to maturity investments is recorded as profit share income in the income statement.

The Group does not have any investments held to maturity as of balance sheet date.

Marketable securities classified as available for sale are initially recognized at cost including the transaction costs. After initial recognition, available for sale securities are measured at fair value and unrealized gains/losses originating from the difference between the amortized cost and the fair value are recorded in "Securities Value Increase Fund" under equity. At the disposal of available for sale financial assets, value increase/decrease recorded in "Securities Value Increase Fund" under equity is transferred to the income statement.

Loans

Loans and receivables are recognized at purchase cost and valued at amortized cost. Fees, transaction costs and other similar costs in connection with the guarantees of loans are considered as part of the transaction cost.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

Individual and corporate loans followed in cash loans are recognized at their original amounts according to Uniform Chart of Accounts (UCA) and accounts determined in its prospects based on loans' contents.

Foreign currency indexed retail and commercial loans are converted to Turkish Lira at the rate on the lending date; they are followed under Turkish Lira ("TL") accounts. Repayment amounts are calculated at the exchange rate on the repayment date and the foreign exchange differences are reflected in the profit/loss accounts.

VIII. Explanations on Impairment on Financial Assets

At each balance sheet date, the Group evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is objective evidence that those assets have suffered an impairment loss.

If any such indication exists, the Group determines the related impairment. A financial asset or a group of financial assets are impaired and have impairment loss if, and only if, there is an objective indicator of a single or multiple event ("event of loss") occurring after the initial recognition of the related asset and that the expected future cash flows of financial asset or group of financial assets are adversely affected by that event (or events). The losses expected to incur due to future events are not accounted regardless of high probability.

Loans considered as non-performing are classified in accordance with the "Regulation on Procedures and Principles Determination of Qualifications of Loans and Other Receivables by Banks and Provision", published on the Official Gazette nr.26333 dated 1 November 2006.

The provisions released in the same year are accounted by crediting the Provision Expenses Account and the released parts of the previous years' provisions are recorded to the Collections from Prior Years Expense account.

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

IX. Explanations on Offsetting of Financial Assets

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

The Participation Bank provides specific allowances for loan and other receivables in accordance with the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The allowances are recorded under "loans" as negative balances on the asset side.

Other financial assets and liabilities than explained above are offset when the Group has a legally enforceable right to set off, and when the Participation Bank has the intension of collecting or paying the net amount of related assets and liabilities or when the Participation Bank has the right to offset the assets and liabilities simultaneously.

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

The Group does not have any repurchase agreements or lending of securities.

XI. Explanations on Assets Held For Sale and Discontinued Operations and Debts due to These Assets

The principles on accounting, assessment and disposal of assets held for sale of the Group are determined based on the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale" published on 1 November 2006 in the Official Gazette numbered 26333.

If assets acquired due to receivables of the Group are under a plan, they are followed in assets held for sale account.

Assets which meet the criteria to be classified as held for sale are measured by the book value or the fair value from which the cost of sales is deducted, whichever is lower and no more amortization is made for the said assets; and these assets are shown separately on the balance sheet. In order to classify an asset as an asset held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions. In order for the sale to be highly probable, a plan should have been made by the suitable management for the sale of the asset (or the group of assets to be disposed of) and an active program should have been started to determine the buyers and to carry out the plan. Furthermore, the asset (or the group of assets to be disposed of) should be actively marketed at a price consistent with its fair value. Various events and conditions may extend the period for the completion of the sales process to more than a year. If there is enough evidence that the related delay has occurred beyond the Participation Bank's control and that the Participation Bank's plans for selling the related asset (or the group of assets to be disposed of) is still in progress, the related assets are continued to be classified as assets held for sale.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

A discontinued operation is a part of a bank's business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement. There is not a discontinued operation of the Group in the current period.

XII. Explanations and Disclosures on Goodwill and Other Intangible Assets

As of the balance sheet date, The Group does not have any goodwill in its accompanying consolidated interim financial statements.

Intangible assets purchased before 1 January 2005, are presented with their inflation adjusted historical acquisition cost as of 31 December 2004 and intangible assets purchased in the subsequent periods, are presented with their acquisition cost less the accumulated amortization, and impairment provisions. Intangible assets are amortized by the straight-line method, considering their useful life. The amortization method and period are periodically reviewed at the end of each year. Intangible assets are comprised of computer software.

XIII. Explanations and Disclosures on Tangible Assets

Tangible assets are accounted for at acquisition cost plus any other direct costs incurred to bring the asset for ready to use. Tangible assets are remeasured at their acquisition cost less accumulated depreciation and impairment loss, if any. The Parent Participation Bank adopted a revaluation method in 2006 for its real estates in tangible assets due to (TAS 16) Standard for Tangible Assets. Expert values determined in December 2012 by an independent expert company are reflected to the consolidated financial statements. Such revaluation increase is realized net TL 89,615 after deferred tax as of balance sheet date (31 December 2012: TL 89,615 TL).

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

Gains/losses arising from the disposal of tangible assets or the inactivation of a tangible asset are recognized in the income statement by taking into account the difference between the net book value and the net proceeds.

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

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

The estimated useful lives of the tangible assets used by the Group are as follows:

Tangible Assets	Estimated Useful Lives
Safety Boxes	5 - 50 years
Office equipment	3 - 10 years
Leasehold Improvements	2 - 10 years
Other Movables	3 - 15 years
Furniture and Fixtures	3 - 10 years
Vehicles	5 years
Real Estates	50 years

XIV. Explanations and Disclosures on Leasing Transactions

The Group as a Lessor;

The Group acts as a Lessor in leasing transactions. Assets subject to leasing are accounted in the Group's financials as receivables that equal to net leasing investment amount. Total of rental payments including profit shares and principals are recorded under "finance lease receivables" as gross. The difference, i.e. the profit share, between the total of rental payments and the cost of the related tangible asset is recorded under "unearned income". When the rent payment incurs, the rent amount is deducted from "finance lease receivables"; and the profit share is recorded as finance lease income in the income statement.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The Group as a Lessee;

Assets held under finance leases are recognized as assets of the Participation Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. While the corresponding liability to the lessor is included in the balance sheet as a finance lease obligation, profit share amounts are accounted as deferred profit share amounts. Leased assets are followed in tangible assets account and subjected to the same accounting policy.

XV. Explanations on Provisions and Contingent Liabilities

Apart from specific and general provisions set for funds given and other receivables, other provisions and contingent liabilities are set based on TAS 37 standard.

Specific and general provision expenses related with profit share accounts which are set by the Group are met from profit share accounts.

There are 910 ongoing suits filed against to the Group as of balance sheet date. Total amount of these suits are TL 168,231 (31 December 2012: 319 suits, TL 162,888). The Group set TL 7,664 provision for ongoing suits filed against to the Participation Bank for which cash outflow is probable and measurable (31 December 2012: TL 4,913).

XVI. Explanations on Liabilities Regarding Employee Benefits

Under the existing Labor Law, the Company is required to pay termination benefits to each employee who earned the right to receive termination indemnities with the end of their employment contract. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No. 2422 and 25 August 1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

Employment termination benefit is not a funded liability and there is no requirement to fund it. Employment termination benefit is calculated based on the estimation of the present value of the employee's probable future liability arising from the retirement. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the bank's obligation under defined employee plans. IAS 19 ("Employee Benefits") has been revised effective from the annual period beginning after 1 January 2013. In accordance with the revised standard, actuarial gain/loss related to employee benefits shall be recognized in other comprehensive income.

Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The average discount rate is 6.20% and share rate is 9.50% at the respective balance sheet date (31 December 2012: 5.10% and 8%). Severance pay ceiling is revised semi-annually. TL 3,254.44 severance pay ceiling, which is effective on 1 January 2013, has been considered in the provision for employment termination benefits calculations of the Group.

XVII. Explanations on Taxation

Tax expense is the total amount of current tax expense and deferred tax expense.

Taxable profit is different from the profit on the income statement, due to the fact that it excludes the income and expense items, which can be taxed or deducted in the following periods and the items, which cannot be taxed or deducted, permanently. Liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability or asset is determined by calculating tax effects of temporary differences between the base amounts of the financial statement and legally enacted tax base amounts of liabilities and assets by using balance sheet method and considering legal tax rates. Deferred tax liabilities are calculated for all the temporary taxable differences, while the deferred tax assets composed of temporary deductible differences, are calculated in case it is highly probable to use these differences in the future to gain taxable profit. Deferred tax liability is not calculated for temporary timing differences, which are arising from the initial entering of assets or liabilities, except for goodwill and mergers, and which do not affect either the commercial or financial profit or loss.

The book value of deferred tax liability is reviewed at each balance sheet date. The book value of the deferred tax is reduced as probability of gaining enough taxable profit decreases.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Deferred tax is calculated at enacted tax rates valid in the period when the assets are formed or liabilities are fulfilled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the group of equity accounts.

A portion of provision directly associated with the equity is offset with related accounts in equity. Therefore, TL 7,823 deferred tax provision (31 December 2012: TL 6,441) directly associated with the equity is offset with "Revaluation Surplus on Tangible Assets", "Securities Value Increase Fund" and "Other Capital Reserves" accounts in equity as of 31 December 2013.

Current tax liability is offset with prepaid tax amounts due to its association. Deferred tax asset and liability is also offset.

XVIII. Additional Explanations on Borrowings

Borrowings are recognized in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". Borrowings except derivatives financial liabilities held for trading are recorded at their purchase costs and discounted by using the internal rate of return. Derivatives financial liabilities held for trading are recorded at their fair value amounts as explained in the accounting policy numbered IV.

XIX. Explanations on Share Certificates

The Group increased its capital by TL 1,650,000 to TL 1,775,000. As of 31 December 2013, the Group's paid-in-capital consists of 1,775,000,000 shares of TL 1 nominal each.

XX. Explanations and Disclosures on Acceptances

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

XXI. Explanations and Disclosures on Government Incentives

There are no government incentives used by the Group as of balance sheet date.

XXII. Explanations and Disclosures on Segment Reporting

The Group operates in individual banking, specific customer current accounts, profit sharing accounts, credit and ATM cards, consumer loans, long term housing and car loans and other individual bank services.

The Group operates in automatic transfer services, internet banking services, current accounts, profit share accounts, cash/non cash loans, financial leasing, foreign trade transactions, insurance transactions and corporate banking services.

There are not any economic, financial and political factors that affect segmenting of activities and investments. Due to fluctuations in economic situation, investments are affected from instability and available resources are evaluated as liquid.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Current Period	Retail Banking	Corporate Banking	Treasury	Unallocated	Total
Operating Income	348,093	624,878	209,295	-	1,182,266
Net profit of segment ^(*)	134,736	250,506	27,270	-	412,512
Profit Before Tax	134,736	250,506	27,270	-	412,512
Tax Provision	-	-	-	83,235	83,235
Profit after tax	134,736	250,506	27,270	(83,235)	329,277
Net period profit	134,736	250,506	27,270	(83,235)	329,277
Assets of segment	4,324,661	14,722,791	5,296,392	782,735	25,126,579
Total Assets	4,324,661	14,722,791	5,296,392	782,735	25,126,579
Liabilities of segment	10,014,493	6,596,642	5,465,287	527,776	22,604,198
Equity	-	-	-	2,522,381	2,522,381
Total liabilities and equity	10,014,493	6,596,642	5,465,287	3,050,157	25,126,579
Other segment items	-	-	-	38,610	38,610
Depreciation ^(**)	-	-	-	38,184	38,184
Impairment	-	-	-	426	426

^(*) Personnel and administrative expenses are allocated according to ratio of asset and liabilities of the segments.

^(**) Depreciation amount of TL 38,144 comprise of TL 25,659 of tangible assets' depreciation, TL 11,738 of intangible assets' depreciation and TL 787 of depreciation for assets held for resale.

Prior Period	Retail Banking	Corporate Banking	Treasury	Unallocated	Total
Operating Income	255,996	524,245	268,609	-	1,048,850
Net profit of segment ^(*)	115,824	236,843	9,159	-	361,826
Profit Before Tax	115,824	236,843	9,159	-	361,826
Tax Provision	-	-	-	78,253	78,253
Profit after tax	115,824	236,843	9,159	(78,253)	283,573
Net period profit	115,824	236,843	9,159	(78,253)	283,573
Assets of segment	3,107,769	10,288,504	3,750,299	469,932	17,616,504
Total Assets	3,107,769	10,288,504	3,750,299	469,932	17,616,504
Liabilities of segment	8,099,591	4,413,103	2,574,752	403,896	15,491,342
Equity	-	-	-	2,125,162	2,125,162
Total liabilities and equity	8,099,591	4,413,103	2,574,752	2,529,058	17,616,504
Other segment items	-	-	-	30,633	30,633
Depreciation ^(**)	-	-	-	30,455	30,455
Impairment	-	-	-	178	178

^(*) Personnel and administrative expenses are allocated according to ratio of asset and liabilities of the segments.

^(**) Depreciation amount of TL 30,455 comprise of TL 22,334 of tangible assets' depreciation, TL 7,553 of intangible assets' amortization and TL 568 of depreciation for fixed assets to be sold.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

XXIII. Explanations on Other Matters

There are no explanations exist other than the accounting policies stated above.

SECTION FOUR: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. Explanations and Disclosures Related to the Consolidated Capital Adequacy Standard Ratio

The capital adequacy ratio of the Group in accordance with the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" which is published in Official Gazette no 28337 dated 28 June 2012 is 12.81% (31 December 2012: 14.76%).

Risk Measurement Methods in Calculation of Capital Adequacy Ratio

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

In the calculation of capital adequacy ratio, the data prepared from accounting records in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the Regulation. The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Procedures and Principles Determination of Qualifications of Loans and Other Receivables by Banks and Provision". The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

The amount subject to credit risk is calculated and reported with Simple Approach, the amount subject to market risk is calculated and reported with the Standard Method and the amount subject to operational risk is calculated and reported with Basic Indicator Method, described in the Communiqué on "Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation") published in the Official Gazette No: 28337 dated 28 June 2012.

In the calculation of counterparty credit risk arising from derivative instruments and marketable securities, "the valuation method according to the fair value" is used in accordance with the Regulation.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Information on the Unconsolidated Capital Adequacy Standard Ratio

	Risk Weightness								
	Participation Bank								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
The Amount Subject to Credit Risk	5,469,986	-	738,049	6,602,824	4,298,637	10,723,928	113,551	163,976	1,493
Risk Types									
Contingent and Non-Contingent Claims on Sovereigns	5,027,039	-	-	651,030	-	-	-	-	--
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	29	-	-	-	-	-	--
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	904	-	19,329	-	-	--
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-	-	-	-	--
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-	-	-	--
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	-	-	586,945	405,604	-	-	-	-	--
Contingent and Non-Contingent Claims on Corporate Receivables	290,834	-	151,063	-	-	9,938,941	-	-	--
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	4,298,637	123,048	-	-	--
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	-	5,477,406	-	-	-	-	--
Past Due Loans	-	-	-	20,178	-	47,509	-	-	--
Higher-Risk Categories Defined by Agency	-	-	-	46,044	-	5,541	113,551	163,976	1,493
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-	--
Securitization Exposures	-	-	-	-	-	-	-	-	--
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-	-	-	--
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-	-	-	--
Other Claims	152,113	-	12	1,658	-	589,560	-	-	--

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Information on the Consolidated Capital Adequacy Standard Ratio

	Risk Weightness								
	Participation Bank								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
The Amount Subject to Credit Risk	5,469,986	-	738,049	6,602,824	4,298,637	10,723,928	113,551	163,976	1,493
Risk Types									
Contingent and Non-Contingent Claims on Sovereigns	5,027,039	-	-	651,030	-	-	-	-	--
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	29	-	-	-	-	-	--
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	904	-	19,329	-	-	--
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-	-	-	-	--
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-	-	-	--
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	-	-	586,945	405,604	-	-	-	-	--
Contingent and Non-Contingent Claims on Corporate Receivables	290,834	-	151,063	-	-	9,938,941	-	-	--
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	4,298,637	123,048	-	-	--
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	-	5,477,406	-	-	-	-	--
Past Due Loans	-	-	-	20,178	-	47,509	-	-	--
Higher-Risk Categories Defined by Agency	-	-	-	46,044	-	5,541	113,551	163,976	1,493
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-	--
Securitization Exposures	-	-	-	-	-	-	-	-	--
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-	-	-	--
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-	-	-	--
Other Claims	152,113	-	12	1,658	-	589,560	-	-	--

Summary of the Unconsolidated and Consolidated Capital Adequacy Standard Ratio

	Participation Bank		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Required Capital Liabilities for Credit Risk (Main Amount related with Credit Risk*0.08) (RCLCR)	1,431,919	1,019,101	1,431,915	1,019,101
Required Capital Liabilities for Market Risk (RCLMR)	9,194	19,966	9,194	19,966
Required Capital Liabilities for Operational Risk (RCLOR)	118,776	103,234	118,776	103,234
Shareholders' Equity	2,498,204	2,107,599	2,498,204	2,107,599
Shareholders' Equity/((RCLCR+RCLMR+RCLOR) *12.5)*100	12.81	14.76	12.81	14.76

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Information about the shareholders' consolidated equity items

	Current period	Prior period
CORE CAPITAL		
Paid-in capital	1,775,000	1,650,000
Nominal capital	1,775,000	1,775,000
Capital commitments (-)	-	(125,000)
Adjustment to paid-in capital	-	-
Share Premiums	-	-
Share Cancellation Profits	-	-
Transfers from reserves	365,284	95,073
Reserves from Inflation Adjustments	-	-
Profit	329,277	283,573
Net current period profit	329,277	283,573
Prior period profit	-	-
Provisions for possible losses up to 25% of core capital	-	-
Profit on sale of associates, subsidiaries and buildings	-	-
Primary subordinated loans	-	-
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Leasehold improvements (-)	29,884	30,004
Intangible assets (-)	37,149	18,881
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total Core Capital	2,402,528	1,979,761

(*) Actuarial losses amount to TL 13,362 are represented under other capital reserves which are accounted under other reserves.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

SUPPLEMENTARY CAPITAL	Current period	Prior period
General reserves	93,950	85,862
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	40,327	40,327
Bonus shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loans	-	-
45% of marketable securities and investment securities value increase fund	(36,795)	3,105
Adjustment to paid-in capital, profit reserves and previous years losses (except adjustment to legal, status and extraordinary reserves)	-	-
Total Supplementary Capital	97,482	129,294
CAPITAL	2,500,010	2,109,055
DEDUCTIONS FROM THE CAPITAL	1,806	1,456
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	1,767	1,456
Securitization positions deducted from preferred equity	-	-
Other	39	-
TOTAL SHAREHOLDERS' EQUITY	2,498,204	2,107,599

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The Approaches for Internal Capital Adequacy Assessment Process about Current and Future Activities

The internal capital adequacy assessment process is carried out by taking into account characteristics of operations, scale, risk profile, complexity, capital structure and 5 years strategic plans of the participation bank within the framework of "The Regulation on the Internal System of Banks" and related legislations. As part of this process, identification, measurement, management and monitoring processes of all significant risks that the Participation Bank has been exposed in the existing case and may be exposed in the future depending on the strategic plans, have been specified and implementing. For this reason, not only the credit, market and operational risks but also profit share rate risk caused by accounting system of banks, liquidity risk, concentration risk, residual risk, reputational risk, business risk, strategic risk, compliance risk, country risk and transfer risk which directly affect the capital adequacy ratio are included in this assessment process. With the process of Internal Capital Adequacy Assessment, solid, efficient and comprehensive processes are identified and implemented in order to evaluate and maintain the amount of capital, its components and distribution, required to compensate the risk that the Participation Bank has been exposing or may be exposed in the future. In this context, the Participation Bank's current and future capital requirements are analyzed together with the bank's strategic objectives. In addition, with stress tests and scenario analysis the Participation Bank's potential losses that may be incurred, the methods of estimating the level of capital adequacy to afford these losses and as a result of assessments actions needed to maintain adequate capital levels are determined.

Internal Capital Adequacy Assessment Process is taken on as a developing process and the areas of a scheme of development are determining and the operation plans are forming. Additionally, management and monitoring of the Participation Bank operations and including of the top management into these processes are forcing by defining risk appetite for important risks in the general of the Participation Bank.

II. Explanations and Disclosures Related to Credit Risk

Credit risk is the risk of a counter party with whom the Group has a commercial relation. This risk represents the losses of the Group when its counter party can not conform to a signed contract by disregarding the related obligations partially or totally in specified periods.

Credit worthiness of loan customers are monitored and reviewed by the Credit Allocation Department of the Participation Bank semiannually or annually in accordance with the Communiqué on "Determining the Nature of Loan and Other Receivable Provisions Allocated by Banks and Procedures and Principles of Allocating Provisions". The account statements are obtained based on the prevailing regulations. Credit limits are determined by the Board of Directors, the Credit Committee of the Participation Bank and the Credit Administration. The Participation Bank obtains guarantees for its loans and other receivables. Guarantees received comprised of real and legal person sureties with a high credibility, bonds issued with guarantees of Treasury, Privatization Administration and Housing Development Administration of Turkey, securities issued with the guarantees of central governments and central banks of OECD countries, European Central Bank and securities issued with this Bank's guarantee, gold and other precious metals, investment equity shares listed on the stock exchange, asset based securities, private sector bonds, letters of guarantee and other guarantees by the banks, guarantees of banks operating in OECD countries, the guarantees of central governments and central banks of OECD countries, transfer or pledge of claims arise from public institutions, customer check, vehicle pledges, export documents, pledge of assets, hypothecs such as ship, aircraft and real estate and cash blockages.

In case of any significant credit risk exposure, the Participation Bank do not use forward, option or similar kind of contracts to reduce these risks by exercising their rights, fulfilling their obligations or selling them.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

Indemnified non-cash loans are subject to the same risk weight with the unpaid cash loans although their maturity was due.

The risk of the Group from its top 100 and top 200 cash loan customers share in total cash loans ratios are 13.88% and 20.34% (31 December 2012: 14.04% and 20.69%).

The risk of the Group from its top 100 and top 200 non-cash loan customers share in total non-cash loan ratios are 29.14% and 39.85% (31 December 2012: 29.96% and 40.32%).

The cash receivables of the Group from its top 100 and top 200 loan customers shares in total balance sheet assets are 10.04% and 14.71% (31 December 2012: 10.34% and 15.23%).

The non-cash receivables of the Group from its top 100 and top 200 loan customers shares in total non-cash loan ratios are 0.97% and 1.33% (31 December 2012: 1.09% and 1.47%).

The Group's general provision amount for its credit risk is TL 150,439 (31 December 2012: TL 139,804).

Risk Classifications	Current Period Risk Amount ^(*)	Average Risk Amount
Contingent and Non-Contingent Claims on Sovereigns	5,678,069	4,108,112
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	29	29
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	20,631	14,028
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	992,549	665,870
Contingent and Non-Contingent Claims on Corporate Receivables	10,209,512	8,364,565
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	4,588,954	4,069,619
Contingent and Non-Contingent Claims Secured by Residential Property	5,477,406	5,178,687
Past Due Loans	67,759	65,078
Higher-Risk Categories Defined by Agency	334,019	143,583
Collateralized Mortgage Marketable Securities	-	-
Securitization Exposures	-	-
Short-Term Claims on Banks and Corporate	-	-
Undertakings for Collective Investments in Transferable Securities	-	-
Other Claims	743,517	601,717

^(*) Includes to risk amounts before credit risk mitigation but after credit conversions.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk Profile According to the Geographical Concentration

	Risk Classifications*			
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary
Current Period				
1 Domestic	5,678,069	29	20,631	864,489
2 EU countries	-	-	-	34,951
3 OECD countries **	-	-	-	6,543
4 Off-shore banking regions	-	-	-	-
5 USA, Canada	-	-	-	46,473
6 Other countries	-	-	-	40,093
Investment and associates, subsidiaries and joint ventures	-	-	-	-
8 Undistributed Assets/Liabilities***	-	-	-	-
9 Total	5,678,069	29	20,631	992,549
Prior Period				
1 Domestic	3,302,463	29	2,846	309,858
2 EU countries	-	-	-	131,225
3 OECD countries **	-	-	-	2,513
4 Off-shore banking regions	-	-	-	-
5 USA, Canada	-	-	-	41,908
6 Other countries	-	-	-	43,182
Investment and associates, subsidiaries and joint ventures	-	-	-	-
8 Undistributed Assets/Liabilities***	-	-	-	-
9 Total	3,302,463	29	2,846	528,686

*Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used. Includes to risk amounts before credit risk mitigation but after credit conversions.

** OECD Countries other than EU countries, USA and Canada.

*** Includes assets and liabilities items that cannot be allocated on a consistent basis.

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk Classifications*							
Contingent and Non-Contingent Claims on Corporate Receivables	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Other Claims	Total	
10,099,830	4,579,143	5,470,902	67,759	318,082	743,515	27,842,449	
24,716	5,268	2,363	-	307	1	67,606	
781	85	419	-	-	-	7,828	
4,827	-	-	-	-	-	4,827	
8	182	473	-	-	-	47,136	
79,350	4,276	3,249	-	15,630	1	142,599	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
10,209,512	4,588,954	5,477,406	67,759	334,019	743,517	28,112,445	
6,700,169	3,252,651	5,021,518	44,699	49,081	650,665	19,333,979	
4,540	289	3,434	-	-	938	140,426	
839	1	283	-	-	-	3,636	
5,493	382	-	-	-	-	5,875	
-	33	-	-	-	4,573	46,514	
32,489	1,320	4,368	-	14,803	1	96,163	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
6,743,530	3,254,676	5,029,603	44,699	63,884	656,177	19,626,593	

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk profile by sectors or counterparties

Sectors/Counterparties	Risk Classifications*					
	1	2	3	4	5	6
1 Agriculture	-	-	-	-	213,580	51,392
1.1 Farming and Stockbreeding	-	-	-	-	213,580	51,392
1.2 Forestry	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-
2 Manufacturing	-	6	3,580	-	3,998,495	901,315
2.1 Mining	-	6	14	-	257,565	25,213
2.2 Production	-	-	1,905	-	3,358,945	867,089
2.3 Electricity, Gas, Water	-	-	1,661	-	381,985	9,013
3 Construction	-	-	769	-	1,695,589	581,718
4 Services	5,678,069	8	12,169	992,549	3,971,078	1,641,831
4.1 Wholesale and Retail Trade	-	-	7	-	2,452,174	1,325,371
4.2 Hotel, Food and Beverage Services	-	-	-	-	146,510	22,938
4.3 Transportation and Telecommunication	-	-	-	-	552,309	97,512
4.4 Financial Institutions	5,678,069	-	-	992,549	41,989	4,179
4.5 Real Estate and Renting Services	-	8	32	-	625,641	144,184
4.6 "Self-Employment" Type Services	-	-	-	-	-	-
4.7 Educational Services	-	-	12,113	-	42,989	10,596
4.8 Health and Social Services	-	-	17	-	109,466	37,051
5 Other	-	15	4,113	-	330,770	1,412,698
6 Total	5,678,069	29	20,631	992,549	10,209,512	4,588,954

- 1- Contingent and Non-Contingent Claims on Sovereigns
- 2- Contingent and Non-Contingent Claims on Regional Governments and Local Authorities
- 3- Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises
- 4- Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary
- 5- Contingent and Non-Contingent Claims on Corporate Receivables
- 6- Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios
- 7- Contingent and Non-Contingent Claims Secured by Residential Property
- 8- Past Due Loans
- 9- Higher-Risk Categories Defined by Agency
- 10- Other Claims

* Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used. Includes to risk amounts before credit risk mitigation but after credit conversions.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Risk Classifications*				TC	FC	Total
7	8	9	10			
70,627	2,293	1,288	92	294,857	44,415	339,272
70,627	2,293	1,288	92	294,857	44,415	339,272
-	-	-	-	-	-	-
-	-	-	-	-	-	-
718,323	14,449	17,054	738	4,191,738	1,462,222	5,653,960
21,953	49	51	40	272,372	32,519	304,891
656,167	12,452	16,754	630	3,641,202	1,272,740	4,913,942
40,203	1,948	249	68	278,164	156,963	435,127
1,036,130	19,003	1,507	1,155	3,003,600	332,271	3,335,871
1,513,196	24,391	8,535	2,784	8,908,010	4,936,600	13,844,610
1,052,961	21,287	6,894	911	4,296,716	562,889	4,859,605
116,857	475	194	184	153,774	133,384	287,158
91,009	1,017	228	177	542,352	199,900	742,252
3,801	-	283	1,264	2,764,424	3,957,710	6,722,134
156,506	1,273	849	210	846,489	82,214	928,703
-	-	-	-	-	-	-
45,744	39	-	11	111,454	38	111,492
46,318	300	87	27	192,801	465	193,266
2,139,130	7,623	305,635	738,748	4,738,165	200,567	4,938,732
5,477,406	67,759	334,019	743,517	21,136,370	6,976,075	28,112,445

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Analysis of maturity-bearing exposures according to remaining maturities

Risk Classifications*	Up to 1 Month	Term To Maturity				Over 1 Year
		1-3 Months	3-6 Months	6-12 Months		
1 Contingent and Non-Contingent Claims on Sovereigns	3,496,217	-	-	395,744	1,012,905	
2 Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	8	
3 Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	4,559	3	7	734	14,901	
4 Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	11,968	2,299	-	1,281	22,533	
5 Contingent and Non-Contingent Claims on Corporate Receivables	743,300	882,559	1,556,378	2,066,276	4,883,985	
6 Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	495,587	468,908	685,473	873,817	1,940,544	
7 Contingent and Non-Contingent Claims Secured by Residential Property	118,535	192,565	344,175	750,151	4,053,285	
8 Past Due Loans	67,759	-	-	-	-	
9 Higher-Risk Categories Defined by Agency	14,032	-	-	6,258	313,725	
10 Other Claims	5,500	-	-	-	-	
TOTAL	4,957,457	1,546,334	2,586,033	4,094,261	12,241,886	

(*) Includes to risk amounts before credit risk mitigation but after credit conversions.

Risk balances according to risk weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from the shareholders' equity
1 Pre-Amount of Credit Risk Mitigation	5,179,152	-	586,986	3,814,265	5,492,777	12,705,245	138,462	193,792	1,765	-
2 Amount after Credit Risk Mitigation	5,469,986	-	738,050	6,602,824	4,298,637	10,723,928	113,551	163,976	1,493	-

Information by Major Sectors and Type of Counterparties:

Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, "specific provisions" are allocated as per the Provisioning Regulation.

Past Due Credits; are the credits that overdue up to 90 days but not impaired. For such credits, "general provisions" are allocated as per the Provisioning Regulation.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Major Sectors/Counterparties	Credits			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
1 Agriculture	11,698	7,535	2,572	5,275
1.1 Farming and Stockbreeding	11,651	7,535	2,572	5,229
1.2 Forestry	34	-	-	33
1.3 Fishery	13	-	-	13
2 Manufacturing	127,894	171,978	36,274	103,750
2.1 Mining	1,312	6,694	2,525	1,199
2.2 Production	123,010	164,612	31,389	100,456
2.3 Electricity, Gas, Water	3,572	672	2,360	2,095
3 Construction	82,930	119,008	20,290	57,637
4 Services	164,066	264,072	47,977	116,345
4.1 Wholesale and Retail Trade	146,665	147,294	33,517	104,220
4.2 Hotel, Food and Beverage Services	1,738	8,738	1,401	981
4.3 Transportation and Telecommunication	4,876	70,936	5,163	3,624
4.4 Financial Institutions	2,338	23	1,011	2,311
4.5 Real Estate and Renting Services	6,689	32,444	4,774	3,892
4.6 "Self-Employment" Type Services	-	-	-	-
4.7 Educational Services	171	1,264	826	107
4.8 Health and Social Services	1,589	3,373	1,285	1,210
5 Other	54,484	111,745	43,326	40,814
6 Total	441,072	674,338	150,439	323,821

Information About Value Adjustments and Changes in the Loan Impairment:

	The opening balance	Provision amounts set aside during the period	The cancelation of the provisions (**)	Other adjustments (*)	Close out balance
1 Specific Provisions	261,548	166,147	(108,645)	4,771	323,821
2 General Provisions	139,804	13,349	(6,542)	3,828	150,439

(*) Determined according to exchange rate differences.

(**) The amount of TL 108,645 of the cancelation of the provisions include write off amounting to TL 53,432 and loans sold to asset management company amounting to TL 4,522.

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The credit quality of financial assets as of 31 December 2013 is as follows:

	Neither overdue nor impaired	Overdue and impaired	Total
Banks	4,635,667	-	4,635,667
Financial assets at fair value through profit and loss	46,669	-	46,669
Financial asset available for sale	1,408,649	-	1,408,649
Loans (*)	18,172,359	441,072	18,613,431
Corporate loans	6,431,976	192,451	6,624,427
Loans to SMEs	8,369,896	211,892	8,581,788
Consumer loans	3,370,487	36,729	3,407,216
Other	-	-	-
Total	24,263,344	441,072	24,704,416

(*) Leasing receivables are also included in loans.

The credit quality of financial assets as of 31 December 2012 is as follows:

	Neither overdue nor impaired	Overdue and impaired	Total
Banks	3,199,772	-	3,199,772
Financial assets at fair value through profit and loss	14,273	-	14,273
Financial asset available for sale	664,994	-	664,994
Loans ^s (*)	12,971,058	358,259	13,329,317
Corporate loans	4,049,434	168,809	4,218,243
Loans to SMEs	6,522,522	169,004	6,691,526
Consumer loans	2,399,102	20,446	2,419,548
Other	-	-	-
Total	16,850,097	358,259	17,208,356

(*) Leasing receivables are also included in loans.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

Information on Risk Classifications

Risk classifications of receivables from countries or central banks are regarded by grade of Fitch Ratings, global credit rating institution, whereas other institutions remaining outside of Fitch Ratings are subject to the credit ratings country risk classification issued by Organization of Economic Corporation and Development. In case credit rating grades of institutions like Standard & Poor's (S&P), Moody's and Fitch Ratings are available, grades are in use together. Corporate receivables from counterparties are settled abroad with other risk classes, corporate receivables from residents and receivables from banks are accepted as "gradeless". Credit quality grades corresponding to score of Fitch Ratings, Moody's and Standard & Poor's are shown below.

Ratings to be matched	Credit Quality Grade	Fitch	Moody's	S&P
Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-
	2	A+ to A-	A1 to A3	A+ to A-
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
	5	B+ to B-	B1 to B3	B+ to B-
	6	CCC+ and below	Caa1 and below	CCC+ and below
Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1
	2	F2	P-2	A-2
	3	F3	P-3	A-3
	4	below F3	NP	below A-3
	5	-	-	-
	6	-	-	-
Long term securitization positions ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-
	2	A+ to A-	A1 to A3	A+ to A-
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
	5	B+ and below	B1 and below	B+ and below
Short term securitization positions ratings	1	F1+ to F1	P-1	A-1+ to A-1
	2	F2	P-2	A-2
	3	F3	P-3	A-3
	Others	below F3	NP	below A-3
Match for collective investment undertakings	1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m
	2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m
	3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m
	4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m
	5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m
	6	CCC+ and below	Caa1 and below	FCQR: CCC+f and below; PSFR: CCC+m and below

FCQR: Fund Credit Quality Ratings.

PSFR: Principal Stability Fund Ratings.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Credit Rating System

The credit risk is assessed through the internal rating system of the Participation Bank. Credits listed from the best ratings (high) to the lowest degrees (below standard) presented below; also in the bottom of the table, non-performing loans (impaired loans) is presented.

Current period**	Historical Default Rates %	Total*
High	0.14%	15,637,688
Standard	0.53%	7,123,347
Below Standard	0.00%	7,904
Non-performing Loans	-	441,072
Not Graded	0.42%	4,307,559
Total		27,517,570

(*) The amounts comprise of loans, leasing receivables and commitments and contingencies.

(**) Default ratios are the rate of non-performing loans (impaired loans) in 2013 to loans given in 2013.

The category "High" means that the borrower has a strong financial structure; the category "Standard" means that the borrower has a good and sufficient financial structure, and the category "Below Standard" means that the borrower's financial structure is under risk in the medium and short term.

Carrying values of rescheduled financial assets:

	Current Period	Prior Period
Banks	-	-
Financial assets at fair value through profit and loss	-	-
Loans	29,760	54,302
Corporate loans	8,449	25,922
Loans to SMEs	21,288	28,232
Consumer loans	23	148
Other	-	-
Total	29,760	54,302

III. Explanations and Disclosures Related to Consolidated Market Risk

The amount subject to market risk is calculated and reported with the Standard Method described in Article 2 of Section 2 of the Communiqué on "Measurement and Assessment of Banks' Capital Adequacy" published in the Official Gazette No: 28337 dated 28 June 2012. Market risk is measured on a monthly basis.

1.1. Information on the consolidated market risk

	Amount
(I) Capital requirement to be employed for general market risk - Standard method	1,394
(II) Capital requirement to be employed for specific risk - Standard method	-
(III) Standard method for specific risk of necessary capital requirement on securitization positions	-
(IV) Capital requirement to be employed for currency risk - Standard method	2,491
(V) Capital requirement to be employed for commodity risk - Standard method	2,029
(VI) Capital requirement to be employed for settlement risk - Standard method	-
(VII) Total capital requirement to be employed for market risk resulting from options-Standard method	-
(VIII) Counterparty credit risk capital requirement - Standard method	3,279
(IX) Total capital requirement to be employed for market risk in banks using risk measurement model	-
(X) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII+VIII)	9,194
(XI) Market Value at Risk (12.5 x IX) or (12.5 x X)	114,925

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

1.2. Monthly average values at market risk

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	796	1,394	263	512	840	249
Common Share Risk	-	-	-	2	18	-
Currency Risk	2,897	4,348	1,722	4,956	17,246	1,124
Stock Risk	2,120	2,406	1,646	1,513	1,999	1,084
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	1,552	3,664	496	1,319	2,492	665
Total Value at Risk	92,068	135,966	59,427	95,525	249,570	43,763

2. Quantitative information on counterparty risk

The Methods Related Credit Limits, Internal Capital Allocation and Distribution for Counterparty Risk

Credibility measure, limit allocation, the authorities and responsibilities of the users involved in the processes for transactions subjected to counterparty risk were determined in the bank's internal policies.

Within the scope of counterparty risk, the creditworthiness of customers are evaluated according to their ability in compliance with international and national legislations, the ratings taken from independent rating agencies, their operations, geographical regions and countries, the legislation, economic and social status of the region and countries as well as the customers financial information. Criteria which are regarding to transactions with customers according to considerations results (amount, maturity, exception etc.), are determined based on the rules of the Participation Bank's internal policies and processes.

Collaterals for transactions with customers related the counterparty credit risks, when necessary providing additional collaterals and also provision policies are assessed in the scope of the Participation Bank's credit policies.

The bank does not have a policy for opposite tendency risk mentioned in the Regulation on Measurement and Evaluation of Capital Adequacy of Banks Annex 2.

Positive fair value of agreements, benefits of netting off, netted current risk amount, indemnities and net derivative position

The counterparty risk of trading books for derivative financial instruments is calculated by fair use valuation method within the framework of Regulation on Measurement and Evaluation of Capital Adequacy of Banks in Annex-2. The renewal costs of contracts with positive values are determined by valuation based on the fair value of the contracts. Potential credit risk is calculated by multiplying credit conversion rates with contract amounts mentioned in the Regulation Annex-2. Total amount of counterparty risk is calculated by summing of the renewal costs of contracts with positive values and the potential credit risk of all contracts.

Information About Counterparty Risk	Balance
Contracts based on Interest rate	-
Contracts based on currency	3,834,592
Contracts based on commodity	-
Contracts based on stocks	-
Other	-
Gross Positive Fair Value	46,668
Benefits of clarification	-
Clarified current risk amount	-
The securities which are held	-
The net position of derivatives	85,014

In the scope of trading books, there isn't any securement that is traded with loan derivatives, from the bank.

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

	2 PP value (2010)	1 PP value (2011)	CP value (2012)	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	634,453	758,123	982,944	791,840	15	118,776
Amount subject to operational risk (Total*12.5)						1,484,700

IV. Explanations and disclosures related to consolidated operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Section 3 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 28337 dated 28 June 2012. The value at operational risk used in the calculation of Capital Adequacy Standard Ratio is computed with the data dated 31 December 2012, 31 December 2011 and 31 December 2010.

V. Explanations and Disclosures Related to Consolidated Currency Risk

Currency risk is included in foreign currency buying/selling portfolio so that how available position affects the general risk profile is calculated. Sensitivity analysis made by RMD results and stress tests are reported to top management.

The Group does not have any derivative instruments held for risk management as of 31 December 2013.

The Group centralized currency risk and ensured the managing and bearing of all currency risk by Fund Management. Other profit centers transfers the currency risk on them to Fund Management and the risk is followed in foreign currency buying/selling portfolio.

The Participation Bank efforts not to take short position based on the foreign currency risk. When any currency risk is occurred due to customer transactions, currency risk is eliminated by taking reverse position.

Foreign exchange buying rates of the Parent Participation Bank at the date of the balance sheet and for the previous five working days are in the following table:

	EUR	USD
Buying Rate at Balance Sheet Date	2.9365	2.1343
December 31, 2013	2.9365	2.1343
December 30, 2013	2.9844	2.1604
December 27, 2013	2.8693	2.0957
December 26, 2013	2.8353	2.0710
December 25, 2013	2.8466	2.0812
December 24, 2013	2.8573	2.0877

The Parent Participation Bank's average foreign currency buying rate over a period of thirty days preceding the date of the financial statement is in the table below:

1 USD	2.0578 TL
1 EUR	2.8180 TL

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

Information on consolidated currency risk of the Group: Foreign Currencies (Thousand of TL)

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash and Balances with the Central Bank of Turkey	504,108	2,139,941	633,899	3,277,948
Banks	163,956	281,116	24,683	469,755
Financial Assets at Fair Value through Profit/Loss ^(****)	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets Available for Sale	151	345,567	-	345,718
Loans ^(*)	1,688,436	4,333,225	-	6,021,661
Investment in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Investments Held to Maturity	-	-	-	-
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ^(**)	404,548	175,000	42	579,590
Total Assets	2,761,199	7,274,849	658,624	10,694,672
Liabilities				
Funds Collected from Banks Via Current and Profit Sharing Accounts	116,991	57,010	382	174,383
Current and Profit Sharing Accounts	1,616,526	3,023,737	685,094	5,325,357
Money Market Deposits	-	-	-	-
Funds Provided from Other Financial Institutions	242,241	3,688,374	-	3,930,615
Marketable Securities Issued	-	1,074,246	-	1,074,246
Miscellaneous Payables	29,608	81,336	87	111,031
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities ^(***)	25,135	44,704	516	70,355
Total Liabilities	2,030,501	7,969,407	686,079	10,685,987
Net Balance Sheet Position	730,698	(694,558)	(27,455)	8,685
Net Off Balance Sheet Position	(732,883)	666,557	42,098	(24,228)
Financial Derivative Assets	583,662	1,989,956	332,471	2,906,089
Financial Derivative Liabilities	1,316,545	1,323,399	290,373	2,930,317
Non-Cash Loans ^(*****)	1,143,731	2,327,049	67,176	3,537,956
	EUR	USD	Other FC	Total
Prior Period				
Total Assets	1,670,187	4,925,877	471,161	7,067,225
Total Liabilities	1,373,188	4,721,710	516,327	6,611,225
Net Balance Sheet Position	296,999	204,167	(45,166)	456,000
Net Off Balance Sheet Position	(299,330)	(226,196)	63,065	(462,461)
Financial Derivative Assets	275,339	595,969	123,781	995,089
Financial Derivative Liabilities	574,669	822,165	60,716	1,457,550
Non-Cash Loans ^(*****)	917,456	1,970,960	40,387	2,928,803

^(*) Loans given includes foreign currency indexed loans (principle, exchange rate differences, rediscounts and accruals) given as foreign currency indexed but followed in TL accounts amounting to TL 5,105,392.

^(**) Other assets comprise of receivables from leasing operations, sundry debtors and other assets. Besides, foreign currency indexed leasing receivables amounting to TL 566,319 and foreign currency indexed closely monitored loans amounting to TL 7,210 are included to other assets. Besides, prepaid expenses amounting to TL 554 is deducted from other assets.

^(***) Other liabilities include general loan loss provision set for foreign currency denominated and foreign currency indexed loans amounting to TL 15,736. Accrual of derivative financial liabilities held for trading amounting to TL 16,798 is deducted from other liabilities. Besides, securities value increase fund amounting to TL 15,959 is added into other liabilities.

^(****) Accrual of derivative financial assets held for trading amounting to TL 12,742 is deducted from financial assets at fair value through profit or loss.

^(*****) No effect on net off balance sheet position.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

Foreign currency sensitivity

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

The following table details the Participation Bank's sensitivity to a 10% change in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A positive number indicates an increase in profit or loss and other equity in the case of TL strengthens 10% against USD and EUR. This analysis has been prepared with the assumption that all other variables remain constant.

	Change in currency rate in %*	Effect on profit/(loss)		Effect on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10%	(2,800)	(2,203)	(2,800)	(2,203)
EUR	10%	(219)	(233)	(219)	(233)
Other FC	10%	1,464	1,790	1,464	1,790

(*) Includes the profit/(loss) effect in the case of a change for 10% in currency rates.

VI. Explanations and disclosures related to consolidated interest rate risk

Since the Participation Bank has interest-free banking operations, it does not have any interest sensitive asset or liability and consequently, it does not have any interest rate risk.

VII. Explanations and Disclosures Related to Equity Position Risk due from Consolidated Banking Book

Comparison of carrying, fair value and market value of shares is stated below:

Investment in Shares	Comparison		
	Carrying Value	Fair Value	Market Value
1 Securities Available-for-Sale	4,376	-	-
Quoted Securities	-	-	-
2 Associates	-	-	-
Quoted Securities	-	-	-
3 Subsidiaries	-	-	-
Quoted Securities	-	-	-

VIII. Explanations and Disclosures Related to Consolidated Liquidity Risk

The TL and FC liquidity need of the Group is met by the funds collected, when needed, certain amount of funds from abroad are used via syndication loans. The Participation Bank's cash inflows mainly come from profit share income and commissions earned from non-cash loans whereas the cash outflows mainly consist of profit share expenses given to the collected funds and operational expenses. Main reason of the liquidity risk is funding long-term assets with short-term resources. The Group uses its liquidity in foreign investments for one or two weeks in order to maintain regular cash inflows and collects loan installments monthly. Procedures for liquidity risk method and urgent action plan are available for the Group.

The ratios of liquid assets to total assets and liquid assets to funds collected are 24.87% (31 December 2012: 22.68%) and 41.28% (31 December 2012: 34.95%) respectively. Cash demands occurred in every maturity segment are determined via maturity dispersion (Gap) analysis. It is enforced to have short term liquid assets and long term liabilities. As of 31 December 2013 it is seen that 15.27% of total assets are in cash and cash equivalents (31 December 2012: 16%) and 3.80% of total assets are in banks (31 December 2012: 2.82%) in financial statements.

Condensation of funds collected to one month predominantly and having long term loans perceived as a threat as in the general conditions of Turkish banking system. In order to decrease related risk to minimum, the Participation Bank enforces to be liquid in up to one month group.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

As per the BRSA Communiqué, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly (7 days) and monthly (31 days) liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios of the years 2013 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	184.49	152.35	137.84	117.70
Maximum (%)	266.48	190.69	158.22	135.70
Minimum (%)	110.83	104.75	110.52	103.51

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	5 Years and over	Unallocated*	Total
Assets								
Cash and Balances with the Central Bank of Turkey	3,836,254	-	-	-	-	-	-	3,836,254
Banks and Other Financial Institutions	954,203	-	-	-	-	-	-	954,203
Financial Assets at Fair Value through Profit/Loss	-	32,040	9,731	4,898	-	-	-	46,669
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available for Sale	4,376	-	-	395,745	1,012,904	-	-	1,413,025
Loans	-	2,189,870	2,805,009	6,527,657	5,293,126	515,048	-	17,330,710
Investments Held to Maturity	-	-	-	-	-	-	-	-
Other Assets**	289,639	23,777	43,789	198,565	562,005	13,513	414,430	1,545,718
Total Assets	5,084,472	2,245,687	2,858,529	7,126,865	6,868,035	528,561	414,430	25,126,579
Liabilities								
Funds Collected from Banks via Current and Profit Sharing Accounts	12,066	337,053	1,498	-	-	-	-	350,617
Current and Profit Sharing Accounts	3,428,303	8,185,399	1,871,688	1,214,126	91,547	-	-	14,791,063
Funds Provided from Other Financial Institutions	-	220,645	544,607	1,398,207	1,928,303	-	-	4,091,762
Money Market Deposits	-	721,560	-	-	-	-	-	721,560
Marketable Securities Issued	-	-	-	7,096	1,067,150	-	-	1,074,246
Miscellaneous Payables	543,859	91,104	-	-	-	-	-	634,963
Other Liabilities***	549,275	45,829	31,120	3,474	-	-	2,832,670	3,462,368
Total Liabilities	4,533,503	9,601,590	2,448,913	2,622,903	3,087,000	-	2,832,670	25,126,579
Liquidity Gap	550,969	(7,355,903)	409,616	4,503,962	3,781,035	528,561	(2,418,240)	-
Prior Period								
Total Assets	3,626,827	1,804,158	2,295,695	4,810,747	4,263,556	476,169	339,352	17,616,504
Total Liabilities	3,693,759	5,149,442	1,986,188	3,203,720	1,203,646	-	2,379,749	17,616,504
Liquidity Gap	(66,932)	(3,345,284)	309,507	1,607,027	3,059,910	476,169	(2,040,397)	-

(*) 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, prepaid expenses and non-performing loans are included in this column.

(**) Other assets include net finance lease receivables amounting to TL 841,649 and non-performing loans (net) amounting to TL 117,251.

(***) Shareholders' equity and provisions is included in "other liabilities" line under "unallocated" column.

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Analysis of financial liabilities based on the remaining contractual maturities:

The table below is drawn up based on the undiscounted contractual maturities and earliest payment dates of the financial liabilities. Profit share expenses to be paid on such liabilities are included in this table "Adjustments" column is the difference between the balance sheet values and undiscounted values of financial liabilities. These items are not included in the balance sheet value of such financial liabilities.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
Funds Collected from Banks Via Profit Sharing Accounts	12,066	337,053	1,498	-	-	-	-	350,617
Other Profit Sharing Accounts	3,428,303	8,185,399	1,871,688	1,214,126	91,547	-	-	14,791,063
Funds Provided from Other Financial Institutions	-	221,588	564,962	1,465,900	3,082,491	-	(168,933)	5,166,008
Money Market Deposits	-	721,560	-	-	-	-	-	721,560
Miscellaneous Payables	543,874	91,104	-	-	-	-	-	634,978
Other Liabilities	224,706	-	-	-	-	-	-	224,706
	4,208,949	9,556,704	2,438,148	2,680,026	3,174,038	-	(168,933)	21,888,932
Total	-	-	-	-	-	-	-	-
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
Funds Collected from Banks Via Profit Sharing Accounts	3,978	58,091	182,507	121,112	-	-	-	365,688
Other Profit Sharing Accounts	2,523,831	4,911,037	1,512,399	2,017,996	98,585	-	-	11,063,848
Funds Provided from Other Financial Institutions	-	67,805	284,200	1,092,091	1,189,281	-	(129,434)	2,503,943
Miscellaneous Payables	492,853	85,887	-	-	-	-	-	578,740
Other Liabilities	302,050	-	-	-	-	-	-	302,050
	3,322,712	5,122,820	1,979,106	3,231,199	1,287,866	-	(129,434)	14,814,269
Total	3,322,712	5,122,820	1,979,106	3,231,199	1,287,866	-	(129,434)	14,814,269

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Maturity analysis of conditioned liabilities and commitments is as follows:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Guarantees and Collaterals	2,706,414	1,190,773	788,461	1,345,119	2,654,675	218,697	8,904,139
Irrevocable Commitments	1,816,836	505,334	12,875	27,562	153	-	2,362,760
Forward asset purchase and sale commitments	-	492,668	-	-	-	-	492,668
Share capital commitments to associates and subsidiaries	-	1,744	2,506	12,768	-	-	17,018
Commitments for cheque payments	1,109,434	-	-	-	-	-	1,109,434
Tax and fund obligations on export commitments	-	1,262	131	487	153	-	2,033
Commitments for credit card limits	706,334	-	-	-	-	-	706,334
Commitments for credit cards and banking services promotions	1,068	-	-	-	-	-	1,068
Other irrevocable commitments	-	9,660	10,238	14,307	-	-	34,205
Revocable Commitments	-	-	-	-	-	-	-
Revocable loan allocation commitments	-	-	-	-	-	-	-
Forward foreign currency buy/sell transactions	-	5,722,240	1,051,437	361,176	-	-	7,134,853
Forward foreign currency transactions-buy	-	2,809,786	423,341	126,898	-	-	3,360,025
Forward foreign currency transactions-sell	-	2,689,385	529,231	180,275	-	-	3,398,891
Other forward foreign currency buy/sell transactions	-	223,069	98,865	54,003	-	-	375,937
Total	4,523,250	7,418,347	1,852,773	1,733,857	2,654,828	218,697	18,401,752
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Guarantees and Collaterals	2,273,619	1,049,468	705,206	1,878,163	1,082,494	119,747	7,108,697
Irrevocable Commitments	1,529,682	302,455	29,152	1,253	1,030	1	1,863,573
Forward asset purchase and sale commitments	-	301,633	-	-	-	-	301,633
Share capital commitments to associates and subsidiaries	-	-	-	-	-	-	-
Commitments for cheque payments	1,066,949	-	-	-	-	-	1,066,949
Tax and fund obligations on export commitments	-	188	504	1,253	1,030	1	2,976
Commitments for credit card limits	461,707	-	-	-	-	-	461,707
Commitments for credit cards and banking services promotions	1,026	-	-	-	-	-	1,026
Other irrevocable commitments	-	634	28,648	-	-	-	29,282
Revocable Commitments	-	-	-	-	-	-	-
Revocable loan allocation commitments	-	-	-	-	-	-	-
Forward foreign currency buy/sell transactions	-	2,650,740	265,932	221,246	-	-	3,137,918
Forward foreign currency transactions-buy	-	1,296,164	102,399	111,016	-	-	1,509,579
Other forward transactions buy/sell	-	1,287,935	163,533	110,230	-	-	1,561,698
Total	-	66,641	-	-	-	-	66,641
Total	3,803,301	4,002,663	1,000,290	2,100,662	1,083,524	119,748	12,110,188

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

IX. Explanations and Disclosures Related to Consolidated Securitization Position

The Group has not securitization position.

X Explanations and Disclosures Related to Consolidated Credit Risk Mitigation Techniques

The Group applies credit risk mitigation according to simple method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals in compliance with the article 33 of the "Regulation on Credit Risk Mitigation Techniques".

The risk mitigators that are used in credit process are stated below:

- Financial Collaterals (Cash or equivalent and high quality credit level had debt instruments)
- Guarantees
- Mortgage (In the implementation of the Basel II, although, risk mortgage loans evaluated as a class, in terms of valuation methods and concentrations they are also given in this section).

The value of mortgage is being revalued during the credit period. Only Treasury and the Banks' guarantees are taken into account as risk mitigation within the framework of BRSA regulations. Besides, the credibility of Group is reviewed periodically.

There is no on-balance sheet netting and special netting agreement.

Risk Classifications	Amount ^(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	5,678,069	721,184	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	124	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	30,659	666	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	994,144	-	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	13,130,969	345,193	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	6,530,146	222,440	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	5,906,349	-	-	-
Past Due Loans	67,759	72	-	-
Higher-Risk Categories Defined by Agency	334,036	3,414	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Claims	743,517	174	-	-

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

XI. Explanations and Disclosures Related to Consolidated Risk Management Target and Policies

The risk measurement, description and following activities are being carried out by the Risk Management Department which reports to Audit Committee directly.

Risk Management Department consists of Risk Policy and Reporting and Risk Analysis Management.

The storage of the datas, analysis and measurement of risks, the results of analysis and monitor activities of compliance with limit and criteria which is determined due to the credit policy of the Parent Participation Bank's credit risk from banking book is regularly reported to the Board of Directors, the audit committee and the management by the Risk Management Department. The following of compliance and focusing of the limit of country, products, customer, maturity and sector has been carried out periodically.

The analysis about under close monitoring and non-performing loans and receivables is being made in order to provide suggestions to the Board of Directors, the audit committee and the management for risk factors on market, sector, customer, products and application process of internal banking.

In the scope of the assessment process of the Group, specifically developed and designed risk assessment and measurement systems are in use according to credit types of Bank portfolio and also these systems have been monitored, validated and taken actions if the improvement is necessary.

To ensure that credit risk exposure arising from personal loans and credit cards is measured reliably and effectively, policy- and rule-based decision support systems are consistently employed, as are a variety of portfolio-specific, statistics-based scoring models that have been developed. In the scope of these systems, available fund amounts and credit card limits are determined by systemically applied policies with rating of customer's risk and calculating of ability to pay.

In the case of loans made to small-business, commercial, and corporate customers, credit risk quantification and grading employs rating models which are both sector-appropriate and international standard-compliant and which make use of portfolio-specific statistical methods. These rating models generate not only individual customers' ratings but also provide estimates of a customer's probability of default (PD).

In addition to these rating models, small-business, commercial, and corporate customer credit risk measurement and grading also involve the use of a suite of target market and risk acceptance criteria that make it possible to make judgments about individual customers' ratings based on their sector and appetite for risk.

The risk exposure of the credit portfolio of the Participation Bank in the negative economic circumstances proactively managed by estimating via scenario analysis and stress tests. Besides, product risk analysis is made with calculating the exposure of the new products on the Participation Bank's credit portfolio and financial structure.

The Board of Directors, the audit committee and the management of the Participation Bank are informed by the Risk Management Department monthly and quarterly about the quality of credit portfolio, statistics, eye catching fluctuations and compliance with the credit policies and the reports in which these analysis are took part in with the calculation, analysis and monitor activities; and thus, the required update on credit policies and processes are made after the evaluation of these results.

Market risk factors and its effects are measured and regularly reported to BRSA in the Group. The market risks are measured and reported with the standard method including trading accounts according to the "Communiqué on Measurement and Assessment of Capital Adequacy Ratios of Banks".

In addition, Internal Capital Adequacy Assessment Process (ICAAP) studies related to end of 2012 are completed on June 2013 approved by Board of Directors and delivered to relevant legal authorities.

Risk mitigating cautions are applied while managing the foreign exchange position with defining the trading of foreign exchange, stop loss and position limits. The risk calculation of specified limits, monitor the consistency of limits, control and reporting are performed by the Risk Management Department.

The Group apply some strategies in order to mitigate liquidity risk such as diversification of funding sources, obtaining funds with a longer term and catching the maturity match between the assets and liabilities.

Risk Management Department created some methodologies and methods to measure, analysis, report and manage the liquidity risk.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

The liquidity position is analyzed by preparing the tables for the maximum cumulative cash outflows of all balance sheet items subject to liquidity risk according to their maturities. In addition, the measurement of liquidity ratios is calculated and evaluated on a monthly basis in the meetings of Asset/Liability Committee.

The stress tests are performed to calculate the liquidity risk of the Group.

The liquidity risk management and emergency plan in which the actions and the cautions defined with their priorities are built in case of any liquidity congestion results from the Participation Bank or market.

The Parent Participation Bank adopts a risk terminology which is in accordance with Basel II in order to create an international approach on Operational Risk Management. This common risk language provides a consistent view and communication about operational risk throughout the Parent Participation Bank. A software is used in order to support the standard framework for the management of operational risk by creating the data house for risk losses and reporting and analyzing of the mentioned data.

The Parent Participant Bank performs necessary works for buying customary insurance policy in the sector with the aim of transferring loss and deficiency that existing as a result of operational risks, out of the bank.

Within the context of the "Regulation of Acquiring Support Services of Banks", for the support services acquired by the Parent Participant Bank, after the reports about the services and the provider prepared by the business units that acquired the service, are studied to have a Risk Point of View and presented to the Audit Committee.

The Risk Control Evaluation (RCE) is performed periodically in the Parent Participation Bank as a basic principle of the Basel II Operational Risk implementations. It is aimed with RCE to restrict the operational risk effects by investigating the business processes subject to operational risk and performing controls by the process owners. In the departments where RCE study is implemented, 'Key Risk Indicators' and the threshold value for the mentioned risk points are determined.

Besides, in consequence of the Capital Adequacy Measurement and Reporting Project, it has been ensured that a flexible parametric model that shall be in compliance with legal framework changes has been built, a reporting infrastructure that is in accordance with Basel II standards has been created, stress tests to the capital adequacy related risks has been applied and current system infrastructure is still being used.

XII. Explanations and disclosures related to fair values of consolidated financial assets and liabilities

The table below shows the carrying value and the fair value of financial assets and liabilities of the Participation Bank:

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	20,539,587	14,133,201	20,435,721	14,405,770
Equity Securities	-	-	-	-
Banks ⁽¹⁾	954,203	497,028	954,203	497,028
Financial Assets Available For Sale	1,413,025	665,115	1,413,025	665,115
Loans ⁽²⁾	18,172,359	12,971,058	18,068,493	13,243,627
Financial Liabilities	20,942,651	14,512,219	20,928,723	14,500,755
Funds Collected from Banks Via Current and Profit Sharing Accounts ⁽³⁾	350,617	365,688	350,617	365,688
Current and Profit Sharing Accounts ⁽⁴⁾	14,791,063	11,063,848	14,791,063	11,063,848
Funds Provided from Other Financial Institutions	4,091,762	2,503,943	4,075,644	2,492,479
Marketable Securities Issued	1,074,246	-	1,076,436	-
Miscellaneous Payables	634,963	578,740	634,963	578,740

⁽¹⁾ Because due from banks are demand deposits, their carrying value and fair value is the same.

⁽²⁾ In order to calculate the fair value of loans, current profit sharing rates are used as of the balance sheet date. Loan balance also includes finance lease receivables.

⁽³⁾ Carrying value of the funds collected from banks via current and profit sharing accounts and current and profit sharing accounts equals to their fair value as it is revalued with the year end unit value.

⁽⁴⁾ Loan rates that valued as balance sheet date are used for fair value calculation of funds that provided by other financial corporation.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The table below analyses financial instruments carried at fair value, by valuation method:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Available for Sale	-	1,408,649	-	1,408,649
Financial Assets Held for Trading	-	198	-	198
Derivative Financial Assets Held for Trading	-	46,471	-	46,471
Financial Assets at Fair Value	-	1,455,318	-	1,455,318
Financial Liabilities Held for Trading	-	39,140	-	39,140
Derivative Financial Liabilities Held for Trading	-	39,140	-	39,140
Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Available for Sale	-	664,994	-	664,994
Financial Assets Held for Trading	-	183	-	183
Derivative Financial Assets Held for Trading	-	14,090	-	14,090
Financial Assets at Fair Value	-	679,267	-	679,267
Financial Liabilities Held for Trading	-	8,577	-	8,577
Derivative Financial Liabilities Held for Trading	-	8,577	-	8,577

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

Observable market prices such as the marketable security prices which are announced by CBRT and the prices obtained from foreign capital markets are used for fair value determination of financial assets and liabilities measured at fair value except derivative assets and derivative liabilities held for trading. The similar ratios announced in the capital markets are used for discounting the contractual prices of derivative financial assets and derivative financial liabilities for fair value determination.

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

The Group does not provide buying, selling and custody services and management and financial advisory services in the name of the third parties. The Group is not involved in trust activities.

SECTION FIVE: EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets of Consolidated Financial Statements

1. Cash and Central Bank of Turkey:

1.1. Information on Cash and Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	89,017	60,628	73,962	27,629
Central Bank of Turkey	469,277	3,212,187	399,574	2,303,169
Others	12	5,133	130	13,704
Total	558,306	3,277,948	473,666	2,344,502

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2. Information on Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	467,739	305,464	399,574	601,641
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	1,538	-	-	-
Others ^(*)	-	2,906,723	-	1,701,528
Total	469,277	3,212,187	399,574	2,303,169

^(*) Reserve deposits that are kept as blockage in CBTR for foreign currency liabilities. The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. After the change in communiqué reserve ratio for Turkish Lira liabilities has been changed to between 5% and 13% according to the maturity of the liabilities and it has been taken into consideration as of the report date.

2. Information on Financial Assets at Fair Value through Profit and Loss

The other security line in the amount of TL 198 refers to fair value of spot derivative transactions of the Group, accounted based on the settlement date, between the trade date and the balance sheet date (31 December 2012: TL 183).

2.1. Information on Financial Assets at Fair Value through Profit and Loss, Which are Given as Collateral or Blocked

None (31 December 2012: None).

2.2. Information on Financial Assets at Fair Value through Profit and Loss, Which are Subject to Repurchase Agreements

None (31 December 2012: None).

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

Financial Derivative Assets Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	33,288	9,512	4,514	6,697
Swap Transactions	505	3,166	1,884	995
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	33,793	12,678	6,398	7,692

3. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	484,411	379,715	106,033	201,277
Foreign	37	90,040	515	189,203
Branches and Head Offices Abroad	-	-	-	-
Total	484,448	469,755	106,548	390,480

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	34,952	130,991	-	-
USA and Canada	46,472	41,908	-	-
OECD Countries*	5,194	2,470	-	-
Off-Shore Banking Regions	350	-	-	-
Other	3,109	14,349	-	-
Total	90,077	189,718	-	-

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

4. Information on Financial Assets Available for Sale

	Current Period	Prior Period
Debt Securities	1,408,649	664,994
Quoted on a Stock Exchange	-	-
Not Quoted ^(*)	1,408,649	664,994
Share Certificates	4,376	121
Quoted on a Stock Exchange	-	-
Not Quoted ^(**)	4,376	121
Impairment Provision (-)	-	-
Other	-	-
Total	1,413,025	665,115

^(*) Although the related debt securities are quoted on a Stock Exchange, they have been presented as not quoted since the market transactions are not deep enough as of balance sheet date.

^(**) In the current period, Kredi Garanti Fonu amounting to TL 4,211 is presented in the not quoted line.

As of 31 December 2013, the Group's "financial assets available-for-sale" portfolio includes the rent certificate at a total face value of TL 1,427,083 (31 December 2012: TL 591,642), a total carrying value amounting to TL 1,408,649 (31 December 2012: TL 608,156) which is issued by Republic of Turkey Undersecretariat of Treasury.

4.1. Available-for-Sale Financial Assets Blocked/Given As Collateral or Subject to Repurchase Agreements

As of 31 December 2013, available-for-sale financial assets blocked/given as collateral or subject to repurchase agreements are amounting to TL 415,930 (31 December 2012: None).

4.2. Information on Financial Assets Available for Sale, Which are Subject to Repurchase Agreements

As of 31 December 2013, information on financial assets available for sale, which are subject to repurchase agreements are amounting to TL 724,055 (31 December 2012: None).

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5. Information Related to Loans

5.1. Information on All Types of Loans and Advances Given to Shareholders and Employees of the Participation Bank

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	105	33,432	703	74,320
Corporate Shareholders	-	22,534	-	74,317
Real Person Shareholders	105	10,898	703	3
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	15,367	-	12,720	-
Total	15,472	33,432	13,423	74,320

5.2. Information about the First And Second Group Loans and Other Receivables Including Loans That Have Been Restructured or Rescheduled

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring			
	Loans and Other Receivables	Amendments on Conditions of Contract	Loans and Other Receivables	Amendments on Conditions of Contract		Other
				Amendments related to the extension of the payment plan	Other	
Cash Loans	16,656,372	52,914	12,713	674,338	217,484	17,047
Export Loans	765,904	-	-	2,435	-	-
Import Loans	-	-	-	-	-	-
Business Loans	12,583,292	50,376	12,697	592,428	215,836	17,040
Consumer Loans	2,945,865	2,538	16	64,512	1,648	7
Credit Cards	349,118	-	-	10,992	-	-
Loans Given to Financial Sector	10,672	-	-	-	-	-
Other	1,521	-	-	3,971	-	-
Other Receivables	-	-	-	-	-	-
Total	16,656,372	52,914	12,713	674,338	217,484	17,047

The loans for which the amendments related to the extension of the payment plan made according to article 4 of first clause (a) and (b) of "Regulation on Procedures and Principles Determination of Qualifications of Loans and Other Receivables by Banks and Provision" are stated below as of 31 December 2013.

	Number of amendments related to the extension of the payment plan	
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended for 1 or 2 times	52,914	214,990
Extended for 3, 4 or 5 times	-	2,494
Extended for more than 5 times	-	-

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

The time extended via the amendment on payment plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	19,860	4,731
6-12 Months	13,286	30,551
1-2 Years	8,955	76,371
2-5 Years	10,813	105,634
5 Years and More	-	197

According to article 5 of regulation on procedures and principles for determination of qualifications of loans and other receivables by banks and provision, there is no restructured loan as of 31 December 2013.

According to article 6 of regulation on procedures and principles for determination of qualifications of loans and other receivables by banks and provision, there are thirteen restructured loans as of 31 December 2013. The maturity date of these loans was rolled over 368-1,123 days.

5.3. Maturity Analysis of Cash Loans

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-Term Loans and Other Receivables	4,557,861	-	104,190	-
Loans	4,557,861	-	104,190	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	12,085,798	12,713	553,101	17,047
Loans	12,085,798	12,713	553,101	17,047
Other Receivables	-	-	-	-

5.4. Collaterals Received for Loans and Other Receivables under Close Monitoring

	Current Period	Prior Period
Cash	23,365	13,656
Mortgages	437,055	222,029
Pledged Assets	35,501	10,631
Cheques and Notes	68,704	35,743
Other Collaterals	2,528	2,126
Unsecured Loans	121,513	42,863
Total	688,666	327,048

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.5. Information on Consumer Loans, Individual Credit Cards, Personnel Loans and Personnel Credit Cards

	Short Term	Medium and Long Term	Total
Consumer Loans - TL	33,507	2,964,235	2,997,742
Real Estate Loans	9,611	2,625,421	2,635,032
Auto Loans	11,479	232,534	244,013
General Purpose Consumer Loans	1,418	30,459	31,877
Other	10,999	75,821	86,820
Consumer Loans - FC Indexed	-	6,101	6,101
Real Estate Loans	-	6,101	6,101
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Real Estate Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	272,616	14,395	287,011
With Installment	119,546	14,395	133,941
Without Installment	153,070	-	153,070
Individual Credit Cards - FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans - TL	661	5,874	6,535
Real Estate Loans	-	397	397
Auto Loans	313	2,804	3,117
General Purpose Consumer Loans	43	564	607
Other	305	2,109	2,414
Personnel Loans - FC Indexed	-	-	-
Real Estate Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Real Estate Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	8,752	80	8,832
With Installment	4,211	80	4,291
Without Installment	4,541	-	4,541
Personnel Credit Cards - FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Accounts - TL (real persons)	-	-	-
Overdraft Accounts - FC (real persons)	-	-	-
Total	315,536	2,990,685	3,306,221

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.6. Installment Based Commercial Loans and Corporate Credit Cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment-TL	83,567	747,535	831,102
Business Loans	9,678	607,737	617,415
Auto Loans	3,579	123,870	127,449
General Purpose Consumer Loans	304	15,344	15,648
Other	70,006	584	70,590
Commercial Loans with Installment - FC Indexed	-	36,184	36,184
Business Loans	-	30,729	30,729
Auto Loans	-	281	281
General Purpose Consumer Loans	-	2,627	2,627
Other	-	2,547	2,547
Commercial Loans with Installments - FC	-	-	-
Business Loans	-	-	-
Auto Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	53,512	10,755	64,267
With Installment	3,688	10,755	14,443
Without Installment	49,824	-	49,824
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Accounts - TL (corporate)	-	-	-
Overdraft Accounts - FC (corporate)	-	-	-
Total	137,079	794,474	931,553

5.7. Loan Distribution According to Borrowers

	Current Period	Prior Period
Public Sector	-	-
Private Sector	17,330,710	12,666,689
Total	17,330,710	12,666,689

5.8. International and Domestic Loans

	Current Period	Prior Period
Domestic Loans	17,166,355	12,600,567
International Loans	164,355	66,122
Total	17,330,710	12,666,689

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5.9. Loans Granted to Subsidiaries and Participations

None (31 December 2012: None).

5.10. Specific Provisions Provided Against Loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	18,759	32,090
Loans and Receivables with Doubtful Collectibility	61,163	51,129
Uncollectible Loans and Receivables	243,899	178,329
Total	323,821	261,548

5.11. Information on Non-Performing Loans (Net)

5.11.1. Information on Loans and Other Receivables Included in Loans under Follow-Up Account, Which are Restructured or Rescheduled

None (31 December 2012: None).

5.11.2. Information of Movements of Loans

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Prior Period Ending Balance	58,550	83,736	215,973
Additions (+)	231,980	6,181	15,403
Transfers from Other Categories of Non- performing Loans (+)	-	217,815	173,793
Transfers to Other Categories of Non-performing Loans (-)	(217,815)	(173,793)	-
Collections (-)	(35,768)	(25,788)	(51,241)
Write-offs (-) ^(*)	-	(4,524)	(53,430)
Corporate and Commercial Loans	-	(4,524)	(52,244)
Retail Loans	-	-	(827)
Credit Cards	-	-	(359)
Other	-	-	-
Current Period Ending Balance	36,947	103,627	300,498
Specific Provisions (-)	(18,759)	(61,163)	(243,899)
Net Balance on Balance Sheet	18,188	42,464	56,599

^(*) The Participation Bank has sold its non performing loans portfolio part of TL 4,522 on 25 October 2013 with amount of TL 425 to RTC Yönetim Varlık A.Ş.

5.11.3. Information on Foreign Currency Loans and Other Receivables Included in Loans under Follow-Up Account

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period:			
Period Ending Balance	-	4,114	5,763
Specific Provisions (-)	-	(2,214)	(4,964)
Net Balance on Balance Sheet	-	1,900	799
Prior Period:			
Prior Period Ending Balance	-	181	5580
Specific Provisions (-)	-	(45)	(2,523)
Net Balance on Balance Sheet	-	136	3,057

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

5.11.4. Information on Gross and Net Non-Performing Loans and Receivables as per Customer Categories:

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period (Net)	18,188	42,464	56,599
Loans to Individuals and Corporates (Gross)	36,848	103,464	296,739
Specific Provisions (-)	(18,684)	(61,067)	(240,345)
Loans to Individuals and Corporates (Net)	18,164	42,397	56,394
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Others Loans and Receivables (Gross)	99	163	3,759
Specific Provisions (-)	(75)	(96)	(3,554)
Other Loans and Receivables (Net)	24	67	205
Prior Period (Net)	26,460	32,607	37,644
Loans to Individuals and Corporates (Gross)	58,467	83,665	212,310
Specific Provisions (-)	(32,043)	(51,086)	(174,837)
Loans to Individuals and Corporates (Net)	26,424	32,579	37,473
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Others Loans and Receivables (Gross)	83	71	3,663
Specific Provisions (-)	(47)	(43)	(3,492)
Others Loans and Receivables (Net)	36	28	171

5.11.5. Collaterals Received for Non-Performing Loans

	Current Period	Prior Period
Cash	1,925	1,234
Mortgages	153,917	150,780
Pledged Assets	22,977	16,593
Cheques and Notes	59,650	21,194
Other Collaterals	10,500	8,186
Unsecured Loans	192,103	160,272
Total	441,072	358,259

5.11.6. Non-Performing Loans and Main Guidelines of Liquidation Process for Loans and Receivables

Related loans are classified as non-performing loans as per "Determining the Nature of Loan and Other Receivable Provisions Allocated by Banks and Procedures and Principles of Allocating Provisions" which was published in the Official Gazette No: 26333 on November 1, 2006.

5.11.7. Explanation on "Write-off" Policies

The loans and receivables whose collections are considered to be definitely uncollectible are collected by legal proceedings and encashing the guarantees or written-off by the decision of the Participation Bank's management pursuant to the requirements in outstanding Turkish Tax Procedures Code. TL 57,954 (31 December 2012: TL 35,184) deletion from assets on the current period.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

5.12 Other Explanation and Disclosures

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

Current Period*	0-30 Days	31- 60 Days	61- 90 Days	Total
Loans and Receivables				
Commercial Loans	15,875	12,465	5,965	34,305
SME Loans	11,301	8,875	3,858	24,034
Consumer Loans	1,839	4,618	2,893	9,350
Total	29,015	25,958	12,716	67,689

(*) Only past due loans are presented and the principals of unpaid loans.

Prior Period*	0-30 Days	31- 60 Days	61- 90 Days	Total
Loans and Receivables				
Commercial Loans	13,825	2,768	1,672	18,265
SME Loans	15,180	8,124	5,637	28,941
Consumer Loans	17,183	5,581	2,555	25,319
Total	46,188	16,473	9,864	72,525

(*) Only past due loans are presented and the principals of unpaid loans.

6. Investments Held-to-Maturity (Net)

None (31 December 2012: None).

7. Information on Associates (Net)

None (31 December 2012: TL 4,211).

8. Information on Subsidiaries (Net)

According to a decision of the Parent Participation Bank's Board of Directors on 22 October 2012, asset rent company was established purposing rent certificate issues with the capital TL 50. Asset rent company named TF Varlık Kiralama A.Ş. was established with the authorizations of Banking Regulation and Supervision Agency dated 20 December 2012, Capital Markets Board dated 8 February 2013 and Ministry of Customs and Trade dated 11 February 2013.

Information on Consolidated Subsidiaries (Net)

Associate	Address (City/Country)	Bank's Share - If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 TF Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00	-

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1 1,231,979	50	-	-	-	-	-	-

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

9. Information on Entities under Common Control

None (31 December 2012: None).

10. Information on Finance Lease Receivables

10.1. Presentation of Finance Lease Investments According to Their Remaining Maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	306,164	266,131	117,864	101,137
1-4 Years	605,449	526,282	221,988	190,483
More Than 4 Years	56,642	49,236	14,858	12,749
Total	968,255	841,649	354,710	304,369

10.2. Financial Information on Net Investments Made in Finance Lease

	Current Period	Prior Period
Gross Finance Lease Receivables	968,255	354,710
Income Earned from Other Operations apart from Finance Lease (-)	(126,606)	(50,341)
Written off leasing amounts	-	-
Total	841,649	304,369

10.3. General Information on Criteria Used in Determination of Contingent Lease Installments, If Any, Updates About Available Situations and Contract Amounts Related to Renewal or Purchase Options and Constraints due to Leasing Contracts, Any Past Due Situations, Renewal of Contracts, If Renewed, Conditions on It, Any Matter Caused to Constraints and Other Important Issues Related to Finance Lease Contracts

Finance lease contracts are realized in consistent with the Financial Leasing, Factoring And Financing Companies Law Nr. 6361. There is not any constraint due to finance lease contracts or any renewal that affects consolidated financial statements. (31 December 2012: None)

11. Derivative Financial Assets Held for Risk Management

None (31 December 2012: None).

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

12. Information on Tangible Assets

	Buildings	Leased Tangible Assets	Other Tangible Assets	Total
Cost				
Opening Balance	115,150	6,979	181,848	303,977
Movements in the Current Period	-	(1,197)	35,522	34,325
-Additions	-	-	41,010	41,010
-Disposals	-	-	(6,685)	(6,685)
-Transfers	-	(1,197)	1,197	-
-Impairments (Losses)/Reversals	-	-	-	-
-Value Increase	-	-	-	-
Ending Balance	115,150	5,782	217,370	338,302
	-	-	-	-
Accumulated Depreciation				
Opening Balance	(1,913)	(6,923)	(98,524)	(107,360)
-Accumulated Depreciation Reversals	-	-	-	-
Movements in the Current Period	(375)	1,141	(20,019)	(19,253)
-Depreciation Expense	(375)	(56)	(25,228)	(25,659)
-Value Increase	-	-	-	-
-Transfers	-	1,197	(1,197)	-
-Disposals	-	-	6,406	6,406
Ending Balance	(2,288)	(5,782)	(118,543)	(126,613)
Prior Period Net Book Value	113,237	56	83,324	196,617
Current Period Net Book Value	112,862	-	98,827	211,689

13. Information on Intangible Assets

13.1. Useful Life or Depreciation Rates Used

It is explained in the footnote numbered XI in the Section 3.

13.2. Depreciation Methods Used for Intangible Assets

Intangible assets are depreciated by straight-line depreciation method.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

13.3. Movement Table Between the Current and Prior Period

	Intangible Assets
Cost	
Opening Balance	47,818
Movements in the Current Period	30,006
- Additions	30,006
- Disposals (-)	-
- Transfers	-
- Impairment	-
- Value Increase	-
Ending Balance	77,824
Accumulated Depreciation	
Opening Balance	(28,937)
Movements in the Current Period	(11,738)
- Depreciation Expense (-)	(11,738)
- Value Increase	-
- Disposals	-
Ending Balance	(40,675)
Prior Period Net Book Value	18,881
Current Period Net Book Value	37,149

14. Information on Investment Property

None (31 December 2012: None).

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

15. Explanations Related to the Deferred Tax Asset

The Group is calculated deferred tax liability amounting to TL 16,731 (31 December 2012: TL 14,374) from the difference between book values of assets and liabilities, and the tax based amounts which are going to be added to the financial profit or loss in the following periods. The Participation Bank net-off calculated deferred tax asset amounting to TL 39,380 (31 December 2012: TL 25,489) and deferred tax liability, and booked deferred tax asset amounting to TL 22,649 in the current period (31 December 2012: TL 11,115).

	Current Period	
	Deferred Tax Base Amount	Deferred Tax Asset/(Liability)
Retirement Pay Provisions	34,060	6,812
Short-Term Employee Benefits	11,597	2,319
Credit Card Promotion Provision	1,880	376
Provision Expense for Law Suits	7,664	1,533
Fair Value Valuation Differences	636	127
Loan Accrual Differences	38	8
Fair Value Differences of Derivative Financial Instruments	(8,165)	(1,633)
Fixed Asset Depreciation Difference	(45,533)	(9,107)
Revaluation Surplus on Tangible Assets	(23,583)	(4,717)
Rediscounts of Commission	104,813	20,963
Other	29,842	5,968
Deferred Tax Asset (net)		22,649

	Prior Period	
	Deferred Tax Base Amount	Deferred Tax Asset/(Liability)
Retirement Pay Provisions	15,824	3,165
Short-Term Employee Benefits	11,378	2,276
Credit Card Promotion Provision	1,333	267
Provision Expense for Law Suits	4,913	983
Fair Value Valuation Differences	(81)	(16)
Loan Accrual Differences	(167)	(33)
Fair Value Differences of Derivative Financial Instruments	(5,615)	(1,123)
Fixed Asset Depreciation Difference	(26,031)	(5,206)
Revaluation Surplus on Tangible Assets	(23,583)	(4,717)
Rediscounts of Commission	85,588	17,118
Other	(7,993)	(1,599)
Deferred Tax Asset (net)		11,115

Movement of the deferred tax asset is stated as below:

	Current Period	Prior Period
As of January 1	11,115	16,661
Current Period Income/(Expense)	(2,516)	507
Effect of the Change in Tax Rate	(214)	-
Deferred Tax Accounted for Under Equity	14,264	(6,053)
Deferred Tax Asset	22,649	11,115

16. Information on Assets Held for Sale

As of 31 December 2013, information on assets held for sale is amounting to TL 67 (31 December 2012: None).

17. Information on Other Assets

Other assets do not exceed 10% of total assets as of 31 December 2013 and 31 December 2012.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations Related to the Liabilities of Consolidated Financial Statements

1. Information on funds collected

1.1. The Maturity Structure of Funds Collected

Current Period	Demand	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 9 Months	Up to 1 Year	1 Year and Over	Accumulated Profit Sharing Accounts	Total
I. Real Persons Current Accounts-TL	894,578	-	-	-	-	-	-	-	894,578
II. Real Persons Profit Sharing Accounts-TL	-	2,489,240	2,401,698	108,147	-	108,118	610,879	-	5,718,082
III. Other Current Accounts-TL	1,229,559	-	-	-	-	-	-	-	1,229,559
Public Sector	4,434	-	-	-	-	-	-	-	4,434
Commercial Sector	1,193,408	-	-	-	-	-	-	-	1,193,408
Other Institutions	31,212	-	-	-	-	-	-	-	31,212
Commercial and Other Institutionals	262	-	-	-	-	-	-	-	262
Banks and Finance Houses	243	-	-	-	-	-	-	-	243
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	221	-	-	-	-	-	-	-	221
Bank	22	-	-	-	-	-	-	-	22
Other	-	-	-	-	-	-	-	-	-
IV. Profit Sharing Accounts-TL	-	415,479	1,212,122	18,973	-	42,125	111,022	-	1,799,721
Public Sector	-	89	38	-	-	-	-	-	127
Commercial Sector	-	357,893	916,802	10,547	-	39,920	106,203	-	1,431,365
Other Institutions	-	57,497	119,290	8,426	-	2,205	4,819	-	192,237
Commercial and Other Institutionals	-	-	1	-	-	-	-	-	1
Banks	-	-	175,991	-	-	-	-	-	175,991
V. Real Persons Current Accounts-FC	373,888	-	-	-	-	-	-	-	373,888
VI. Real Persons Profit Sharing Accounts-FC	-	945,547	902,863	72,182	-	124,642	353,457	-	2,398,691
VII. Other Current Accounts-FC	537,777	-	-	-	-	-	-	-	537,777
Commercial Residents in Turkey	507,193	-	-	-	-	-	-	-	507,193
Commercial Residents in Abroad	18,761	-	-	-	-	-	-	-	18,761
Banks	11,823	-	-	-	-	-	-	-	11,823
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	1,022	-	-	-	-	-	-	-	1,022
Banks	10,801	-	-	-	-	-	-	-	10,801
Other	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts Other-FC	-	298,526	837,857	203,236	-	71,563	119,196	-	1,530,378
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Sector	-	157,989	738,973	4,390	-	60,422	56,190	-	1,017,964
Other Institutions	-	6,245	6,811	75,363	-	149	2,065	-	90,633
Commercial and Other Institutionals	-	2,594	62,695	121,999	-	10,992	60,941	-	259,221
Banks and Participation Banks	-	131,698	29,378	1,484	-	-	-	-	162,560
IX. Precious Metal Accounts	404,567	-	7,212	239,325	-	7,902	-	-	659,006
X. Profit Sharing Accounts Special Fund Pools-TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Fund Pools-FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+...+IX+X+XI)	3,440,369	4,148,792	5,361,752	641,863	-	354,350	1,194,554	-	15,141,680

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

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	580,048	-	-	-	-	-	-	-	580,048
II. Real Persons Profit Sharing Accounts-TL	-	2,001,737	1,188,873	151,363	-	88,314	1,371,042	-	4,801,329
III. Other Current Accounts-TL	722,622	-	-	-	-	-	-	-	722,622
Public Sector	27,264	-	-	-	-	-	-	-	27,264
Commercial Sector	674,869	-	-	-	-	-	-	-	674,869
Other Institutions	20,217	-	-	-	-	-	-	-	20,217
Commercial and Other Institutionals	164	-	-	-	-	-	-	-	164
Banks and Finance Houses	108	-	-	-	-	-	-	-	108
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	52	-	-	-	-	-	-	-	52
Bank	56	-	-	-	-	-	-	-	56
Other	-	-	-	-	-	-	-	-	-
IV. Profit Sharing Accounts-TL	-	242,437	624,589	155,468	-	37,278	281,001	-	1,340,773
Public Sector	-	151	74	-	-	-	-	-	225
Commercial Sector	-	218,777	386,813	30,186	-	37,133	267,783	-	940,692
Other Institutions	-	23,393	55,640	4,170	-	145	13,218	-	96,566
Commercial and Other Institutionals	-	61	-	-	-	-	-	-	61
Banks	-	55	182,062	121,112	-	-	-	-	303,229
V. Real Persons Current Accounts-FC	286,509	-	-	-	-	-	-	-	286,509
VI. Real Persons Profit Sharing Accounts-FC	-	789,256	552,410	63,253	-	154,624	450,286	-	2,009,829
VII. Other Current Accounts-FC	456,597	-	-	-	-	-	-	-	456,597
Commercial Residents in Turkey	430,135	-	-	-	-	-	-	-	430,135
Commercial Residents in Abroad	22,592	-	-	-	-	-	-	-	22,592
Banks	3,870	-	-	-	-	-	-	-	3,870
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	534	-	-	-	-	-	-	-	534
Banks	3,336	-	-	-	-	-	-	-	3,336
Other	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts Other-FC	-	280,645	259,840	17,552	-	21,703	145,829	-	725,569
Public Sector	-	11	-	-	-	-	-	-	11
Commercial Sector	-	127,884	193,769	5,074	-	172	142,964	-	469,863
Other Institutionals	-	2,060	8,346	-	-	6	2,865	-	13,277
Commercial and Other Institutionals	-	92,654	57,280	12,478	-	21,525	-	-	183,937
Banks and Participation Banks	-	58,036	445	-	-	-	-	-	58,481
IX. Precious Metal Accounts	482,033	-	12,322	11,876	-	29	-	-	506,260
X. Profit Sharing Accounts Special Fund Pools-TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Fund Pools-FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+....+IX+X+XI)	2,527,809	3,314,075	2,638,034	399,512	-	301,948	2,248,158	-	11,429,536

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2. 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 insurance		Exceeding the Limit of insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real Persons Current and Profit Sharing Accounts that are not Subject to the Commercial Activities	5,172,050	3,399,951	4,794,572	4,711,264
TL Accounts	3,829,189	2,510,748	2,740,294	2,827,133
FC Accounts	1,342,861	889,203	2,054,278	1,884,131
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

Guarantee of Deposit Insurance Fund changed insurance amount from TL 50 to TL 100 on the "Regulation On Deposits and Participation Funds Subject to Insurance and Premiums Collected by Savings Deposit Insurance Fund" dated 15 February 2013.

1.3. Current and Profit Sharing Accounts which are not Under the Guarantee of Deposit Insurance Fund

	Current Period	Prior Period
Foreign Branches' Profit Share Funds and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts held by Shareholders and Their Relatives	-	-
Profit Sharing Accounts and Other Accounts of the Chairman and Board of Directors, Chief Executive Officer, Senior Executive Officers and Their Relatives	45,898	49,969
Profit Sharing Accounts and Other Accounts Held as Assets Subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26/9/2004	-	-
Off Shore banking Regions' Profit Sharing Accounts	-	-

1.4. Information on the Current and Profit Sharing Accounts of the Participation Bank with Head Office Abroad, if the Saving Deposits in the Branches of the Parent Participation Bank Located in Turkey are Under the Guarantee of Saving Deposit Insurance in that Country Abroad

The center of the Parent Participation Bank is in Turkey and under the guarantee of Saving Deposits Insurance Fund of Turkey.

1.5. Current and Profit Sharing Accounts which are not Under the Guarantee of Deposit Insurance Fund

Total of current and profit sharing accounts which are not under the guarantee of Deposit Insurance Fund is TL 45,898 (31 December 2012: TL 49,969).

2. Negative Differences on Derivative Financial Liabilities Held for Trading

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transaction	21,646	2,679	2,777	2,236
Swap Transaction	-	13,981	3,340	122
Future	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	21,646	16,660	6,117	2,358

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

3. Information on Borrowings

3.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from the Central Bank of Turkey	-	-	-	-
Funds Borrowed from Domestic Banks and Institutions	-	65,047	-	7,130
Funds Borrowed from Foreign Banks, Institutions and Funds	161,147	3,865,568	-	2,496,813
Total	161,147	3,930,615	-	2,503,943

3.2. Maturity Analysis of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	2,163,459	-	1,398,882
Medium and Long-Term	161,147	1,767,156	-	1,105,061
Total	161,147	3,930,615	-	2,503,943

4. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Rent Certificates	-	1,074,246	-	-
Total	-	1,074,246	-	-

5. Other Liabilities Exceeding 10% of the Balance Sheet Total and the Breakdown of Such Liabilities Constituting at Least 20% of the Grand Total

Other liabilities do not exceed 10% of total liabilities as of 31 December 2013 and 31 December 2012.

6. Information on Finance Lease Payables (net)

6.1. The General Explanations on Criteria Used in Determining Installments of Financial Lease Agreements, Renewal and Purchasing Options and Restrictions in the Agreements that Create Significant Obligations to the Participation Bank

None (31 December 2012: None).

6.2. The Explanation on Modifications in Agreements and New Obligations Resulting from such Modifications

None (31 December 2012: None).

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

7. Information on Derivative Financial Liabilities Held for Risk Management

None (31 December 2012: None).

8. Information on Provisions

8.1. Information on General Provisions

	Current Period	Prior Period
General Provisions	150,439	139,804
Provision for Group 1. Loans and Receivables	114,838	115,487
Profit Sharing Accounts' Share	49,199	50,344
The Bank's Share	65,639	65,143
Other	-	-
Additional provisions for Group 1. loans with extended payment plan	1,888	2,046
Profit Sharing Accounts' Share	404	783
The Bank's Share	1,484	1,263
Other	-	-
Provision for Group 2. Loans and Receivables	20,225	9,211
Profit Sharing Accounts' Share	7,290	3,598
The Bank's Share	12,935	5,613
Other	-	-
Additional provisions for Group 2. loans with extended payment plan	7,476	3,241
Profit Sharing Accounts' Share	2,644	1,402
The Bank's Share	4,832	1,839
Other	-	-
Provision for Non Cash Loans	15,376	15,106
Other	-	-

8.2. Information on Foreign Exchange Losses on the Foreign Currency Indexed Loans and Finance Lease Receivables

Foreign exchange differences on foreign currency indexed loans amounting to TL 764 are netted with loans on the asset side as of balance sheet date (31 December 2012: TL 31,606).

8.3. Information on Employee Termination Benefits

The Participation Bank's provision amount for unused vacation is TL 11,597 (31 December 2012: TL 11,378), provision amount for performance premium is TL 24,454 (31 December 2012: TL 19,443) and provision amount for severance indemnities is TL 34,060 (31 December 2012: TL 15,824) as of 31 December 2013.

Employee Termination Movement Statements

	Current Period	Prior Period
As of 1 January 2013	15,824	11,460
Current Service Cost	2,317	1,896
Profit share cost	1,127	971
Actuarial profit/loss ^(*)	16,702	2,978
Accounted profit/loss	1,297	1,860
Indemnity paid during the period	(3,207)	(3,341)
Total severance obligation	34,060	15,824

^(*) Actuarial losses of employee termination benefits amount to TL 16,702 are accounted under other capital reserves net amount to TL 13,362 which is net off deferred tax amount to TL 3,340.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

8.4. Information on Other Provisions

8.4.1 Information on Provisions for possible risks

None (31 December 2012: None).

8.4.2. Other Provisions Exceeding 10% of Total Provisions and Name, Amount and Breakdown of Such Provisions

	Current Period	Prior Period
Specific Provision for Cheques	18,647	24,977
Specific Provision for Non Cash Loans not Indemnified or not Converted into Cash	33,108	26,398
Provision for Lawsuits against Participation Bank	7,664	4,913
Provision for Decrease in Value Spot Derivative Transactions	834	102
Provision for Profits will be Allocated to Participation Accounts ^(*)	27,606	10,415
Provision for Credit Cards Promotion Commitments	1,880	1,333
Total	89,739	68,138

^(*) According to article 14 of regulation on procedures and principles for determination of qualifications of loans and other receivables and provision by banks, the amount is reserved to use for general loan loss provision, specific provisions and the Participation Accounts allocated to premium of Guarantee of Deposit Insurance Fund.

9. Information on Tax Liability

9.1. Explanations Related to Current Tax Liability

9.1.1. Information on Tax Provision

The Participation Bank has corporate tax liability amounting to TL 80,719 (31 December 2012: TL 78,760) and prepaid tax amounting to TL 67,679 (31 December 2012: TL 59,391) as of 31 December 2013. The remaining corporate tax liability after the deduction of the prepaid tax amount is reflected to financial statements.

9.1.2. Information on Taxes Payable

	Current Period	Prior Period
Corporate Tax Payables	13,039	19,369
Tax on Securities Income	7,453	6,807
Tax on Real Estate Income	713	562
Banking Insurance Transaction Tax	8,924	6,124
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payables	1,598	1,137
Other	5,312	4,667
Total	37,039	38,666

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

9.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	2,193	1,900
Social Security Premiums-Employer	2,363	1,922
Bank Pension Fund Premiums- Employees	-	-
Bank Pension Fund Premiums- Employer	-	-
Pension Fund Membership Fees and Provisions- Employees	-	-
Pension Fund Membership Fees and Provisions- Employers	-	-
Unemployment Insurance- Employees	157	136
Unemployment Insurance- Employer	313	271
Other	52	69
Total	5,078	4,298

9.2. Information on Deferred Tax Liabilities

None (31 December 2012: None).

10. Information on Liabilities Regarding Assets Held for Sale and Discontinued Operations

None (31 December 2012: None).

11. Information on Subordinated Loans

None (31 December 2012: None).

12. Information on Shareholders' Equity

12.1. Presentation of Paid-in Capital

	Current Period	Prior Period
Common Stock	1,775,000	1,650,000
Preferred Stock	-	-

12.2. Paid-in Capital Amount, Explanation as to Whether the Registered Share Capital System is Applicable at Participation Bank if so Amount of Registered Share Capital Ceiling

Registered share capital system is not applied in Participation Bank.

12.2.1. Information on Share Capital Increases and Their Sources; Other Information on Increased Capital Shares in Current Period

During the current period Participation Bank increased its capital total amounting to TL 125,000. (2012: total amounting to TL 850,000 consisting of amounting TL 150,000 paid in cash and amounting to TL 700,000 from general reserve).

12.2.2. Information on Capital Reserves Transferred to the Capital During the Period

During the current period Participation Bank didn't transfer any capital reserves to the capital (31 December 2012: 700,000 TL).

No balance has been added to capital reserves from revaluation fund in the current period (31 December 2012: None).

12.2.3. Capital Commitments in the Last Fiscal Year and at the end of the Following Interim Period, the General Purpose of These Commitments and Projected Resources Required Meeting These Commitments

None (31 December 2012: 125,000 TL).

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

12.3. Indicators of the Participation Bank's Income, Profitability and Liquidity for the Previous Periods and Possible Effects of These Future Assumptions on the Participation Bank's Equity Due to the Uncertainty of These Indicators

None (31 December 2012: None).

12.4. Information on Preferred Shares

None (31 December 2012: None).

12.5. Information on Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Securities Available for Sale	(20,836)	(15,959)	6,916	(15)
Valuation Differences	(20,836)	(15,959)	6,916	(15)
Exchange Rate Differences	-	-	-	-
Total	(20,836)	(15,959)	6,916	(15)

12.6. Other Information on Shareholders' Equity

By a decision taken in the Participation Bank's General Assembly dated 28 March 2013, the profit of the year 2012 that is amounting to TL 283,573 was transferred to statutory reserves and extraordinary reserves amounting to TL 14,153 and TL 269,420 respectively.

III. Explanations Related to the Consolidated Off-Balance Sheet Items

1. Information on Off-Balance Sheet Liabilities

1.1. Types and Amounts of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset purchase-sale commitments	492,668	301,633
Commitments for Subsidiaries and Affiliates	17,018	-
Commitments for Check Payments	1,109,434	1,066,949
Tax and Fund Liabilities from Export Commitments	2,033	2,976
Commitments for Credit Card Expenditure Limits	706,334	461,707
Commitments for Credit Cards and Banking Services Promotions	1,068	1,026
Other	34,205	29,282
Total	2,362,760	1,863,573

1.2. Nature and Amount of Irrevocable Loan Commitments

As per the BRSA's article, dated 3 June 2013, non-cash loans and cash loans within credit agreements which are not been granted or do not have a guarantee to be granted should be accounted under the other off-balance sheet items. According to that article, the Parent Participation Bank removed the amount TL 23,208,485 from the Statement of Off-Balance Sheet Items, which was previously reported as revocable loan granting commitments under the Statement of Off Balance Sheet Items.

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantee and Other Letters of Credits

	Current Period	Prior Period
Guarantees	7,726,279	6,197,780
Acceptances	435,940	292,225
Letter of Credits	741,920	618,692
Other guarantees	-	-
Total	8,904,139	7,108,697

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2.2. Permanent Guarantees, Temporary Guarantees, Suretyships and Similar Transactions

	Current Period	Prior Period
Temporary Guarantee Letters	1,180,089	821,661
Permanent Guarantee Letters	4,207,154	3,596,243
Advance Guarantee Letters	504,690	283,098
Guarantee Letters Given to Duties	359,995	226,378
Other Guarantee Letters	1,474,351	1,270,400
Total	7,726,279	6,197,780

1.2.3. Total Non Cash Loans

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	744,686	640,838
With maturity of 1 year or less than 1 year	17,680	10,419
With maturity more than 1 year	727,006	630,419
Other non cash loans	8,159,453	6,467,859
Total	8,904,139	7,108,697

1.2.4. Information on Sectoral Risk Concentration of Non-Cash Loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	79,222	1.47	42,218	1.19	45,860	1.10	24,229	0.83
Farming and Stockbreeding	79,115	1.47	42,218	1.19	45,860	1.10	24,229	0.83
Forestry	5	0.00	-	0.00	-	0.00	-	0.00
Fishery	102	0.00	-	0.00	-	0.00	-	0.00
Manufacturing	1,056,233	19.69	1,752,349	49.54	759,360	18.16	1,279,664	43.69
Mining	64,737	1.21	58,974	1.67	53,924	1.29	58,253	1.99
Production	828,451	15.44	1,527,181	43.17	553,443	13.23	1,033,642	35.29
Electricity, Gas, Water	163,045	3.04	166,194	4.70	151,993	3.64	187,769	6.41
Construction	2,084,663	38.85	582,435	16.46	1,639,783	39.23	473,798	16.18
Services	2,101,092	39.15	1,132,742	32.01	1,562,770	37.39	1,028,582	35.12
Wholesale and Retail Trade	1,065,310	19.85	638,821	18.06	825,394	19.74	482,995	16.49
Hotel, Food and Beverage Services	21,738	0.41	94,249	2.66	17,842	0.43	218,232	7.45
Transportation and Telecommunication	161,603	3.01	265,141	7.49	154,979	3.71	88,980	3.04
Financial Institutions	14,849	0.28	36,080	1.02	14,490	0.35	85,493	2.92
Real Estate and Renting Services	705,986	13.15	97,287	2.75	406,093	9.71	144,765	4.94
"Self-Employment" Type Services	-	0.00	-	0.00	-	0.00	-	0.00
Educational Services	27,477	0.51	76	0.00	35,405	0.85	-	0.00
Health and Social Services	104,129	1.94	1,088	0.03	108,567	2.60	8,117	0.28
Other	44,973	0.84	28,212	0.80	172,121	4.12	122,530	4.18
Total	5,366,183	100.00	3,537,956	100.00	4,179,894	100.00	2,928,803	100.00

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2.5. Information on Ist and IInd Group Non-Cash Loans

	I st Group		IInd Group	
	TL	FC	TL	FC
Non-Cash Loans	5,257,296	3,514,229	108,887	23,727
Letters of Guarantee	5,249,244	2,344,421	108,887	23,727
Endorsements and Acceptances	3,911	432,029	-	-
Letters of Credit	4,141	737,779	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Commitments	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

2. Explanations Related to the Derivative Financial Instruments

	Current Period	Prior Period
Type of Trading Transactions		
Foreign Currency Related Derivative Transactions (I):	6,758,916	3,071,277
Forward Transactions	3,464,413	1,554,162
Swap Transactions	3,294,503	1,517,115
Futures Transactions	-	-
Option Transactions	-	-
Other Trading Derivative Transactions (II)	375,937	66,641
A. Total Trading Derivative Transactions (I+II)	7,134,853	3,137,918

3. Explanations Related to the Contingent Liabilities and Assets

None (31 December 2012: None).

4. Services rendered on behalf of third parties

None (31 December 2012: None).

IV. Explanations Related to the Consolidated Income Statement

1. Profit Share Income

1.1. Information on Profit Share on Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit Share on Loans (*)	1,387,011	49,919	1,297,671	52,591
Short Term Loans	350,690	10,228	414,961	14,485
Medium and Long Term Loans	1,027,905	39,691	876,103	38,106
Profit Share on Non Performing Loans	8,416	-	6,607	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	1,387,011	49,919	1,297,671	52,591

(*) Profit Share on Loans includes commission income on cash loans.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

1.2. Information on Profit Share on Participation Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	135	302	530	782
Branches and Head Office Abroad	-	-	-	-
Total	135	302	530	782

1.3. Information on Profit Share on Marketable Securities Portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Financial Assets Available for Sale	58,108	8,460	24,133	911
Investments Held to Maturity	-	-	-	-
Total	58,108	8,460	24,133	911

1.4. Information on Profit Share Income Received from Associates and Subsidiaries

None (31 December 2012: None).

2. Profit Share Expenses

2.1. Information on Profit Share on Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	6,455	103,730	805	73,928
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	1,281	767	2
Foreign Banks ⁽¹⁾	6,455	102,449	38	73,926
Branches and Head Office Abroad	-	-	-	-
Other Institutions	-	265	-	-
Total	6,455	103,995	805	73,928

⁽¹⁾ Profit Share on Funds Borrowed includes commission expense on cash loans.

2.2. Profit Share Expense Given to Associates and Subsidiaries

None (31 December 2012: None).

2.3. Information on Profit Share Expense to Marketable Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit Share Expense Given to Debt Securities Issued	-	26,743	-	-
Total	-	26,743	-	-

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

2.4. Distribution of Profit Share Expense on Funds Collected Based on Maturity of Funds Collected

Account Name	Profit Sharing Accounts					Accumulated Profit Sharing Account	Total
	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira							
Funds Collected from Banks via Current and Profit Sharing Accounts	2	15,982	901	1,815	-	-	18,700
Real Person's Non Commercial Profit Sharing Acc.	133,902	113,808	8,593	7,305	68,381	-	331,989
Public Sector Profit Sharing Acc.	70	2,332	-	-	-	-	2,402
Commercial Sector Profit Sharing Acc.	17,066	50,380	1,474	2,421	12,387	-	83,728
Other Institutions Profit Sharing Acc.	2,036	8,719	1,074	102	1,028	-	12,959
Total	153,076	191,221	12,042	11,643	81,796	-	449,778
Foreign Currency							
Banks	1,030	939	-	174	-	-	2,143
Real Person's Non Commercial Profit Sharing Acc.	19,374	19,623	1,752	4,743	12,391	-	57,883
Public Sector Profit Sharing Acc.	-	-	-	-	-	-	-
Commercial Sector Profit Sharing Acc.	5,095	14,587	136	295	3,388	-	23,501
Other Institutions Profit Sharing Acc.	490	2,062	3,105	860	1,530	-	8,047
Precious Metal Accounts	-	82	1,376	30	-	-	1,488
Total	25,989	37,293	6,369	6,102	17,309	-	93,062
Grand Total	179,065	228,514	18,411	17,745	99,105	-	542,840

3. Information on Dividend Income

None (31 December 2012: None).

4. Information on Trading Income/Losses (net)

	Current Period	Previous Period
Income	2,451,529	1,178,434
Trading Account Income	1,238	1,171
Derivative Financial Instruments	514,178	436,166
Foreign Exchange Gains	1,936,113	741,097
Losses (-)	(2,379,852)	(1,121,734)
Trading Account Losses	(37)	-
Derivative Financial Instruments	(477,068)	(297,251)
Foreign Exchange Losses	(1,902,747)	(824,483)

Foreign exchange gains from the exchange rate changes of derivative financial instruments: TL 32,381 (31 December 2012: TL 10,896). TL 29,830 (31 December 2012: TL 8,637) of foreign exchange losses are resulted from the exchange rate changes of derivative financial instruments.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

5. Information on Other Operating Income

	Current Period	Previous Period
Communication Expense Charged to Customers	6,520	6,351
Gain on Sale of Assets	8,081	6,383
Checkbook Expenses	5,188	5,886
Reversals Related to Prior Year's Expenses	69,273	58,254
Other	19,172	14,934
Total	108,234	91,808

6. Provision Expenses Related To Loans and Other Receivables of the Group

	Current Period	Previous Period
Specific Provisions for Loans and Other Receivables	154,990	156,620
III. Group	19,490	32,401
IV. Group	66,335	50,939
V. Group	65,067	72,022
Doubtful Commission, Fee and Other Receivables	4,098	1,258
General Provision Expenses	13,349	46,856
Provision Expenses for Possible Losses	-	-
Marketable Securities Impairment Losses	-	-
Financial Assets at Fair Value Through Profit and Losses	-	-
Investment Securities Available for Sale	-	-
Impairment Provision Expenses	-	-
Investment in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities	-	-
Investments Held to Maturity	-	-
Other⁽¹⁾	34,411	22,903
Total	202,750	226,379

⁽¹⁾ Other provision expenses amounting to TL 34,411 comprised of specific provision expenses for cheques amounting to TL 3,563, specific provision expenses for non cash loans not indemnified or not converted into cash amounting to TL 12,563, specific provision expenses allocated to participation accounts amounting to TL 15,286 and provision expenses for law suits amounting to TL 2,999 (31 December 2012: Other provision expenses amounting to TL 22,903 comprised of specific provision expenses for cheques amounting to TL 5,628, specific provision expenses for non cash loans not indemnified or not converted into cash amounting to TL 13,341, specific provision expenses allocated to participation accounts amounting to TL 1,513 and provision expense for law suits amounting to TL 2,421).

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

7. Information on Other Operating Expenses

	Current Period	Previous Period
Personnel Expenses	287,003	242,839
Reserve for Employee Termination Benefits	1,534	6,520
Bank Pension Fund Deficit Provisions	-	-
Impairment Losses on Tangible Assets	-	418
Depreciation Expenses of Tangible Assets	25,659	22,334
Impairment Losses on Intangible Assets	-	-
Amortization Expenses of Goodwill	-	-
Depreciation Expenses of Intangible Assets	11,738	7,553
Impairment Provision for Investments Accounted for Under Equity Method	-	-
Impairment Losses on Assets to be Disposed	426	178
Depreciation Expenses of Assets to be Disposed	787	568
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	150,668	110,885
Operating Lease Expenses	53,682	42,336
Repair and Maintenance Expenses	4,407	3,265
Advertisement Expenses	23,826	14,864
Other Expenses	68,753	50,420
Loss on Sales of Assets	212	1,090
Other	88,976	68,260
Total	567,003	460,645

8. Explanations Related to the Profit/Loss Before Taxes Including Profit/Loss from Discontinued Operations

The Participation Bank's profit before taxes realized at TL 412,512 increasing by 14.01% comparing to the prior year. The profit before taxes includes a net profit share income of TL 874,083 a net fees and commission income of TL 128,272. Operating expenses are amounted to TL 567,004.

9. Information on Provision for Taxes

The Group tax reconciliation is listed below:

	Current Period	Prior Period
Profit Before Tax	412,512	361,826
Corporate Tax Ratio	20%	2%
Calculated Tax	82,502	72,365
Deductions	(45,205)	(25,497)
Other	45,938	31,385
Income Tax Expense	83,235	78,253

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

10. Explanations Related to the Net Profit/Loss Including Profit/Loss From Discontinued Operations

Net period profit is TL 329,277 (31 December 2012: TL 283,573).

11. Explanation on Net Period Profit/Loss

11.1 The Nature and Amount of Certain Income and Expense Items from Ordinary Operations is Disclosed If the Disclosure for Nature, Amount and Repetition Rate of Such Items is Required for the Complete Understanding of the Group's Performance for the Period

Profit share income on regular banking operations is TL 1,566,233 and profit share expenses are TL 692,150 (31 December 2012: profit share income; TL 1,410,356 profit share expenses: TL 618,245).

11.2 Effect of Changes in Accounting Estimates on Income Statement for the Current and, If Any, for Subsequent Periods

None (31 December 2012: None).

11.3 Nature and Amount of Changes in Accounting Estimates which Have Material Effects on the Current Period or Expected to Have Material Effects on the Subsequent Periods

None (31 December 2012: None).

12. If the Other Items in the Income Statement Exceed 10% of the Income Statement Total, Accounts Amounting to At Least 20% of These Items are shown below

Other Fees and Commissions Received	Current Period	Prior Period
Commissions of Letters of Credit on Imports	599	511
Commission of Collection Note/Check	2,573	2,628
Commissions on Remittance	8,015	8,058
Insurance Commissions	11,290	6,315
Credit Letter Commissions	1,973	1,780
Expert Fees	14,635	11,042
Credit Card Fees and Commissions	16,606	16,647
Commissions on Member Firm -POS	13,362	12,301
Cash Import Commissions	3,840	2,836
Other Commissions and Fees	21,691	14,587
Total	94,584	76,705

Other Fees and Commissions Given	Current Period	Prior Period
POS Transaction Commission Expense	16,282	20,127
7/24 Card Domestic ATM Commission Given	1,047	919
Credit Card Service and Usage Expense	3,546	3,137
Commissions and Fees Given for Remittance	1,705	1,549
Other Commissions and Fees	26,860	18,485
Total	49,440	44,217

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

V. Explanations and Disclosures Related to the Statements of Shareholders' Equity Movement

1. Information on Any Increases Arising from Application of Accounting for Financial Instruments in the Current Period

1.1. Increases from Valuation of Financial Assets Available-for-Sale

None (31 December 2012: TL 9,897).

1.2. Increases Due to Cash Flow Hedges

None (31 December 2012: None).

1.3 Increases Due to the Revaluation of Tangible Fixed Assets

None (31 December 2012: TL 68,033).

2. Information on Any Decreases Arising from Application of Accounting for Financial Instruments in the Current Period

2.1 Decreases from Valuation of Financial Assets Available-for-Sale

As of 31 December 2013, the revaluation of financial assets available-for-sale at fair value netted with the related deferred tax liability effect has resulted in an increase by TL 43,696 that is presented as the current period movement in "securities value increase fund" in the statement of changes in shareholders' equity. (31 December 2012: None).

2.2. Decreases Due to Cash Flow Hedges

None (31 December 2012: None).

3. Information on Dividend

3.1. Dividends Declared Subsequent to the Balance Sheet Date, but Before the Announcement of the Financial Statements

None.

3.2. Dividends per Share Proposed Subsequent to the Balance Sheet Date

None.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

4. Amounts Transferred to Legal Reserves

In 2013, the amount transferred to legal reserves is TL 14,153 and amount transferred to extraordinary reserves TL 269,420 (31 December 2012: to the legal reserves is TL 11,335 to the extraordinary reserves is TL 220,252).

5. Information on Shares Issued

5.1. For All Capital Share Classes of the Participation Bank; Rights, Priorities and Restrictions about This Item Including Distribution of Dividend and Restrictions related to Repayment of Capital

None (31 December 2012: None).

5.2. Explanations Related to Other Capital Increase Items in the Statements of Shareholders' Equity Movement

None.

VI. Explanations Related to Statement of Consolidated Cash Flows

1. Disclosures for "other" items and "effect of change in foreign currency rates cash and cash equivalents" in statement of cash flows

The "other" item amounting to a loss of TL 526,679 under operating profit before changes in operating assets and liabilities composes of fees and commissions paid, other operating expenses excluding employee costs and depreciation expense, provision expense (31 December 2012: TL 192,298 loss).

The "net increase in other liabilities" amounting to TL 626,486 under the changes in operating assets and liabilities is resulted from the changes in the miscellaneous payables and other external funding payables (31 December 2012: TL 608,674).

As of 31 December 2013, the effect of change in the exchange rate on cash and cash equivalents calculated an increase of TL 477,828 (31 December 2012: TL 78,768 loss).

2. Cash outflows from Acquisition of Associates, Subsidiaries and Joint-ventures

TF Varlık Kiralama AŞ which is wholly owned by the Participation Bank has been established with TL 50 capital at 11 February 2013 (31 December 2012: Participation Bank paid their TL 1,000 capital commitment to Kredi Garanti Fonu AŞ at 20 September 2012. It has been decided to purchase shares of Kredi Garanti Fonu AŞ with amounting TL 211 at meeting of board of directors on 13 December 2013 and the price paid on 28 December 2012).

3. Cash Inflows from Acquisition of Associates, Subsidiaries and Joint-ventures

None (31 December 2012: None).

4. Information on Cash and Cash Equivalents at Beginning and End of Periods

	Current Period	Prior Period
Cash	924,398	1,102,936
Cash in TL and Foreign Currency	149,645	101,591
Central Bank of Turkey	774,741	1,001,215
Other	12	130
Cash Equivalents	954,203	497,028
Receivables from Interbank Money Markets	-	-
Banks and Other Financial Institutions	954,203	497,028
Total Cash and Cash Equivalents	1,878,601	1,599,964

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section (Thousands of Turkish Lira (TL) unless otherwise stated)

5. Restricted Cash and Cash Equivalents of the Participation Bank Due to Legal Requirements or Other Reasons

The placements at Central Bank of Turkey include blocked accounts with a total principal balance of TL 2,906,724 (31 December 2012: TL 1,701,528) which is kept as reserve deposits for foreign currency liabilities.

6. Additional Information on Financial Position and Liquidity

6.1. Restrictions on the Participation Bank's potential borrowings

None (31 December 2012: None).

6.2. Cash inflows presenting increase in operating capacity of the Participation Bank

The Participation Bank daily follows the cash transactions for banking activities continuance and the cash flow represents the increase in the banking activities is analyzed under this conditions.

VII. Explanations on the Risk Group of the Parent Participation Bank

1. Information on the volume of transactions relating to the Parent Participation Bank's risk group, incomplete loan and funds collected transactions and period's profit and loss

1.1. Information on loans and other receivables of the Parent Participation Bank's risk group

Current Period

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Cash	Non Cash	Cash	Non Cash	Cash	Non Cash
Loans and Othes Receivables						
Balance at the beginning of the period	-	-	116	74,318	85,459	89,573
Balance at the end of the period ^(*)	-	-	106	33,432	202,554	100,277
Profit Share and Commission Income	-	-	422	7	49,747	579

^(*) Lease receivables from the Parent Participation Bank's risk group are included in cash balances amounting to TL 19,289.

TÜRKİYE FİNANS KATILIM BANKASI AŞ
Consolidated Financial Report as of and
For the Year Ended 31 December 2013

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Cash	Non Cash	Cash	Non Cash	Cash	Non Cash
Loans and Others Receivables						
Balance at the beginning of the period	-	-	147	59,337	133,063	74,466
Balance at the end of the period (*)	-	-	116	74,318	85,459	89,573
Profit Share and Commission Income (**)	-	-	318	-	15,768	1,042

(*) Lease receivables from the Parent Participation Bank's risk group are included in cash balances amounting to TL 8,057.

1.2 Information on Current and Profit Sharing Accounts Related to Risk Group of the Parent Participation Bank

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been 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 the period	-	-	197,213	203,337	126,926	80,972
Balance at the end of the period	-	-	220,461	197,213	97,125	126,926
Profit Share Expenses (*)	-	-	12,397	18,068	5,296	9,984

1.3. Forward Transactions, Option Contracts and Other Similar Contracts Made With the Parent Participation Bank's Risk Group

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Transactions at fair value through profit/loss						
Balance at the beginning of the period	-	-	-	-	9,032	8,732
Balance at the end of the period	-	-	-	-	-	9,032
Total Profit/Loss (*)	-	-	-	-	3	40
Derivative Instruments Held for Risk Management						
Balance at the beginning of the period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

1.4. Funds Borrowed from the Parent Participation Bank's Risk Group

Bank's Risk Group	Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans Received						
Balance at the Beginning of the period	-	-	935,865	376,757	-	-
Balance at the End of the period	-	-	1,114,834	935,865	-	-
Profit Share and Commission Expense	-	-	37,320	25,887	-	-

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on the Participation Bank's Domestic Branches, Branches Abroad and Off-shore Branches or Associates and Agencies

1. Explanations on the Participation Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

	Number	Employees*		
Domestic Branches	250	2,554		
			Country	
Rep-Offices Abroad			1-	
			2-	
				Total Assets
				Capital
Branches Abroad			1-	
			2-	
Off-Shore Branches			1-	
			2-	

(*) Employees number consists of branch employees. As of 31 December 2013, 1,436 employees work at the head office.

2. Explanations on Branch and Agency Openings or Closings of the Participation Bank

In 2013, Participation Bank opened 30 new domestic branches.

IX. Explanations Related to Subsequent Events

1. Transactions Not Finalized Yet Related to Subsequent Events and Their Impact on Consolidated Financial Statements

Rent certificates that are offered to public by TF Varlık Kiralama A.Ş. on 15-16 January 2014 with nominal value at TL 100,000,000 with 179 days maturity and redemption date of 18 July 2014, are started to be traded at 21 January 2014 as listed at Debt Securities Outright Purchases and Sales Market within the scope of resolution of the stock exchange board of directors at 21 February 2013.

2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect decision making process of users

None.

TÜRKİYE FİNANS KATILIM BANKASI AŞ

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

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1 in Third Section
(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION SIX: OTHER EXPLANATIONS

I. Other Explanations Related to Participation Bank's Operations

Summary information of the Participation Bank related to rating given by international rating agencies:

Foreign Currency	
Long Term	BBB
Short Term	F3
View	Stable
Turkish Lira	
Long Term	BBB+
Short Term	F2
View	Stable
National	
Long Term	AAA(tur)
Financial Capacity Note	bb-
Stand By Note	2
View	Stable

Information obtained from Fitch Ratings Report published at 9 December 2013.

SECTION SEVEN: INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The consolidated financial statements of the Participation Bank as of and for the year ended 31 December 2013 were audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Independent Auditors' Report dated 14 February 2014 is presented in the introduction of this report. It was noted in their report that the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Finans Katılım Bankası AŞ as of 31 December 2013 and the result of its operations.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.

Information About the Bank's Dividend Policy

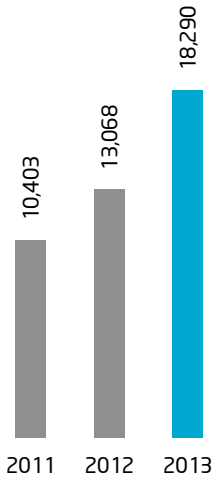
As in previous years, the Bank plans to retain its 2013 profits and to make use of them in the conduct of its banking activities. Profit reserves and cash capital increases are what allow the Bank to carry out its operations within the framework of sound banking principles.

Assessment of Financial Position, Profitability and Solvency; Asset Quality and Profitability

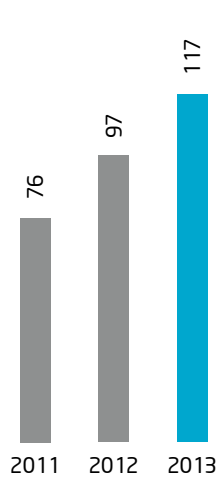
Asset Quality and Profitability

Türkiye Finans' total assets increased by 43% YoY to reach TL 25.1 billion in value as of December 2013. The Bank posted gross income of TL 412.5 million and net income of TL 329.3 million. The latter figure corresponds to a YoY rise of 16%.

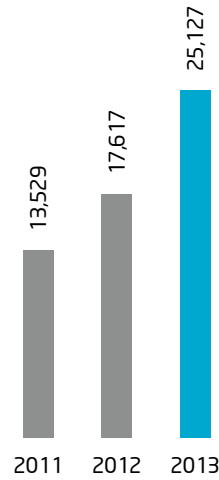
Total Loans
(TL million)



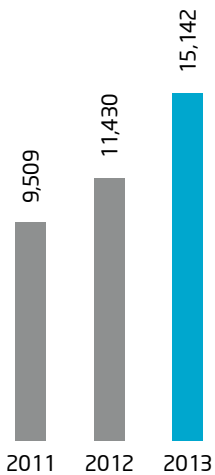
Non-Performing Loans
(Net-TL million)



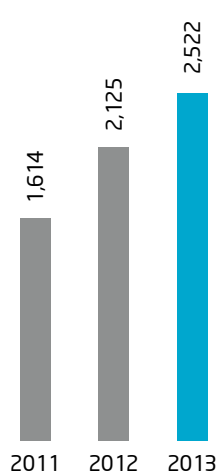
Total Assets
(TL million)



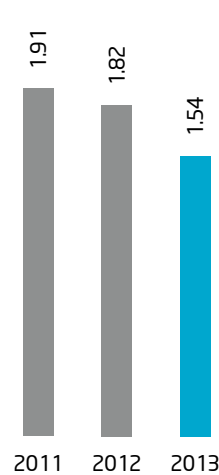
Funds Collected
(TL million)



Shareholders' Equity
(TL million)



Return on Average Assets
(ROAA %)



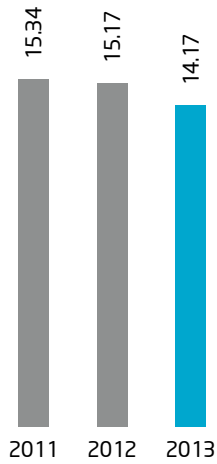
Assessment of Financial Position, Profitability and Solvency; Asset Quality and Profitability

Funds Collected and Shareholders' Equity

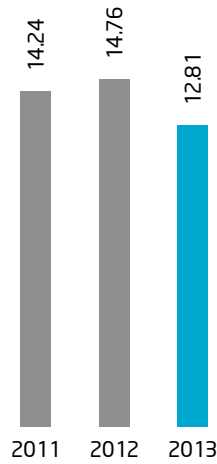
Funds collected, which represent the Bank's most important financial resource, increased by 32% YoY to reach TL 15.1 billion as of December 2013. Funds collected accounted for a share of about 60% in the Bank's overall balance sheet. Of this total, 64% is held in Turkish Lira and the remaining 34% in foreign currency accounts. With the inclusion of retained previous year profits, total shareholders' equity amounted to TL 2.5 billion last year.

The Bank's standard capital adequacy ratio stood at 14.76% in 2012. As of December 2013, it had decreased slightly to 12.81%.

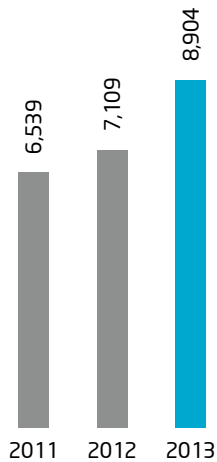
Return on Average Equity (ROAE %)



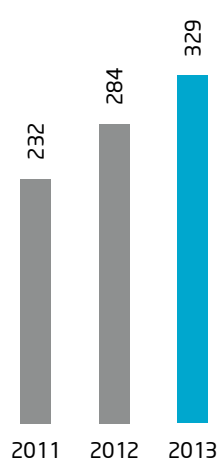
Standard Capital Adequacy Ratio (%)



Non-Cash Loans (TL million)



Net Income (TL million)



Information About Risk Management Policies by Type of Risk

Credit Risk

The Risk Management Center is responsible for maintaining data in the credit risks that Türkiye Finans is exposed to on account of its loans, and for quantifying and analyzing such risks. Additionally, the center also monitors compliance with credit limits and criteria as prescribed by credit policies and reports the results its risk monitoring, measurement, and analysis activities to the Board of Directors, the Audit Committee and to members of the senior management. In addition, all credit products, customers, terms, and sector and country limits and concentrations are periodically checked for their compliance with lending policies as prescribed by applicable laws and regulations.

Credit risk is measured using the simple-method standardized approach set forth in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

To ensure that credit risk exposure arising from personal loans and credit cards is measured reliably and effectively, policy- and rule-based decision support systems are consistently employed, as are a variety of portfolio-specific, statistics-based scoring models (in which policies and business rules are systemically managed for Personal Financial Support and Credit Cards) that have been developed.

In the case of loans extended to small-business, commercial and corporate customers, credit risk quantification and grading the Center employs rating models which are both appropriate for the sector and compliant with international standards, and which make use of portfolio-specific statistical methods. These rating models not only come up with ratings for individual customers but also provide an estimate of a customer's probability of default (PD).

In addition to these rating models, small-business, commercial and corporate customer credit risk measurement and grading also involve the use of a suite of "Target Market and Risk Acceptance Criteria" that allow judgments on individual customers' ratings based on their sectoral, financial and market performance, market expectations, ratings and appetite for risk.

Loans taken for close monitoring as well as non-performing loans are analyzed and recommendations are tabled to the Board of Directors, the Audit Committee and to members of senior management such that risk-mitigating measures may be taken based on the specific market, sector, customer, and product risk exposure as well as being in accordance with the Bank's own practices and processes.

The risks associated with new products are analyzed based on a quantification of their potential impact on the Bank's loan portfolio and the Bank's financial structure.

In addition to its risk monitoring, quantification, and analysis functions, the Risk Management Center also keeps the Board of Directors, the Audit Committee, and members of senior management informed of risk-related issues through monthly and quarterly reports in which it sets forth its findings and analysis of the Bank's loan book dimensions, quality, noteworthy changes and compliance with lending policies; it may additionally submit recommendations concerning changes in lending policies and processes as, based on its own judgment, it deems necessary. The center also monitors compliance with lending limits and restrictions as prescribed by the Banking Law and respective legislation.

The credit limit is systemically held to stress tests on a regular basis in order to estimate how credit risks would be affected by possible crisis scenarios. As per the stress tests being conducted, any changes in currencies, guarantee structures and repayment potential in line with defined scenarios are reported, along with the possible impact of these developments on the Bank's standard capital adequacy ratio.

Market Risk

The factors contributing to Türkiye Finans' market risk exposure and to the potential impact of those risks are measured and reported to the BRSA on a regular basis.

Market risk is measured using the simple-method standardized approach set forth in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks". Türkiye Finans includes its trading accounts in its market risk calculations.

The Risk Management Center monitors, checks, and reports compliance with specified limits on a daily, monthly, and yearly basis.

Stress tests are conducted in order both to observe the impact which market volatilities may have on the Bank's financial standing and to determine ways in which to mitigate potential risks.

Within the scope of scenario analyses, stress tests are conducted in order to quantify the impacts of changes in market risk factors on the Bank's financials. Possible losses that may arise because of the Bank's FX position are measured by estimating the possible exchange rate levels in economic crises, as per defined scenarios.

Information About Risk Management Policies by Type of Risk

Liquidity Risk

Türkiye Finans makes use of such strategies as diversifying its resources, obtaining longer-term funding and matching the maturities of its assets and liabilities in order to protect itself against exposure to liquidity risk.

The Risk Management Center has formulated liquidity risk quantification methodologies and methods aimed at measuring, analyzing, reporting and managing Türkiye Finans' exposure to liquidity risk.

Türkiye Finans has formulated and published a "Liquidity Risk Management & Contingency Plan" which sets out the actions and measures to be taken in the event of a shortage of liquidity, whether in the markets or in the Bank itself. The plan also defines those who are responsible for taking such actions and the measures to be taken, along with those who would be held accountable for their actions.

Operational Risk

Türkiye Finans currently quantifies its operational risk exposure using the "Basic Approach" prescribed by regulations pertaining to the calculation of capital requirements. The Bank is currently collecting loss data in order to quantify operational risk exposure using the "Alternative Standard" or "Advanced Measurement" approaches as appropriate.

In order to abide by internationally recognized approaches in the management of operational risk, Türkiye Finans has adopted a risk terminology that is compatible with Basel II documentation. The use of such a common terminology ensures the consistency of operational risk-related understanding and of communication throughout the Bank. Software solutions are being used to create a database of operational risk losses and to report such losses in order to formulate a standardized framework for operational risk management.

Risk control assessments (RCA) are performed periodically at Türkiye Finans as a basic requirement of Basel II operational risk practices.

These assessments are carried out on the one hand to identify which business processes at the Bank are exposed to operational risk and, on the other, to limit the impact of such risks through measures aimed at better supervising those responsible for the conduct of such processes.

Insurance is used as a way of mitigating and/or offloading operational risks. In some cases, especially support services, operational risk management is achieved by outsourcing the services to an external service provider. Türkiye Finans has published an "Emergency and Contingency Plan" to deal with situations such as earthquakes and fires which are beyond the Bank's control. The effectiveness of this plan is tested by conducting drills.

Regulatory Compliance (MASAK- Financial Crimes Investigation Board)

Türkiye Finans' regulatory compliance department is responsible for both ensuring the regulatory compliance of the Bank's products and services and for complying with the rules and guidelines of the Financial Crimes Investigation Board (MASAK). In the case of product and service regulatory compliance, the department considers all of the Bank's existing and proposed activities (including new processes and products) from the standpoint of their compatibility with applicable laws and regulations, with the Bank's own policies and rules, and with ordinary banking practices. As of 31 December 2013, the Türkiye Finans Regulatory Compliance Department was staffed by ten people consisting of one department head, six MASAK analysts, and three product and service compliance control analysts.

Under the heading of MASAK compliance, activities are carried out so as to ensure that the Bank is not in violation of any laws, regulations, or administrative provisions or of any international regulations or standards as may be applicable to the prevention of money-laundering and of financing terrorism. In the conduct of such activities, Türkiye Finans takes a risk-based approach to ensure the complete satisfaction of the Bank's regulatory compliance policy. The head of the Regulatory Compliance Department is responsible for reporting any transaction or situation which is deemed to be suspicious in light of MASAK rules and regulations.

During 2013, 51% of Türkiye Finans' personnel received training specific to MASAK-related issues and 90% received Code of Ethics Policy training.

Information About Credit Rating Agency Rating Assignments and the Nature of Such Ratings

In its report dated December 9th, 2013, Fitch Ratings - an international credit rating agency - confirmed our Bank's rating, which was granted by the same agency in 2012. According to the assessment, Türkiye Finans was once again one of the Turkish banks with the highest rating in 2013.

FITCH RATINGS			
Credit Ratings	2011	2012	2013
Foreign Currency			
Long Term	BBB-	BBB	BBB
Short Term	F3	F3	F3
Outlook	Stable	Stable	
Stable			
Local Currency			
Long Term	BBB	BBB+	BBB+
Short Term	F3	F2	F2
Outlook	Stable	Stable	Stable
Sovereign			
Long Term	AAA(tur)	AAA(tur)	AAA(tur)
Financial Capacity Rating	bb-	bb-	bb-
Support Rating	2	2	2
Outlook	Stable	Stable	Stable

Summary Financial Information Pertaining to the Five-Year Period Including the Reported Period

5-Year Summary Financial Information (TL thousand)

Assets					
(TL thousand)	2009	2010	2011	2012	2013
CASH AND BANKS	663,512	1,797,513	2,186,237	3,315,196	4,790,457
SECURITIES	592,383	595,123	620,827	665,115	1,413,025
LOANS	7,123,545	7,975,316	10,346,545	12,763,400	17,447,961
RECEIVABLES FROM LEASES	61,579	24,304	56,330	304,369	841,649
FIXED ASSETS (NET)	112,274	132,273	124,461	215,498	248,838
OTHER ASSETS	146,350	167,331	193,953	352,926	384,699
TOTAL ASSETS	8,699,643	10,691,860	13,528,353	17,616,504	25,126,629
Liabilities					
	2009	2010	2011	2012	2013
FUNDS COLLECTED	6,882,490	8,397,896	9,509,165	11,429,536	15,141,718
- SPECIAL CURRENT ACCOUNTS	1,244,194	1,545,294	2,338,556	2,527,809	3,440,408
- PARTICIPATION ACCOUNTS	5,638,296	6,852,602	7,170,609	8,901,727	11,701,310
FUNDS RECEIVED	17,857	126,812	1,511,956	2,503,943	5,166,009
SHAREHOLDERS' EQUITY	1,193,692	1,406,096	1,613,659	2,125,162	2,522,381
PAID-UP CAPITAL	800,000	800,000	800,000	1,650,000	1,775,000
OTHER LIABILITIES	605,604	761,056	893,573	1,557,863	2,296,521
NON-CASH LOANS	3,758,913	4,280,460	6,538,539	7,108,697	8,904,139
Income and Expense Accounts					
	2009	2010	2011	2012	2013
PROFIT SHARE INCOME	943,104	889,675	1,049,201	1,410,356	1,566,233
PROFIT SHARE EXPENSES	-473,375	-416,692	-474,742	-618,245	-692,150
NET PROFIT SHARE INCOME	469,729	472,983	574,459	792,111	874,083
NET FEE AND COMMISSION INCOME	129,924	83,035	95,939	108,231	128,272
OTHER NON-PROFIT SHARE INCOME	110,582	135,438	150,555	148,508	179,911
NON-PROFIT SHARE EXPENSES	-538,847	-485,927	-589,366	-765,277	-852,989
NET PERIOD PROFIT	171,388	205,529	231,587	283,573	329,277

Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>PART ONE FOUNDATION, PURPOSE AND FIELDS OF ACTIVITIES FOUNDATION Article 1 A joint-stock company has been founded among the below-mentioned founding partners for purposes of being involved in commercial activities as a private financial institution pursuant to the Repeated Decree No. 3-7506 of Council of Ministers published in the Official Gazette No. 8256 dated 19.12.1983 as well as the provisions of Turkish Commercial Code on immediate foundation of corporate companies; and, the company has been changed to a Participation Bank upon the Banking Code No. 5411 dated 19.10.2005.</p>	<p>PART ONE FOUNDATION, PURPOSE AND FIELDS OF ACTIVITIES FOUNDATION Article 1 A joint-stock company has been founded among the below-mentioned founding partners for purposes of being involved in commercial activities as a private financial institution pursuant to the Repeated Decree No. 83-7506 of Council of Ministers published in the Official Gazette No. 18256 dated 19.12.1983 as well as the provisions of Turkish Commercial Code No. 6762 on immediate foundation of corporate companies; and, the company has been changed to a Participation Bank upon the Banking Code No. 5411 dated 19.10.2005.</p>
<p>TITLE Article 2 The company's title is TÜRKİYE FİNANS KATILIM BANKASI A.Ş. the joint-stock company shall be referred to as the "Company" in the following articles of this article of association.</p>	<p>TITLE Article 2 The company's title is TÜRKİYE FİNANS KATILIM BANKASI A.Ş. The joint-stock company shall be referred to as the "Company" in the following articles of this article of association.</p>
<p>OBJECTIVES AND FIELDS OF ACTIVITY OF THE COMPANY Article 4 The company is authorized to carry out its activities on subjects described in its articles of association within the framework of authorizations by Banking Regulation and Supervision Agency provided that it is prohibited from activities according to the Banking Code and other related legislations. 1. Collect funds, both locally or in the abroad, through "Private Current Accounts" and "Profit and Loss Participation Accounts" in addition to its own capital and allocate such funds in the economy; be involved in agricultural, industrial and commercial activities and services; provide incentives for investment activities in enterprises and groups; participate in such activities; establish joint enterprise partnerships; and, realize all those activities and services on a non-interest basis; 2. Pursuant to provisions of the first paragraph under article 4 above and of legislations in effect; 2.1. Be involved in activities regarding financial affairs and fields of activities regarding such affairs; 2.2. Borrow funds and accept advance payments in accordance with the company's objectives and in accordance with the conditions and periods to be determined by the company; 2.3. Provided that it is not in violation of provisions of the Banking Code and other related legislations and within the framework of authorizations foreseen in related laws applicable to the company, issue, draw, accept and endorse cheques, policies, payment orders, letters of credit, bills, bills of exchange, bills of lading, warrants, invoices, transferable securities and other documents; purchase, sell and/or transfer, on behalf of the company or in the name of its clients, all kinds of investment instruments in all kinds of stock exchange markets and capital markets including especially the markets where securities, investment funds and commodities are exchanged in accordance with the legislations of related countries at Istanbul Stock Exchange Market or other capital and stock exchange markets, over-the-counter markets and/or other international capital and stock exchange markets allowed by legislations; endorse securities; carry out transactions in the name and account of Brokerage Houses through agency agreements with those houses for this purpose, participate in the capitals of companies and be involved in activities in other capital and stock exchange markets allowed by related legislations;</p>	<p>OBJECTIVES AND FIELDS Article 4 The company's field of activity is to carry out activities within the framework of authorizations by Banking Regulation and Supervision Agency and other related legislations in this context the Company primarily performs; 4.1. Collect funds, both locally or in the abroad, through opening and maintaining "Private Current Accounts" "Profit and Loss Participation Accounts" and other accounts allowed in addition to its own capital and allocate such funds in the economy; be involved in agricultural, industrial and commercial activities and services; provide incentives for investment activities in enterprises and groups; participate in such activities; establish joint enterprise partnerships; and, realize all those activities and services on a non-interest basis and carry out other participation banking activities; 4.2. Pursuant to provisions of the first paragraph under article 4 above and of legislations in effect; 4.2.1. Be involved in activities regarding financial affairs and fields of activities regarding such affairs; 4.2.2. Borrow funds and accept advance payments in accordance with the company's objectives and in accordance with the conditions and periods to be determined by the company 4.2.3. Provided that it is not in violation of provisions of the Banking Code and other related legislations and within the framework of authorizations foreseen in related laws applicable to the company, issue, draw, accept and endorse cheques, policies, payment orders, letters of credit, bills, bills of exchange, bills of lading, warrants, invoices, transferable securities and other documents; purchase, sell and/or transfer, on behalf of the company or in the name of its clients, all kinds of investment instruments in all kinds of stock exchange markets and capital markets including especially the markets where securities, investment funds and commodities are exchanged in accordance with the legislations of related countries at Istanbul Stock Exchange Market or other capital and stock exchange markets, over-the-counter markets and/or other international capital and stock exchange markets allowed by legislations; endorse securities; carry out transactions in the name and account of Brokerage Houses through agency agreements with those houses for this purpose, participate in the capitals of companies and be involved in activities in other capital and stock exchange markets allowed by related legislations.</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>2.4. Open and maintain current accounts, participation accounts and other accounts allowed;</p> <p>2.5. Provide consultancy services on investment and management related as well as technical and financial issues;</p> <p>2.6. Seek and provide opportunities requiring the use of capital towards the realization of company's objectives;</p> <p>2.7. Establish consortiums with banks, investment companies or other enterprises or participate in the ones already established;</p> <p>2.8. Provide loans and funds by issuing securities in suitable periods complying with Capital Markets Code and related legislations against mortgages, pledges and other guarantees to be established, in part or in whole, over the existing and future assets, real estate properties and other holdings of the company, including also its paid-in capital;</p> <p>2.9. Be involved in the transactions on purchasing and selling all kinds of foreign currencies, precious metals and other commodities within the framework of legislations in effect;</p> <p>2.10. Issue or undertake the issuance of stocks; provide performance and provisional guarantees as well as letters of guarantee; and, be involved in all kinds of similar guarantees and commitments within the framework of legislations in effect;</p> <p>2.11. Make collections against invoices and other legal instruments in the name and account of real persons and legal entities making business with the company;</p> <p>2.12. Provide safe deposit services;</p> <p>2.13. Assign, or be assigned as a trustee; and, provide all kinds of services as a trustee, executor, enforcement or steward,</p> <p>2.14. Purchase, rent, acquire, sell, establish and/or transfer all kinds of tangible or intangible securities and real estate properties as well as rights, ownerships and privileges in final, provisional and other forms possible under any conditions over the above-mentioned as may be required by company's activities; manage and develop such securities and real estate properties, in part or in whole, in company's best interests; and, establish rights on such assets;</p> <p>2.15. Make all kinds of feasibility studies; and, establish, acquire, operate, sell or use in any other way possible all kinds of commercial, agricultural or industrial enterprises regardless of the intention for participating in their investments;</p> <p>2.16. Purchase, acquire, rent, lease, operate and/or sell vessels, machinery and facilities; and, establish companies for such purposes;</p> <p>2.17. Establish, purchase and operate factories;</p> <p>2.18. Establish and operate investment companies and related businesses;</p> <p>2.19. Carry out all kinds of transactions regarding import and export activities;</p>	<p>4.2.4. Provide consultancy services on investment and management related as well as technical and financial issues;</p> <p>4.2.5. Seek and provide opportunities requiring the use of capital towards the realization of company's objectives;</p> <p>4.2.6. Establish consortiums with banks, investment companies or other enterprises or participate in the ones already established;</p> <p>4.2.7. Provide loans and funds by issuing securities in suitable periods complying with Capital Markets Code and related legislations against mortgages, pledges and other guarantees to be established, in part or in whole, over the existing and future assets, real estate properties and other holdings of the company, including also its paid-in capital;</p> <p>4.2.8. Make collections against invoices and other legal instruments in the name and account of real persons and legal entities making business with the company;</p> <p>4.2.9. Assign, or be assigned as a trustee; and, provide all kinds of services as a trustee, executor, enforcement or steward,</p> <p>4.2.10. Make all kinds of feasibility studies; and, establish, acquire, operate, supervise, sell or use in any other way possible all kinds of commercial, agricultural or industrial enterprises regardless of the intention for participating in their investments;</p> <p>4.2.11. Purchase, acquire, rent, lease, financial lease, operate and/or sell commodities, vessels, machinery, facilities, factories and real estate properties; and, establish companies for such purposes on behalf of real persons or legal entities or on behalf of its self;</p> <p>4.2.12. Finance the purchases of securities, real estate properties and other economic values in line with related legislations;</p> <p>4.2.13. Establish and operate investment companies and related businesses;</p> <p>4.2.14. Establish and operate depots and warehouses; and, store all kinds of goods in such locations;</p> <p>4.2.15. Acquire, receive, sell and/or transfer all kinds of patents, trademarks, privileges, patent rights, licenses, rights of know-how, copyrights, commercial titles or other technical and industrial rights, partly or in whole; and, use, develop, establish and/or utilize in any way possible such rights;</p> <p>4.2.16. Be involved in technical cooperation activities when and where required;</p> <p>4.2.17. Make all kinds of arrangements and agreements with relevant authorities that may be required for achieving the company's objectives within the framework of related legislations;</p> <p>4.2.18. Take the transfer, in part or in whole, of businesses, assets, debts or transactions belonging to any persons, enterprises or companies established, or planning to establish, businesses that may be established by the company or the ones in connection with them or the ones that may be managed in favor of the company;</p> <p>4.2.19. Support, develop and/or assist in financial aspects for purposes of taking the transfer, in part or in whole, of their assets, rights and debts or in situations that may be, directly or indirectly, in favor of the company;</p>
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TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>2.20. Establish and operate depots and warehouses; and, store all kinds of goods in such locations;</p> <p>2.21. Acquire, receive, sell and/or transfer all kinds of patents, trademarks, privileges, patent rights, licenses, rights of know-how, copyrights, commercial titles or other technical and industrial rights, partly or in whole; and, use, develop, establish and/or utilize in any way possible such rights;</p> <p>2.22. Be involved in technical cooperation activities when and where required;</p> <p>2.23. Make all kinds of arrangements and agreements with relevant authorities that may be required for achieving the company's objectives within the framework of related legislations;</p> <p>2.24. Take part in the establishment, administration, supervision, control or sale transactions regarding all kinds of enterprises or companies involved in commercial, agricultural or other fields of activity;</p> <p>2.25. Be involved in partnership or profit-sharing relationships persons or enterprises established, or planning to establish, businesses in commercial, agricultural or other fields of activity; take part in all kinds of other cooperation or participation activities; and, establish or provide funds for such purposes;</p> <p>2.26. Take the transfer, in part or in whole, of businesses, assets, debts or transactions belonging to any persons, enterprises or companies established, or planning to establish, businesses that may be established by the company or the ones in connection with them or the ones that may be managed in favor of the company;</p> <p>2.27. Support, develop and/or assist in financial aspects for purposes of taking the transfer, in part or in whole, of their assets, rights and debts or in situations that may be, directly or indirectly, in favor of the company;</p> <p>2.28. Establish depreciation, reserve and insurance funds for purposes of meeting the depreciation in the company's assets, providing the maintenance, development and renovation of such assets and repayment of company's debts in a manner to increase the prestige and popularity of the company against its clients, employees and the general public;</p> <p>2.29. Establish and operate branches, offices, contact offices and affiliates in the country or the abroad;</p> <p>2.30. Extracted from the text of the agreement;</p> <p>2.31. Provide social aids in line with the company principles and within the framework of related legislations to serve the public order and benefits,</p> <p>2.32. Carry out all kinds of acts, transactions and activities that may assisting and beneficial for the realization, partly or completely, of the company's objectives within the framework of legislations in effect.</p> <p>Each of the above-mentioned paragraphs has its own independent meaning and none of them may be interpreted as the equivalent of another.</p>	<p>4.2.20. Establish depreciation, reserve and insurance funds for purposes of meeting the depreciation in the company's assets, providing the maintenance, development and renovation of such assets and repayment of company's debts in a manner to increase the prestige and popularity of the company against its clients, employees and the general public;</p> <p>4.2.21. Establish and operate branches, offices, contact offices and affiliates in the country or the abroad;</p> <p>4.2.22. Provide social aids in line with the company principles and within the framework of related legislations to serve the public order and benefits,</p> <p>4.2.23. Be involved in foreign currency exchange transactions, keep foreign exchange positions. Make foreign currency remittances and transfers and open current accounts and participation accounts in Turkey or in the abroad at the banks and finance institutions in accordance with related legislations in effect; and, carry out all kinds of depositing and foreign exchange transactions in this respect,</p> <p>4.2.24. Make all kinds of investments and establish all kinds of partnerships on an ex-officio basis or together with local or foreign real persons or legal entities or participate in partnerships that have already been established; and, may purchase, sell, transfer and liquidate all kinds of shares, stocks and all other securities within the framework of related legislations in effect on the condition that they shall not be funded using the funds in current accounts and participation accounts,</p> <p>4.2.25. Finance, in part or in whole, all kinds of import and export transactions; finance importers in foreign countries to provide them establish stable markets in foreign countries; establish, and/or participate in the establishment of, consortiums to provide contractors and businessmen participate in international tenders; and, assist the above-mentioned in establishing international partnerships as required.</p> <p>4.2.26. Establish an "International Supervision Company" for purposes of carrying out exports using funds other than the ones accumulated in the accounts.</p> <p>4.2.27. Issue, solely or in together with other banks and/or other finance institutions either in Turkey or in the abroad, letters of guarantee and/or other guarantees or collaterals to be paid in Turkish Liras and/or foreign currencies at places and times found appropriate by the company and within the framework of legislations in effect.</p> <p>4.2.28. Make collections of cheques, bills, invoices, dividends and coupons in the name of its clients; and, may provide them services like inquiry, custody, credit card, travel cheque and safe-deposit services as well as other services provided by finance institutions in the international field.</p> <p>4.2.29. Act as the agency of insurance companies established in Turkey provided that it has been authorized to be involved in such activities.</p> <p>4.2.30. Establish, within the framework of related legislations, organizations and institutions on administrative, financial, economical, legal, scientific and technical fields of application as well as the accounting, foreign trade, customs transactions, training and other related fields for purposes of rational and productive operation of its own activities as well as the activities of companies which have been participated or financed by the company; open and operate training and data processing centers to achieve its objectives; and, organize courses, conferences and seminars in this respect.</p>
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Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

	<p>4.2.31. Purchase, construct, acquire and lease all kinds of securities and real estate properties as well as property rights on such securities and real estate properties for commercial purposes in order to achieve its objectives, even in cases of mortgaging, pledging or rental annotations already established provided that it shall not be in violation of related legislations in effect; sell, transfer and lease, in part or in whole, such securities and real estate properties to others; transfer or lease its rights of usufruct; establish, transfer, assign, take transfer or assignment, cancel and dispose of mortgages and all other real rights or rights in kind in favor of the company or others.</p> <p>4.2.32. Carry out all kinds of acts, transactions and activities that may assisting and beneficial for the realization, partly or completely, of the company's objectives within the framework of legislations in effect.</p>
<p>COMPANY'S ACTIVITIES</p> <p>Article 5</p> <p>The company shall carry out the following activities in order to realize its purpose and objectives.</p> <p>1. It may collect funds through "Private Current Accounts" and that may be opened in Turkish Lira or foreign currencies, not providing guarantees on pre-specified fixed or variable returns under any conditions for the account holder under any title, be withdrawn partly or completely any time when requested and be deposited by real persons or legal entities; and may realize cash remittances and/or transfers.</p> <p>2. It may collect funds from real persons or legal entities opening "Profit and Loss Participation Accounts" against Profit and Loss Participation Account Books providing no guarantees for pre-specified fixed returns or refunds for the principal amount under any conditions for account holders; and, make account holders participate in the profit or loss that may arise from the use of such funds.</p> <p>3. Provided that it shall act in compliance with the definitions taking place in legislations, it may purchase commodities, machinery and equipments as well as vessels and real estate properties required by real persons or legal entities, sell or lease them on the basis of future transactions and be involved in financial leasing transactions within the framework of related laws and legislations. It may finance the purchases of securities, real estate properties and other economic values in line with related legislations.</p> <p>4. It may be involved in foreign currency exchange transactions, keep foreign exchange positions, make foreign currency remittances and transfers and open current accounts and participation accounts in Turkey or in the abroad at the banks and finance institutions in accordance with related legislations in effect; and, carry out all kinds of depositing and foreign exchange transactions in this respect.</p> <p>5. It may make all kinds of investments and establish all kinds of partnerships on an ex-officio basis or together with local or foreign real persons or legal entities or participate in partnerships that have already been established; and, may purchase, sell, transfer and liquidate all kinds of shares, stocks and all other securities within the framework of related legislations in effect on the condition that they shall not be funded using the funds in current accounts and participation accounts.</p>	<p>Deleted</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>6. It may finance, in part or in whole, all kinds of import and export transactions; finance importers in foreign countries to provide them establish stable markets in foreign countries; establish, and/or participate in the establishment of, consortiums to provide contractors and businessmen participate in international tenders; and, assist the above-mentioned in establishing international partnerships as required.</p> <p>7. It may establish an "International Supervision Company" for purposes of carrying out exports using funds other than the ones accumulated in the accounts</p> <p>8. It may issue, solely or in together with other banks and/or other finance institutions either in Turkey or in the abroad, letters of guarantee and/or other guarantees or collaterals to be paid in Turkish Liras and/or foreign currencies at places and times found appropriate by the company and within the framework of legislations in effect.</p> <p>9. It may make collections of cheques, bills, invoices, dividends and coupons in the name of its clients; and, may provide them services like inquiry, custody, credit card, travel cheque and safe-deposit services as well as other services provided by finance institutions in the international field.</p> <p>10. It may act as the agency of insurance companies established in Turkey provided that it has been authorized to be involved in such activities.</p> <p>11. It may establish, within the framework of related legislations, organizations and institutions on administrative, financial, economical, legal, scientific and technical fields of application as well as the accounting, foreign trade, customs transactions, training and other related fields for purposes of rational and productive operation of its own activities as well as the activities of companies which have been participated or financed by the company; open and operate training and data processing centers to achieve its objectives; and, organize courses, conferences and seminars in this respect.</p> <p>12. It may purchase, construct, acquire and lease all kinds of securities and real estate properties as well as property rights on such securities and real estate properties for commercial purposes in order to achieve its objectives, even in cases of mortgaging, pledging or rental annotations already established provided that it shall not be in violation of related legislations in effect; sell, transfer and lease, in part or in whole, such securities and real estate properties to others; transfer or lease its rights of usufruct; establish, transfer, assign, take transfer or assignment, cancel and dispose of mortgages and all other real rights or rights in kind in favor of the company or others.</p> <p>13. It establish and cancel all kinds of mortgages, pledges and all other real rights or rights in kind in name of the company or others on securities and real estate properties belonging to others when deemed necessary in the course of the company's activities.</p> <p>14. It may be involved in businesses, activities and transactions which are required or mandatory by the company's fields of activity.</p> <p>15. Furthermore, it may be involved in other businesses and activities which are deemed necessary or beneficial for the company to achieve its objectives by making necessary amendments in its Articles of Association upon the proposal of Board of Directors and decision of General Assembly of Shareholders as well as the authorization of relevant authorities.</p>	<p>Deleted</p>
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Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

OLD VERSION	NEW VERSION
<p>HEAD OFFICE AND BRANCHES</p> <p>Article 6</p> <p>The company's head office is situated in Istanbul.</p> <p>Its address is "Yakacak Mevkii Adnan Kahveci Cad. No: 139 81450 KARTAL/ ISTANBUL". Changes in the company's address as registered at the trade registry office while such changes shall be notified to Ministry of Industry and Trade as well as Banking Regulation and Supervision Agency.</p> <p>The company may establish branches, agencies, representative and contact offices and correspondent relationships either in Turkey or in the abroad upon the decision of Board of Directors and within the framework of related legislations in effect. Branches opened or closed are notified to Banking Regulation and Supervision Agency. Activities like the establishment of such branches and offices, allocation of capital to such establishments and branches and/or offices opened, merged, demerged, suspended and/or liquidated are subject to notifications pursuant to the provisions of Banking Code, Turkish Commercial Code and other related legislations in effect.</p> <p>The company may open branches both in the country and abroad without prejudice to the provisions of Banking and other related legislations in effect.</p>	<p>HEAD OFFICE AND BRANCHES</p> <p>Article 5</p> <p>The company's head office is situated in Istanbul. The company's address is Yakacak Mevkii Adnan Kahveci Cad. No: 139 81450 Kartal, Istanbul. Changes in the address shall be registered with the trade registry and published in the Trade Registry Gazette and shall be informed to the relevant authorities accordingly. Notices delivered to the registered and published shall be deemed to be delivered to the company. Failure of the company to register its new address within the required period of time after leaving its registered and published address shall be a reason for dissolution of company.</p> <p>The company may establish branches, agencies, representative and contact offices and correspondent relationships either in Turkey or in the abroad upon the decision of Board of Directors and within the framework of related legislations in effect. Branches opened or closed are notified to Banking Regulation and Supervision Agency. Activities like the establishment of such branches and offices, allocation of capital to such establishments and branches and/or offices opened, merged, demerged, suspended and/or liquidated are subject to notifications pursuant to the provisions of Banking Code, Turkish Commercial Code and other related legislations in effect.</p> <p>The company may open branches both in the country and abroad without prejudice to the provisions of Banking Code and other related legislations in effect.</p>
<p>PERIOD OF THE COMPANY</p> <p>Article 7</p> <p>The company has been established for an infinite period of time. The general assembly of shareholders is authorized to determine, restrict or decrease the period of the company. The provisions of Banking Code and Turkish Commercial Code on termination, dissolution and liquidation are reserved.</p>	<p>PERIOD OF THE COMPANY</p> <p>Article 6</p> <p>The company has been established for an infinite period of time.</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>PART TWO CAPITAL AND SHARES CAPITAL Article 8</p> <p>Capital of the company is TL 1.775.000.000,00- (One billion seven hundred and seventy-five million Turkish Liras) divided into 1.775.000.000,00 (One billion seven hundred and seventy-five million) shares each with the nominal value of TL 1.00- (one Turkish Lira).</p> <p>The previous capital of the company has been fully subscribed and paid by the Company shareholders. A portion of TL 275.000.000,00 (two hundred and seventy-five million Turkish Liras) of the capital increase of TL 975.000.000,00 (Nine hundred and seventy five million Turkish Liras) has been fully subscribed in cash; a portion of TL 700.000.000,00 (seven hundred and seventy five million Turkish Liras) will be financed gratuitously by the addition of the reserve fund set aside in accordance with the General Assembly resolution to the share capital. A portion of TL 150.000.000,00 (one hundred and fifty million Turkish Liras) of the cash subscription amounting to TL 275.000.000,00 (two hundred and seventy-five million Turkish Liras) will be paid within three months following the registration of the capital increase and remaining portion of the cash subscription amounting to TL 125.000.000,00 (one hundred and twenty-five million Turkish Lira) will be paid at the latest on 31.12.2012.</p> <p>Related announcements shall be made according to article 50 of these articles of association. Board of Directors is authorized to exclude a shareholder, who is in default due to his called-up debts, from his rights arising from his undertaking as well as the partial payment he has done in this respect, accept another partner in place of him and cancel the shares given to him, if any. Board of Directors shall act in accordance with the provisions of articles 407 and 408 of Turkish Commercial Code.</p>	<p>PART TWO CAPITAL AND SHARES CAPITAL Article 7</p> <p>Capital of the company is TL 1.775.000.000 (One billion seven hundred seventy-five million TurkishLira) divided into 1.775.000.000 (One billion seven hundred seventy-five million) shares each with the nominal value of TL 1 (One TurkishLira).</p> <p>The Company's share capital is fully subscribed and paid up.</p> <p>Board of Directors is authorized to exclude a shareholder, who is in default due to his called-up debts, from his rights arising from his undertaking as well as the partial payment he has done in this respect, accept another partner in place of him and cancel the shares given to him, if any. Board of Directors shall be authorized to apply Articles 482 and 483 of Turkish Commercial Code in case shareholders go into default on fulfilling their obligations in the payment of committed capital.</p>
<p>SHARE CERTIFICATES Article 9</p> <p>The company's shares are represented by share certificates each having a nominal value of YTL 1.00 (one New Turkish Liras). Board of Directors may decide on combining more than one share and issue certificates in the form of larger coupons for purposes of facilitating the carriage and protection of the shares in question.</p> <p>All share certificates are issued in the form of registered shares and delivered against cash amounts.</p> <p>Board of Directors may decide on the registration of shares at Stock Exchange Markets. Such share certificates may be published upon the authorization by relevant authorities.</p>	<p>SHARE CERTIFICATES Article 8</p> <p>The company's shares are represented by share certificates each having a nominal value of TL 1.00 (one Turkish Liras). Board of Directors may decide on combining more than one share and issue certificates in the form of larger coupons for purposes of facilitating the carriage and protection of the shares in question. All share certificates are issued in the form of registered shares and delivered against cash amounts. Board of Directors may decide on the registration of shares at Stock Exchange Markets.</p>
<p>COUPONS Article 10</p> <p>Share certificates shall be printed and used together with suitable coupons according to the provisions of Turkish Commercial Code. The said coupons may be issued to the bearer. Thus, payments against dividend shares are made to the bearer.</p>	<p>Deleted</p>

Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

New Article	Article 9
<p>TRANSFER OF SHARES</p> <p>Article 11</p> <p>11.1 Restrictions in the Transfer of Shares:</p> <p>11.1.1 In accordance with articles 11.1 and 11.2 of these articles of association, all kinds of agreements, commitments, undertakings and liabilities, in relation with Share(s) owned any of Shareholders, on any transfer, sale, exchange, assignment, encumbrance, establishment of the right of usufruct, right to vote (including the right of voting agreement or the transfer of voting right except for the power of attorney given for use in the general assembly meeting), any dispositions made on shares, transfer of shares in any other way, or any other rights that may arise in this respect in relation with the transfer of shares ("Transfer") and explanation of the fact that The National Commercial Bank ("Majority Shareholder") is the majority shareholder is forbidden for a period of 3 years from the date it has been recorded in the company's share register.</p> <p>11.1.2 Any and all of the shares shall be transferred in accordance with the provisions of these articles of association. Any attempt to transfer any of shares in a manner to violate these articles of association shall be deemed null and void. Board of Directors shall not produce any resolutions in violation of these articles of association.</p> <p>11.1.3 The following statement shall take place in any of the share certificates representing the Company's shares and shall be endorsed in accordance with the said restriction:</p> <p><i>TRANSFER RESTRICTION: THE SHARES REPRESENTED BY THIS SHARE CERTIFICATE ARE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO THE ARTICLES OF ASSOCIATION OF TÜRKİYE FİNANS KATILIM BANKASI A.Ş. AND TO THE SHAREHOLDERS AGREEMENT DATED [.....];</i></p> <p>11.1.4 Any Transfer to be realized by each of the shareholders ("Shareholder") shall include all shares held by the said shareholder (and not less than all). In the case the Transfer is made to more than one shareholder under the terms and conditions of these articles of association, such Transfer shall be made in proportion with the rate of shares of the Shareholders taking the transfer unless otherwise is foreseen in these articles of association and decided by the parties of the Transfer.</p> <p>11.2 Transfers Permitted:</p> <p>11.2.1 Transfers to Affiliated Partnerships: - 13 -</p> <p>Genele Açık / Public</p> <p>Notwithstanding the provisions of article 11.1 above, the Transfer of Shares belonging to any one of the Shareholders to any person ("Affiliated Partnership") under the Control of the said Shareholder, under his joint or exclusive Control or Controlling the said Shareholder is allowed on the condition that the Affiliated Partnership accepts in writing that it is a party to, and bound by, these articles of association. For purposes of this article, the Control expresses the possession, directly or indirectly, of (i) more than 50% of shares or (ii) the voting right that may be sufficient to have a control over the election of the board of directors or any other managerial board and determination of the decision making authorities or becoming effective on such issues.</p>	<p>Deleted</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>11.2.2 Transfers Permitted Between Shareholders</p> <p>Notwithstanding the provisions of article 11.1 above, transfers of shares between Shareholders stated below, with the exception of the Majority Shareholder, are allowed:</p> <p>Aliye Boydak, Arif Budak, Bekir Boydak, Deniz Boydak, Elif Bozdağ, Erol Boydak, Fatma Konuk, Gülhanım Budak, Hacı Boydak, (Hacı) Mustafa Boydak, Huriye Boydak, İbrahim Boydak, İlyas Boydak, İsmail İlkkurşun, Mehmet Boydak, Mehmet Kılıç, Mehmet Konuk, Mehtap Boydak, Memduh Boydak, Meral Boydak, Mustafa (Sami) Boydak, Mustafa Budak, Müjgan Boydak, Nazif Türkoğlu, Nuran Şenozan, Sami Boydak, Şahnur Boydak, Şükran Bozdağ, Şükrü Boydak, Tülay Konuk, Türkan Boydak, Yusuf Akdağ, Yusuf Boydak, Boydak Holding A.Ş., Murat Ülker, Ahsen Özokur, Sabri Ülker, Orhan Özokur, Ali Ülker, Mustafa Büyükbacı, Ali Doğan, Mehmet Atilla Kurama, İlhan İmik, Birol Altunkılıç, Bahattin Ütnü, Hüseyin Güldal, Adnan Ağaoğlu, Ataman Yıldız, FF Fon Finansal Kiralama A.Ş., Yıldız Holding A.Ş. ("Existing Shareholders").</p> <p>11.3 Pre-emption Right:</p> <p>11.3.1 In the case any of the Shareholders receives, at any time after the 3-year (three-year) period of prohibition to transfer has expired, a bona fide offer from a third party and intends to transfer all of his Shares (not less than all) to the said third party, the Transferring Shareholder shall immediately issue an a written and detailed notice ("Offer Notice") to other Shareholders covering the identity of the offering person, the total amount of Shares he intends to sell to such third party ("Offered Shares") the ratio of Offered Shares belonging to Transferring Shareholder to all the existing shares, the price recommended for Offered Shares and all the terms and conditions offered by the said third party, for purposes of confirming the bona fide offer by the third party. The Offer Notice constitutes the sale offer of the Transferring Shareholder to other Shareholders within the context of conditions taking place in the said notification.</p> <p>11.3.2 In the case other Shareholders would be willing to take the transfer of Offered Shares, the Non-Transferring Shareholder shall issue, within a period of fifteen (15) days following the Offer Notice, a notice ("Acceptance Notice") as a reply to the above-mentioned Offer Notice and addressing also all the other Shareholders covering his intention to take the transfer of Offered Shares in accordance with the terms and conditions stated in the Offer Notice mentioned in the article 11.3.1 above. The Pre-Emption Right has to be implemented for all the Offered Shares (and not less than all). As the case may be, any of the Non-Transferring Shareholders shall issue, as a reply to the Offer Notice, a notice ("Tag-Along Notice") to all the other Shareholders mentioned in article 11.5 covering his irrevocable choice to participate in the sale and transfer to be realized under the terms and conditions as close as possible to the ones mentioned in article 11.5.2 together with the Shareholder transferring his shares to the third party as well as the total number of Shares.</p>	<p>Deleted</p>
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Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

11.3.3 In the case Transferring Shareholder has not received any Acceptance Notice (or, as the case may be, Tag-Along Notice as described in article 11.5) from Non-Transferring Shareholders within the period specified, he may freely transfer the said Shares subject to the Offer Notice to the said third party in accordance with the terms and conditions stated again in the Offer Notice.

11.4 Transfer of Offered Shares:

11.4.1 The parties shall finalize the Transfer at the shortest possible period of time in any case within a period of six (6) months following the receipt of the Acceptance Notice. In the event that the sale and Transfer of Offered Shares has not been completed by the Non-Transferring Shareholder(s) at the time specified, on the condition that no Tag-Along Notice has been received, Transferring Shareholder shall be free to notify the Shareholders sending Acceptance Notice and then make the Transfer of Offered Shares to the third party at his own discretion under terms and conditions stated in the Offer Notice.

11.4.2 In the case the Transferring Shareholder has received more than one Acceptance Notice, Transferring Shareholder shall Transfer the Offered Shares to the Shareholders accepting the Transfer in proportion with the amount of shares they hold in the company.

11.4.3 Any Transfer realized as a result of the use of the pre-emption right described in article 11.3 of these articles of association shall be made under the legal guarantees stipulated in the Turkish Law concerning Transferred Shares.

11.5 Tag-Along Right:

11.5.1 In the case any of the Shareholders receives, at any time after the 3-year (three-year) period of prohibition to transfer has expired, a bona fide offer from a third party and intends to transfer all of his Shares (and not less than all) to the said third party, such Transfer shall be prohibited if no Offer Notice has been made, before finalizing the Transfer, to Non-Transferring Shareholders by Transferring Shareholder as described in article 11.3 above in a manner to give Non-Transferring Shareholders the chance to participate in the Transfer.

11.5.2 Upon the receipt of Offer Notice or in the case Transferring Shareholder has not made an Offer Notice, Non-Transferring Shareholders have to make a Tag-Along Notice to Transferring Shareholder after they been informed of his intention to transfer his shares within a period of fifteen (15) following (i) the receipt of Offer Notice or (ii) the information on the intention of Transferring Shareholder to transfer shares to a third party.

11.5.3 In the case no Acceptance Notice has been received and one or more Tag-Along Notice has been received after the Offer Notice within the above-mentioned periods, Transferring Shareholder shall provide the third parties willing to purchase the Offered Shares purchase and take transfer also the Tag-Along Shares at the price per share and under terms and conditions stated in the first offer made to the selling Shareholder at the same time.

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TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>11.5.4 In the case Acceptance Notice has been received and Tag-Along Notice has been served in a timely manner, both Acceptance Notice and Tag-Along Notice shall be taken into consideration. If the Non-Transferring Shareholder sending an Acceptance Notice would like to purchase also the Shares subject to Tag-Along Notice, he shall send a second Acceptance Notice to all Parties involved within a period of fifteen (15) days from the date the Tag-Along Notice has been received. The Shareholder serving the second Acceptance Notice shall purchase and Transfer the Shares subject to Tag-Along Notice at the price per share and under terms and conditions stated in the first offer made to the selling Shareholder at the same time. If the Transferring Shareholder has not received the Acceptance Notice within the period of fifteen (15) days mentioned, he shall provide any third party who would like to acquire Offered Shares purchase and take Transfer the Tag-Along Shares instead of the Offered Shares at the price per share and under terms and conditions stated in the first offer made to the selling Shareholder at the same time.</p> <p>11.5.5 In the case the Acceptance Notice has not been received and the Tag-Along Notice has not been served to the Transferring Shareholder at the time foreseen in articles 11.3.2, 11.5.1 or 11.5.2 of these articles of association, as the case may be, the Transferring Shareholder shall be free transfer the Offered Shares to third parties as specified in the Offer Notice.</p> <p>11.6 Drag-Along Right:</p> <p>11.6.1 In the case the Majority Shareholder receives, at any time after the 3-year (three-year) period of prohibition to transfer has expired, a bona fide offer from a third party and intends to Transfer all of his Shares (and not less than all) to the said third party and if the Pre-emption Right described in article 11.3 or the Tag-Along Right described in article 11.5 has not been used, the Majority Shareholder shall have the right to make a Drag-Along Notice to other Shareholders in relation with the Shares subject to transfer within a period of fifteen (15) days from the last date of the period foreseen for Acceptance Notice or Tag-Along Notice.</p> <p>11.6.2 In the case a Drag-Along Notice is made, the existing Shareholders shall have to sell and Transfer all the Shares they hold to third parties willing to purchase at the same time and under terms and conditions stated in the Offer Notice for Offered Shares, but at the price per share which is not less than the given Fair Market Value.</p> <p>11.7 No Encumbrances:</p> <p>With the exception of Encumbrances by a Shareholder in relation with financing his acquirement of Shares when required, none of the Shareholders shall have the right of establishing, directly or indirectly, any Encumbrances ("Encumbrance") on their Shares including security interests, pledges, ancillary attachments, mortgages, rights in kind (except ownership), voting rights, debentures, claims or other third party rights/claims (including also pre-emption and preferential rights) without the prior consent of other Shareholders. For the avoidance of doubt in this respect, provisions of article 11.3 shall also be valid in the conversion of Shares subject to Encumbrances into cash.</p>	<p>Deleted</p>
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Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>INDIVISIBLE SHARES</p> <p>Article 12</p> <p>Each share is an indivisible whole for the company.</p> <p>If a share belongs to more than one person, they may use their rights against the company through a joint representative. In the case they have not assigned such a representative, a notice by the company to be made to any one of the holders of a share shall be deemed made to all.</p> <p>In the case the right of usufruct and ownership on a share belongs to different persons, they also use their rights through a joint representative. If joint owners have not agreed on a joint representative, then the company accepts the owner of the right of usufruct as the legal owner with regard to using such rights against the company. If there is more than one owner of the right to usufruct, they shall also be represented by a joint representative.</p>	Deleted
<p>INTERIM CERTIFICATES</p> <p>Article 13</p> <p>The company may issue, and distribute to shareholders, interim certificates to be replaced by share certificates when they are published.</p> <p>The provisions regarding share certificates shall also be applied for interim certificates.</p>	Deleted
<p>LOSS OF AND WEARS ON SHARE CERTIFICATES</p> <p>Article 14</p> <p>The article 414 of Turkish Commercial Code shall apply in the case share certificates become unusable due to reasons like losses and wears that may occur.</p>	Deleted

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

PART THREE	PART THREE
ADMINISTRATION AND MANAGEMENT OF THE COMPANY	ADMINISTRATION AND MANAGEMENT OF THE COMPANY
AUTHORIZED BODIES	AUTHORIZED BODIES
Article 15	Article 10
15.1. The authorized bodies of the company are as follows:	10.1. The authorized bodies of the company are as follows.
A. General Assembly of Shareholders	A. General Assembly
B. Board of Directors	B. Board of Directors
C. Audit Committee	C. Committees of Board of Directors
D. Credit Committee	
E. General Management	
F. Supervision Committee	
15.2. The Board of Directors shall establish and maintain specific committees, including the ones that have to be organized pursuant to related legislations, equipped with authorities and responsibilities concerning the company's activities through the resolutions of Board of Directors; however, the Majority Shareholder shall have the voting right for the assignment of one (1) member nominated by Existing Shareholders, unless the number of Shares held by Existing Shareholders is not under 10% of all shares in circulation.	10.2. The Board of Directors is authorized to delegate, partly or completely, its administrative authority to one or more Members of the Board or the third parties through internal directives as provided in Article 367 of the Turkish Commercial Code. In cases required, Board of Directors shall ensure the establishment and maintenance, in the direction of the said directive to be prepared, of certain committees equipped with administrative and representative authorities for carrying out company's operations, including also the committees to be established by banks pursuant to the related Code, in such a way that Members of the Board appointed by the National Commercial Bank ("Majority Shareholder") shall allow to appoint one (1) member nominated by Aliye Boydak, Arif Budak, Bekir Boydak, Deniz Boydak, Elif Bozdağ, Erol Boydak, Fatma Konuk, Gülhanım Budak, Hacı Boydak, (Hacı) Mustafa Boydak, Huriye Boydak, İbrahim Boydak, İlyas Boydak, İsmail İkkurşun, Mehmet Boydak, Mehmet Kılıç, Mehmet Konuk, Mehtap Boydak, Memduh Boydak, Meral Boydak, Mustafa (Sami) Boydak, Mustafa Budak, Müjgan Boydak, Nazır Türkoğlu, Nuran Şenozan, Sami Boydak, Şahnur Boydak, Şükran Bozdağ, Şükrü Boydak, Tülay Konuk, Türkan Boydak, Yusuf Akdağ, Yusuf Boydak, Boydak Holding A.Ş., Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Existing Shareholders") to each of the committees unless the rate of their shares in the company is not under 10% of total shares. 10.3. The Company will establish those committees required by the Banking Code and secondary legislation of the BRSA. Additionally, the Company may establish committees in accordance with the Turkish Commercial Code.

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

A. GENERAL ASSEMBLY OF SHAREHOLDERS	A. GENERAL ASSEMBLY OF SHAREHOLDERS
<p>ORDINARY AND EXTRAORDINARY GENERAL ASSEMBLY MEETINGS Article 16</p> <p>16.1. The General Assembly of Shareholders may hold Ordinary and Extraordinary meetings. Ordinary General Assembly Meetings are held at least once a year within a period of three (3) months following the end of each accounting period. The subjects stated in article 369 of Turkish Commercial Code are discussed and related resolutions are produced in such meetings. Extraordinary General Assembly Meetings are held at the times deemed necessary in the course of company's activities pursuant to the provisions of Turkish Commercial Code. The Board of Directors is responsible for holding General Assembly Meetings in accordance with the principles and procedures stipulated in related legislations.</p> <p>16.2. Unless otherwise specified in these articles of association and or required by related legislations, the meeting quorum in any General Assembly Meeting shall be twenty-five percent (25%) of Shares in the Company represented by Shareholders attending the meeting either in person or by proxy. Resolutions are produced, on the other hand, by affirmative votes of fifty percent (50%) plus 1 of Shares represented by Shareholders attending the General Assembly meeting.</p>	<p>ORDINARY AND EXTRAORDINARY GENERAL ASSEMBLY MEETINGS Article 11</p> <p>11.1 The General Assembly of Shareholders may hold Ordinary and Extraordinary meetings. Ordinary General Assembly Meetings are held at least once a year within a period of three (3) months following the end of each accounting period. The subjects stated in article 409 of Turkish Commercial Code are discussed and related resolutions are produced in such meetings. Extraordinary General Assembly Meetings are held at the times deemed necessary in the course of company's activities pursuant to the provisions of Turkish Commercial Code. The Board of Directors is responsible for holding General Assembly Meetings in accordance with the principles and procedures stipulated in related legislations.</p> <p>11.2 Unless otherwise specified in these articles of association and or required by Turkish Commercial Code, the meeting quorum in any General Assembly Meeting shall be twenty-five percent (25%) of Shares in the Company represented by Shareholders attending the meeting either in person or by proxy. Resolutions are produced, on the other hand, by affirmative votes of the majority of the attendees to the General Assembly meeting.</p>
<p>16.3. The following issues ("Issues subject to Joint Resolution of General Assembly") may be resolved by a resolution to be duly produced in a meeting attended by Shareholders representing at least eighty percent (80%) of Shares in the Company either in person or by proxy; and, such resolutions shall be made by affirmative votes of Shares representing at least eighty percent (80%) of Company's Shares:</p> <p>(i) Important changes in the company's fields of activity;</p> <p>(ii) Amendments to be made in article 11 (Transfer of Shares), article 16 (Ordinary and Extraordinary General Assembly Meetings) and article 29 (Board of Directors) of these articles of association;</p> <p>(iii) Restrictions brought to the pre-emption right of any shareholder; and</p> <p>(iv) The liquidation, termination, dissolution or merger of the company.</p> <p>In the case the rate of shares held by Existing Shareholders in the Company falls down to a level below 10% of all shares in circulation, then all the issues taking place under "Issues subject to Joint Resolution of General Assembly" shall be resolved in accordance with the procedure mentioned in article 16.2 and the procedure in article 16.3 shall not be applied.</p> <p>16.4. English translations of the minutes of General Assembly Meetings kept in the Turkish language shall be prepared immediately after each meeting and they shall be attached to the Minute Book while a copy shall be submitted to the Majority Shareholder.</p>	<p>11.3 The following issues ("Issues subject to Joint Resolution of General Assembly") may be resolved by a resolution to be duly produced in a meeting attended by Shareholders holding at least eighty percent (80%) of Total Shares in the Company either in person or by proxy; and, such resolutions shall be made by affirmative votes of Shares representing at least eighty percent (80%) of the Company's Shares:</p> <p>(i) Important changes in the company's fields of activity;</p> <p>(ii) Amendments to be made in article 11 (Ordinary and Extraordinary General Assembly Meetings) and article 17 (Board of Directors) of these articles of association;</p> <p>(iii) Restrictions brought to the pre-emption right of any shareholder; and</p> <p>(iv) The liquidation, termination, dissolution or merger of the company.</p> <p>11.4. In the case the rate of shares held by Existing Shareholders in the Company falls down to a level below 10% of all shares in circulation, then all the issues taking place under "Issues subject to Joint Resolution of General Assembly" shall be resolved in accordance with the procedure mentioned in article 11.2 and the procedure in article 11.3 shall not be applied with the exception of cases requiring a higher quorum pursuant to the provisions of Turkish Commercial Code.</p> <p>11.5. English translations of the minutes of General Assembly Meetings kept in the Turkish language shall be prepared immediately after each meeting and they shall be attached to the Minute Book while a copy shall be submitted to the Majority Shareholder and other shareholders upon request.</p>
<p>EFFECTIVENESS OF RESOLUTIONS Article 17</p> <p>The resolutions duly produced in General Assembly Meetings of Shareholders in accordance with article 379 of Turkish Commercial Code shall be valid and effective also for the shareholders who have not attended the meetings and the ones giving negative votes.</p>	<p>Deleted</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>INVITATION TO THE MEETING</p> <p>Article 18</p> <p>The calls for Ordinary General Assembly Meetings of Shareholders shall be made by Board of Directors while the calls for Extraordinary General Assembly Meetings may be made both by Board of Directors and Auditors. Minority rights are preserved pursuant to article 366 of Turkish Commercial Code. The place, date, time and agenda of the meeting shall be announced in the Trade Registry Gazette in advance of two weeks except for the day of meeting. The above-mentioned shall be notified in writing to the holders of registered shares as well as the ones notifying their addresses by submitting a share certificate to the company. In the case the General Assembly Meeting is called upon a court's decision, such decision shall be specified in the letter or announcement of invitation.</p>	<p>INVITATION TO THE MEETING</p> <p>Article 12</p> <p>The calls for Ordinary and Extraordinary General Assembly Meetings of Shareholders shall be made by Board of Directors, even if their term of office has expired. Minority rights are preserved pursuant to article 411 of Turkish Commercial Code. The place, date, time and agenda of the meeting shall be announced in the Trade Registry Gazette in advance of at least two weeks except for the days of meeting and announcement. The above-mentioned issues shall be notified in writing to the holders of shares registered in the company's share ledger as well as the ones notifying their addresses by submitting a share certificate or proofs of such shareholding to the company. In the case the General Assembly Meeting is called upon a court's decision, such decision shall be specified in the letter or announcement of invitation</p>
<p>AGENDA</p> <p>Article 19</p> <p>The agenda shall be obligatorily included in the announcements and letters of invitation to the General Assembly Meetings. It shall cover the issues stated in article 369 of Turkish Commercial Code. The issues not specified in the agenda shall not be discussed and resolved in General Assembly Meetings.</p>	<p>Deleted</p>
<p>PLACE OF GENERAL ASSEMBLY MEETINGS</p> <p>Article 20</p> <p>The General Assembly Meetings shall be held in any city or venue in Turkey upon the decision of the Board of Directors.</p>	<p>PLACE OF GENERAL ASSEMBLY MEETINGS</p> <p>Article 13</p> <p>The General Assembly Meetings shall be held in Istanbul or an appropriate place in which city Head office of the Bank situated.</p>
<p>NOTICE TO MINISTRY OF INDUSTRY AND TRADE AND PRESENCE OF COMMISSONER IN MEETINGS</p> <p>Article 21</p> <p>The places, dates, times and agendas of Ordinary and Extraordinary General Assembly Meetings shall be notified to the Ministry of Industry and Trade as well as the Banking Regulation and Supervision Agency within the specified legal period of time by adding the other documents required. The presence of an Official Commissioner in the meeting is obligatory. Resolutions produced in the absence of the Commissioner shall be deemed invalid.</p>	<p>Deleted</p>
<p>VOTING RIGHT</p> <p>Article 22</p> <p>The shareholders shall have the right to use one vote in General Assembly Meetings for each share of TRY 1.00 (one New Turkish Liras) they hold. Shareholders may use their votes in person or by proxy. Voting is made by raising hand, but secret voting procedure may be applied in the case it has been requested by twenty percent of the shares represented in the General Assembly Meeting. Shareholders may be represented in General Assembly Meetings only by other shareholders. The text of the power of attorney shall be determined by Board of Directors within the framework of the legislations in effect. Chairman and Members of Board and signatories of the first degree shall not have the right to vote by proxy. The sum of the votes used, by persons other than the ones mentioned in this paragraph, by proxy and their own votes shall not exceed one tenth of the company's total capital.</p>	<p>VOTING RIGHT</p> <p>Article 14</p> <p>The shareholders shall have the right to use one vote in General Assembly Meetings for each share of TL 1.00 (One Turkish Lira) they hold. Shareholders may use their votes in person or by proxy. Voting is made by raising hand, but secret voting procedure may be applied in the case it has been requested by twenty percent of the shares represented in the General Assembly Meeting.</p>

Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>EXCLUSION FROM VOTING</p> <p>Article 23</p> <p>None of the shareholders may use his voting right in discussions concerning personal relations and/or disagreements between the company and himself, his spouse and/or his ascendants and descendants.</p>	<p>EXCLUSION FROM VOTING</p> <p>Article 15</p> <p>None of the shareholders may use his voting right in discussions and/or disagreements concerning his relations of personal nature and/or transaction or a case at the court or arbitration between the company and himself, his spouse, his ascendants or descendants, or the companies to which they are partners or capital companies which are their control. The Board Members and the administrative staff equipped with signing authorities may not use their voting rights arising from their shares held in resolutions regarding acquittals of Board Members.</p>
<p>SHAREHOLDERS AND LIST OF ATTENDANTS</p> <p>Article 24</p> <p>The Board of Directors shall prepare, or have prepared, a list called "List of Attendants" indicating the shareholders' names, addresses of residence, types and amounts of shares and the number of votes they have as well as amounts represented in person or by proxy before each General Assembly Meeting. The said list is undersigned by Chairman of Board of Directors. This list is signed by the attendants to the meeting as well as Chairman of the General Assembly and Official Commissioner and displayed at a visible location for reviews by attendants as the "List of Attendants" before the collection of first votes.</p>	<p>Deleted</p>
<p>CHAIRMAN AND SECRETARIAT OF THE MEETING</p> <p>Article 25</p> <p>The meetings of the General Assembly of Shareholders are administered by a presidential board which consists of a Chairman, two secretaries and two collecting members. General Assembly Meetings are chaired by the Chairman of Board of Directors or, in his absence, Vice-Chairman of the Board. If Vice-Chairman is also absent, Chairman of the Meeting shall be elected by General Assembly. Furthermore, General Assembly also elects two clerks as well as two shareholders representing the highest number of votes as vote collectors either in person or by proxy. The Chairman is responsible for realizing the meeting within the framework of legislations and keeping the minutes in line with the meeting.</p>	<p>CHAIRMAN AND SECRETARIAT OF THE MEETING</p> <p>Article 16</p> <p>The General Assembly meetings are administered by a meeting committee consisting of a Chairman, two minute clerks and two vote collectors. General Assembly Meetings are chaired by the Chairman of Board of Directors or, in his absence, Vice-Chairman of the Board. If Vice-Chairman is also absent, Chairman of the Meeting shall be elected by General Assembly. Furthermore, General Assembly also elects two minute clerks as well as two shareholders representing the highest number of votes as vote collectors either in person or by proxy. The Chairman is responsible for realizing the meeting within the framework of legislations and keeping the minutes in line with the meeting.</p>
<p>VALIDITY OF RESOLUTIONS, SIGNING OF MINUTES; REGISTRATION AND ANNOUNCEMENT</p> <p>Article 26</p> <p>It is necessary for minutes of General Assembly Meetings to cover statements made by shareholders, the reasons of the objecting parties for their objections, elections made and resolutions produced for such meetings being deemed valid. In the case shareholders authorize the Presidential Board to undersign the minutes of meeting in their names, they shall not be obliged to put their signatures separately. The documents indicating that call for the meeting has been duly made and the List of Attendants mentioned in article 24 above are also attached to the minutes while it is not necessary to attach such documents in the case their contents has been explained in the minutes of meeting. Board of Directors shall be responsible for submitting a Notary Public certified copy such minutes to the Trade Registry Office while also having the issues subject to registration and announcement be registered and announced as required.</p>	<p>Deleted</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

OLD VERSION	NEW VERSION
<p>DOCUMENTS TO BE SUBMITTED TO THE MINISTRY</p> <p>Article 27</p> <p>The Board of Directors is responsible for submitting copies of Board of Directors' and Auditors' reports, balance sheets and profit and loss statements, minutes of General Assembly Meeting and List of Attendants as well as other documents that may be requested by the Ministry within a maximum period of one month from the date of meeting or deliver such documents to the Commissioner attending the meeting.</p>	<p>Deleted</p>
<p>DISCHARGE</p> <p>Article 28</p> <p>Resolutions of the General Assembly of Shareholders on the approval of the balance sheet require the discharge of Board of Directors as well as Auditors in this respect. The provisions of article 380 are reserved.</p>	<p>Deleted</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

B. BOARD OF DIRECTORS	B. BOARD OF DIRECTORS
<p>Article 29</p>	<p>Article 17</p>
<p>29.1. The Company is administered by a Board of Directors consisting of seven (7) members including Chief Executive Officer ("CEO").</p>	<p>17.1. The Company is administered by a Board of Directors consisting of seven (7) members including Chief Executive Officer ("CEO");</p>
<p>29.2. The Majority Shareholder shall have the right to nominate five (5) members (including also Chief Executive Officer) and Existing Shareholders shall use their votes in a way to elect two (2) members for Board of Directors as long as the rate of Shares held by Existing Shareholders is not below 20% of total Shares in circulation. In the case the rate of Shares held by Existing Shareholders is below 20%, but it is more than 10% of total Shares in circulation, then the Majority Shareholder shall have the right to nominate six (6) members (including also Chief Executive Officer) for the Board of Directors while Existing Shareholders shall use their votes in a way to elect one (1) member for the Board. The Existing Shareholders shall not have the right to nominate any members for Board of Directors if the rate of Shares they hold falls down to a level under 10% of total Shares in circulation.</p>	<p>17.2. The Majority Shareholder shall have the right to nominate five (5) members (including also Chief Executive Officer) and Major Shareholder shall use its votes in a way to elect two (2) members for Board of Directors as long as the rate of Shares held by Existing Shareholders is not below 20% of total shares in the Company. In the case the rate of Shares held by Existing Shareholders is below 20%, but it is more than 10% of total shares in the Company, then the Majority Shareholder shall have the right to nominate six (6) members (including also Chief Executive Officer) for the Board of Directors while Existing Shareholders shall use their votes in a way to elect one (1) member for the Board. The Existing Shareholders shall not have the right to nominate any members for Board of Directors if the rate of Shares they hold falls down to a level under 10% of total shares in the Company.</p>
<p>29.3. The company's Chief Executive Officer shall be appointed by the Majority Shareholder. The Chief Executive Officer shall carry out the daily administration works of the Company in the direction of general principles set by Board of Directors.</p>	<p>17.3. The company's Chief Executive Officer shall be appointed by Board of Directors among the Board Members appointed by Majority Shareholder.</p>
<p>29.4. Majority Shareholder and Existing Shareholders accept hereby that they shall take all necessary measures to provide the assignment and replacement of the members of Board of Directors nominated by each of the Majority Shareholder and Existing Shareholders pursuant to this article. Majority Shareholder and Existing Shareholders also accept hereby that they shall not use votes in the affirmative in decisions made in the direction of dismissing the board members appointed by the other party, unless the dismissal is not realized upon the other party's request.</p>	<p>17.4. Unless otherwise specified in these articles of association or legislations in effect, the meeting quorum shall be established with the participation of at least five (5) members and resolutions of the Board shall be produced by the majority votes of the attending members.</p>
<p>29.5. Unless otherwise specified in these articles of association or legislations in effect, the meeting quorum shall be established with the participation of at least five (5) members and resolutions of the Board shall be produced by the majority votes of the attending members.</p>	<p>17.5. The following issues listed in the following paragraphs (i) to (iv) ("Issues subject to Joint Resolution of Board of Directors"):</p>
<p>29.6. The following issues ("Issues subject to Joint Resolution of Board of Directors") may be resolved by a resolution to be duly produced by Board of Directors at a meeting with a quorum of at least six (6) members where at least one of such members is a member representing Existing Shareholders; and, resolutions of Board of Directors must be taken by the votes in the affirmative of at least six (6) members among the ones attending the meeting of whom at least one representing again Existing Shareholders for such resolutions becoming valid and binding:</p>	<p>(a) may be resolved by a resolution of Board of Directors duly produced at which a quorum to be established by at least six (6) Board Members and such resolutions shall be valid and binding if concluded by the affirmative votes of at least six (6) Board Members, in the case the rate of shares of Existing Shareholders is not less than 20% of total shares in the Company</p>
<p>(i) Investments made to capitals of persons or real estate property purchases with values exceeding 10% of the Company's total capital, for each person;</p>	<p>(b) may be resolved by a resolution of Board of Directors duly produced at which a quorum to be established by at least seven (7) Board Members and such resolutions shall be valid and binding if concluded by the affirmative votes of at least seven (7) Board Members, in the case the rate of shares of Existing Shareholders is less than 20%, but higher than 10% of total shares in the Company, and</p>
<p>(ii) Issuing of credits or other investment instruments with values severally exceeding 15% of the company's capital;</p>	<p>(c) meeting and resolution quorums shall be the simple majority of Board Members, in the case the rate of shares of Existing Shareholders in the Company is less than 10%. Issues subject to Joint Resolution of Board of Directors are as follows:</p>
<p>(iii) Assets acquired with values severally exceeding the amount of USD 15,000,000 with the exception of the ones foreseen in article 29.6 (ii);</p>	<p>(i) Investments made to capitals of persons or real estate property purchases with values exceeding 10% of the Company's total capital, for each person;</p>
<p>(iv) Resolutions concerning "Issues subject to Joint Resolution of General Assembly".</p>	<p>(ii) Issuing of credits or other investment instruments with values severally exceeding 15% of the company's capital;</p>
<p>In the case the rate of shares held by Existing Shareholders in the Company falls down to a level below 10% of the shares in circulation, meeting and decision quorum shall be the simple majority of the members of Board of Directors.</p>	<p>(iii) Assets acquired with values severally exceeding the amount of USD 15,000,000 with the exception of the ones foreseen in article 17.5 (ii)</p>
	<p>(iv) Resolutions concerning "Issues subject to Joint Resolution of General Assembly"</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

29.7. Each member of Board of Directors shall serve for a period of duty of three (3) years or until his resignation, decease or the written notice of the Shareholder who has appointed him ("Appointing Shareholder") sent to Board of Directors, with a letter of resignation attached, explaining that the said member is not representing the Appointing Shareholder anymore. Members of Board of Directors may be re-elected.

29.8. In the case of a vacant membership in Board of Directors due to any of the above-mentioned reasons, Appointing Shareholder has the right to nominate the successor of the said member. Board of Directors shall appoint the said nominee in the manner to fill the vacant position. The said nominee shall complete the period of duty, provided that the said assignment has been approved in the next General Assembly meeting.

29.9. Chairman and Vice-Chairman of Board of Directors shall be appointed by Majority Shareholder and Existing Shareholders in regular turns. For the avoidance of doubt, Chairman of the Board of Directors shall be appointed by Existing Shareholders for the first period of duty as determined by the General Assembly while the Majority Shareholder shall elect the Vice-Chairman. In the second period of duty determined by the General Assembly, on the other hand, the Majority Shareholder shall have the right to nominate the Chairman of the Board and Existing Shareholders shall nominate the Vice-Chairman. In the case the rate of shares belonging to Existing Shareholders falls down to a level less than 10% of all the Company's shares in circulation, the Majority Shareholder shall have the right to nominate both the Chairman and Vice-Chairman.

29.10. The Board of Directors shall hold meetings at any time required for purposes of administering the company and carrying out necessary duties in accordance with the provisions of these articles of association and Turkish Commercial Code.

29.11. The Board of Directors shall meet at least once in every three months. The invitations for the meeting shall be made by the Chairman of the Board at his own discretion or upon the request by any of its members. The notice for meeting, which is prepared both in English and Turkish languages, shall be made in writing at least ten (10) days prior to the date of meeting recommended and served by fax, certified mail postage prepaid or hand delivery. The Board of Directors meetings may also be held, provided that it is acted in good faith, without the need for a ten (10) notification in cases of important issues. In such cases, the Board Members shall be given a sufficient period of time for preparations on the meeting agenda as well as being available at the meeting.

29.12. The meetings of Board of Directors may be held at places and times either in Turkey or abroad as determined by the Board of Directors.

29.13. Pursuant to article 330 of Turkish Commercial Code, the resolutions of Board of Directors may also be produced without any meetings held through teleconferences or video-conferences upon the written proposal by any members of the Board and the written approval of all the other members, on the condition that none of the members has requested face-to-face discussions made in person. The Board of Directors resolutions produced without discussions in person shall be deemed valid after the written copy has been signed by all the Board members.

29.14. The meetings shall be held by using both English and Turkish languages. Minutes of meeting reflecting discussions made and resolutions produced shall be prepared in both Turkish and English languages and submitted to all the members of Board of Directors by the meeting's secretary within a period of one (1) week from the date of meeting.

17.6 Each member of Board of Directors shall serve for a period of duty of three (3) years or until his resignation, decease or the written notice of the Shareholder Group which have appointed him ("Appointing Shareholder Group") sent to Board of Directors, with a letter of resignation attached, explaining that the said member is not representing the Appointing Shareholder Group anymore. Members of Board of Directors may be re-elected.

17.7 In the case of a vacant membership in Board of Directors due to any of the above-mentioned reasons, Appointing Shareholder Group has the right to nominate the successor of the said member. Board of Directors shall appoint the said nominee in the manner to fill the vacant position.

17.8 Chairman and Vice-Chairman of Board of Directors shall be appointed by Majority Shareholder and Existing Shareholders in regular turns. In the case the rate of shares belonging to Existing Shareholders falls down to a level less than 10% of all the Company's shares in circulation, the Majority Shareholder shall have the right to nominate both the Chairman and Vice-Chairman.

17.9 The Board of Directors shall meet at least once in every three months. The invitations for the meeting shall be made by the Chairman of the Board at his own discretion or upon the request by any of its members. The notice for meeting, which is prepared both in English and Turkish languages, shall be made in writing at least ten (10) days prior to the date of meeting recommended and served by fax, electronic mail, certified mail postage prepaid or hand delivery. The Board of Directors meetings may also be held, provided that it is acted in good faith, without the need for a ten (10) notification in cases of important issues. In such cases, the Board Members shall be given a sufficient period of time for preparations on the meeting agenda as well as being available at the meeting.

17.10 The meetings of Board of Directors may be held at places and times either in Turkey or abroad as determined by the Board of Directors.

17.11 Pursuant to article 390 of Turkish Commercial Code, the resolutions of Board of Directors may also be produced without any meetings held through teleconferences or video-conferences upon the written proposal by any members of the Board and the written approval of all the other members, on the condition that none of the members has requested face-to-face discussions made in person. The Board of Directors resolutions produced without discussions in person shall be deemed valid after the written copy has been signed by all the Board members

17.12 The meetings shall be held by using both English and Turkish languages. Minutes of meeting reflecting discussions made and resolutions produced shall be prepared in both Turkish and English languages and submitted to all the members of Board of Directors by the meeting's secretary within a period of ten (10) days from the date of meeting.

Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>RESOLUTIONS OF BOARD OF DIRECTORS</p> <p>Article 30</p> <p>30.1. The Board of Directors has the complete responsibility, authority and control over the Company. It is fully authorized in making all decisions, with the exception of the ones belonging solely to Shareholders pursuant to these articles of association and Turkish Commercial Code, and determines all policies concerning the Company's activities.</p> <p>30.2. Majority Shareholder and Existing Shareholders shall use the shareholding rights in a manner to provide that no transactions shall be carried out without the prior approval of Board of Directors on Issues subject to Joint Resolution of Board of Directors by themselves or any of the Company's managers or employees.</p>	<p>Deleted</p>
<p>OBLIGATION TO SUBMIT STOCK CERTIFICATES</p> <p>Article 31</p> <p>The Chairman and Members of the Board shall submit, to the Company, a stock certificate with a face value of YTL 1.- (one New Turkish Lira). The stock certificates deposited at the Company in this way represent the guarantees of the members' responsibilities against the Company and they shall be maintained in the Company until they have been discharged of their responsibilities by the General Assembly. Such stock certificates shall not be returned or transferred to others. Stock certificates constituting such guarantee may be deposited, in the name of any member, also by third parties on the condition that it shall be approved by Board of Directors. The obligation to deposit stock certificates for Board Members representing legal entities shall be realized by such entities in the name and account of the said Board Members.</p>	<p>Deleted</p>
<p>OBLIGATION TO ACT WITH MAXIMUM CARE</p> <p>Article 32</p> <p>The Members of the Company's Board of Directors shall exercise the maximum care and diligence of a careful and prudent executive, in the course of their duties in the Company.</p>	<p>Deleted</p>
<p>Article 33</p> <p>The Board of Directors may devote its representative authority only to the activities at the head office or a certain branch / branches pursuant to article 321 of Turkish Commercial Code.</p>	<p>Deleted</p>
<p>REPRESENTATION AND BINDING OF THE COMPANY</p> <p>Article 34</p> <p>The signatures of two persons authorized to represent and bind the Company put under the Company's title is necessary for documents to be issued in the name of the Company to become valid and binding. The persons authorized to sign in the Company's name shall also add the Company's title to their signatures. The Board of Directors shall determine the persons authorized to sign in the name of the Company as well as degrees of their authorities; and, sends the notary public approved copy of its decision in this respect to the Trade Registry Office together with the specimen signatures for registration and announcement purposes.</p>	<p>REPRESENTATION AND BINDING OF THE COMPANY</p> <p>Article 18</p> <p>The Board of Directors may devote its representative authority only to the activities at the head office or a certain branch / branches pursuant to article 371/3 of Turkish Commercial Code.</p> <p>The signatures of two persons authorized to represent and bind the Company put under the Company's title is necessary for documents to be issued in the name of the Company to become valid and binding. The persons authorized to sign in the Company's name shall also add the Company's title to their signatures. The Board of Directors may delegate its representative authority to one or more managing directors or the third parties as directors. The Board of Directors shall determine the persons authorized to sign in the name of the Company as well as degrees of their authorities; and, sends the notary public approved copy of its decision in this respect to the Trade Registry Office together with the specimen signatures for registration and announcement purposes. At least one Board Member shall be equipped with representative authorities.</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>MINUTE BOOK</p> <p>Article 35</p> <p>The resolutions of Board of Directors are recorded, on the same day, in a book of continuous page numbers, duly certified pursuant to the provisions of Turkish Commercial Code concerning such books, in the order according to the dates and numbers specified and without blank pages or side notes between lines. In the case it is deemed necessary by Board of Directors, this book may also be kept, as a second copy without the nature of a legal document, in a foreign language</p>	<p>Deleted</p>
<p>PROHIBITED ACTS</p> <p>Article 36</p> <p>Pursuant to articles 334 and 335 of Turkish Commercial Code, Chairman and Members of the Board shall not be involved in any transactions and compete with the Company. However, General Assembly of Shareholders is authorized to grant permission to any or all of the Chairman and Members of the Board on such transaction and competition related issues.</p>	<p>Deleted</p>
<p>RESPONSIBILITY</p> <p>Article 37</p> <p>Responsibilities of the Chairman and Members of Board of Directors are subject to the provisions of Banking Code, Turkish Commercial Code, Code of Obligations and other related legislations in effect.</p>	<p>Deleted</p>
<p>REMUNERATION OF BOARD MEMBERS</p> <p>Article 38</p> <p>The Chairman and Members of Board of Directors shall be paid certain amounts of salary against their services in this respect as well as an attendance fee for each board meeting they shall attend. The amounts and methods of such payments shall be determined by General Assembly of Shareholders.</p>	<p>REMUNERATION OF BOARD MEMBERS</p> <p>Article 19</p> <p>The Chairman and Members of Board of Directors shall be paid certain amounts of salary against their services in this respect as well as an attendance fee for each board meeting they shall attend. The amounts and methods of such payments shall be determined by General Assembly of Shareholders.</p>
<p>ADMINISTRATIVE COMMITTEES</p> <p>Article 39</p> <p>In cases deemed necessary, Board of Directors shall provide the establishment and/or maintenance of committees that shall have full authorities and responsibilities within the Company through Board resolutions, including also the committees to be established by banks pursuant to legislations in effect; and, Majority Shareholder shall have one (1) member nominated by Existing Shareholders appointed to such committees as long as the rate of Shares belonging to Existing Shareholders is not under 10% of the Company's shares in circulation.</p>	<p>Deleted</p>

Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>AUDITORS</p> <p>Article 40</p> <p>There shall be three (3) legal auditors at the Company. The Majority Shareholder shall nominate two (2) auditors while Existing Shareholders shall jointly nominate one (1) auditor. Majority Shareholder shall be authorized to nominate all the auditors if the rate of shares held by Existing Shareholders in the Company falls down to a level under 10% of all shares in circulation. Auditors nominated shall be appointed by General Assembly for a period of duty of (3) years and they may be re-elected. The General Assembly may dismiss or change auditors at any time deemed necessary. Auditors shall report all the issues they have found in violation of the legislations in effect or the provisions of these articles of association to the General Assembly in writing based on documents. Fees to be paid to auditors and the method of payment adopted shall be determined at the General Assembly. Members of Board of Directors may not be elected as Auditors unless they have been discharged by General Assembly. Auditors cannot be take part as Members of the Board or in other positions as officers in the Company.</p>	<p>Deleted</p>
<p>AUDITORS' DUTIES</p> <p>Article 41</p> <p>Auditors are responsible for auditing the Company's activities and transactions. Auditors are authorized, pursuant to the provisions of Turkish Commercial Code, to make on-site inspections on all the Company's accounts, transactions, books, documents and resolutions. Auditors may attend the Board of Directors Meetings without participating in discussions and voting sessions and they have the right to include proposals they deem necessary into the agendas of Board of Directors and Extraordinary General Assembly Meetings. Auditors are obliged to make calls for Extraordinary General Assembly Meetings in situations stipulated in Turkish Commercial Code. Auditors are prohibited from disclosing the issues they have learned in the course of their duties to individual shareholders or the third parties. Auditors are jointly and severally responsible for the losses that may arise from imperfections in their duties.</p>	<p>Deleted</p>
<p>PART FOUR</p> <p>ANNUAL ACCOUNTS AND PROFIT DISTRIBUTION</p> <p>ACCOUNTING PERIOD</p> <p>Article 42</p> <p>The company's accounting period is the calendar year. The accounting period in its first year of activity shall start in the first day of the year it has started its activities and end on December 31st of the same year. The company's profit is determined on the basis of the provisions of Turkish Commercial Code, Banking Code and other related legislations in effect.</p>	<p>PART FOUR</p> <p>ANNUAL ACCOUNTS AND PROFIT DISTRIBUTION</p> <p>ACCOUNTING PERIOD</p> <p>Article 20</p> <p>The company's accounting period is the calendar year. The company's net profit for the period is determined on the basis of the provisions of Turkish Commercial Code, Banking Code and other related legislations in effect.</p>
<p>BALANCE SHEET, PROFIT AND LOSS ACCOUNT</p> <p>Article 43</p> <p>The company's accounts kept in accordance with the principles and procedures to be determined within the framework of the provisions of Banking Code and its Balance Sheet and Profit and Loss Statement as well as other financial statements and reports required by Banking Regulation and Supervision Agency shall be published and sent to the relevant authorities within the framework of the principles to be determined by Board of Directors.</p>	<p>BALANCE SHEET, PROFIT AND LOSS ACCOUNT</p> <p>Article 21</p> <p>The company's accounts kept in accordance with the principles and procedures to be determined within the framework of the provisions of Turkish Commercial Code and Banking Code and its financial tables shall be prepared within the scope determined by the Banking Regulation and Supervision Agency and Public Oversight Accounting and Auditing Standards Authority</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>DISTRIBUTION OF PROFIT</p> <p>Article 44</p> <p>The net profit calculated after deducting taxes to be paid over revenues from the Company's gross profit is distributed as follows:</p> <ol style="list-style-type: none"> 1. 5% (five percent) of the net profit is allocated as the legal reserves (primary reserves pursuant to article 466/1 of Turkish Commercial Code); 2. 5% (five percent) of the remaining profit is distributed to shareholders, in proportion with their shares in the paid-in capital, as the first dividend; 3. The remaining profit may either be allocated, partly or completely, as optional reserves; may be distributed, partly or completely, to the shareholders; or, a part of such profits may be distributed among Members of Board of Directors and Company's employees as a dividend while it is also possible to make allocations for social aids. <p>In the case it has been decided to distribute the profit other than the first dividend to shareholders or in another way possible, 10% (ten percent) of the profit subject to distribution is added to legal reserves pursuant to subparagraph 3 of the second paragraph under article 466 of Turkish Commercial Code.</p>	<p>DISTRIBUTION OF PROFIT</p> <p>Article 22</p> <p>The sum of net profit for the period calculated after deducting taxes to be paid over revenues from the Company's annual gross profit and distributable reserves is distributed as follows.</p> <ol style="list-style-type: none"> 1. 5% (five percent) of the net profit and distributable reserves for the period is allocated as the general legal reserves 2. 5% (five percent) of the remaining profit is distributed to shareholders, in proportion with their shares in the paid-in capital, as the first dividend. 3. The remaining profit may either be allocated, partly or completely, as optional reserves; may be distributed, partly or completely, to the shareholders; or, a part of such profits may be distributed among Members of Board of Directors and Company's employees as a dividend while it is also possible to make allocations for social aids, in conditions subject to the provisions of Article 519 of Turkish Commercial Code. <p>In the case it has been decided to distribute the profit other than the first dividend to shareholders or in another way possible, 10% (ten percent) of the profit subject to distribution is added to general legal reserves pursuant to subparagraph 3 of the second paragraph under Article 519 of Turkish Commercial Code.</p>
<p>LEGAL RESERVES</p> <p>Article 45</p> <p>The allocation of Primary Legal Reserves is continued until the amount of legal reserves reaches a level equal to one fifth of the paid-in capital.</p> <p>Additions to the Primary Legal Reserves are continued by amounts allocated pursuant to paragraphs 1 and 3 of the article 466 of Turkish Commercial Code even after the above-mentioned limit has been reached. In the case Primary Legal Reserves are decreased for any reasons, the allocation procedure is restarted until the legal limit has been reached again. No dividends may be paid to shareholders until the legal reserves as well as other amounts to be allocated pursuant to legislations in effect and these articles of association have been allocated. The allocation of, and methods of using, legal reserves are determined in accordance with the provisions of Turkish Commercial Code and other related legislations in effect.</p>	<p>LEGAL RESERVES</p> <p>Article 23</p> <p>The allocation of general legal reserves is continued until the amount of legal reserves reaches a level equal to one fifth of the paid-in capital.</p> <p>Additions to the first general legal reserves are continued by amounts allocated pursuant to paragraph 2 of the article 519 of Turkish Commercial Code even after the above-mentioned limit has been reached. In the case general legal reserves are decreased for any reasons, the allocation procedure is restarted until the legal limit has been reached again. No dividends may be paid to shareholders until the legal reserves as well as other amounts to be allocated pursuant to legislations in effect and these articles of association have been allocated. The allocation of, and methods of using, legal reserves are determined in accordance with the provisions of Turkish Commercial Code and other related legislations in effect.</p>
<p>SOCIAL AIDS</p> <p>Article 46</p> <p>The General Assembly is authorized to allocate 2.5% (two and a half percent) of Company's profits to advertisements and social aims pursuant to article 469/3 of Turkish Commercial Code without prejudice to the above-mentioned first dividend.</p>	<p>SOCIAL AIDS</p> <p>Article 24</p> <p>The General Assembly is authorized to allocate 2.5% (two and a half percent) of Company's profits to advertisements and social aids pursuant to article 523/3 of Turkish Commercial Code and applicable other legislations without prejudice to the above-mentioned first dividend.</p>
<p>PART FIVE</p> <p>DISSOLUTION AND LIQUIDATION OF THE COMPANY</p> <p>DISSOLUTION AND LIQUIDATION</p> <p>Article 47</p> <p>The Board of Directors may, at any time, call for General Assembly Meeting to discuss the dissolution and liquidation of the Company for any reasons. The dissolution and liquidation is primarily made in accordance with Ban king Code and other legislations in effect. Furthermore, the Company may be dissolved in the case of situations stipulated in article 434 of Turkish Commercial Code or upon a court's decision or through a resolution to be produced by General Assembly in this respect.</p>	<p>Deleted</p>

Appendix: Amendments to Articles of Association

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>PART SIX</p> <p>MISCELLANEOUS PROVISIONS</p> <p>COMPETENT COURT</p> <p>Article 48</p> <p>Central Courts and Enforcement Administrations of Istanbul are exclusively authorized in the resolution of all kinds of lawsuits, legal proceedings and disagreements that may arise from the Company's activities.</p>	<p>Deleted</p>
<p>Article 49</p> <p>The Chairman and Members of Board of Directors, Auditors, Chief Executive Officer (CEO / General Manager), Assistant General Managers and the Company's Officers shall not disclose the Company's secrets and issues to be kept as confidential to others or use such issues for the benefits of others.</p>	<p>Deleted</p>
<p>ANNOUNCEMENTS</p> <p>Article 50</p> <p>The Company's announcements shall be made through the Trade Registry Gazette in advance of at least 15 days pursuant to the provisions of paragraph 4 under article 37 Turkish Commercial Code.</p> <p>Provisions of articles 397 and 438 shall apply in cases of announcements on capital decreases and liquidation of Company.</p>	<p>PART FIVE</p> <p>MISCELLANEOUS PROVISIONS</p> <p>ANNOUNCEMENTS</p> <p>Article 25</p> <p>The Company's announcements shall be made through the Turkish Trade Registry Gazette pursuant to the provisions of paragraph 4 under article 35 of Turkish Commercial Code.</p> <p>Provisions of articles 474 and 532 of Turkish Commercial Code shall apply in cases of announcements on capital decreases and liquidation of Company.</p>
<p>AMENDMENTS IN ARTICLES OF ASSOCIATION</p> <p>Article 51</p> <p>In cases of amendments to be made in these articles of association, a text of amendment covering the previous and amended forms of articles to be amended shall be prepared by Board of Directors, a resolution shall be produced on amendments to be made and an application shall be made, together with the approval by Banking Regulation and Supervision Agency, to the Ministry of Industry and Trade for necessary permission on the subject.</p> <p>After the necessary permission of Ministry of Industry and Trade and approval of Banking Regulation and Supervision Agency have been received, the said amendments are submitted to the approval of General Assembly of Shareholders. Following the approval of amendments to Articles of Association by General Assembly, Board of Directors shall have the necessary issues be duly registered and announced at Trade Registry Offices where its Head Office and branches have been situated. Amendments to Articles of Association shall be valid after such registrations and announcements.</p>	<p>AMENDMENTS IN ARTICLES OF ASSOCIATION</p> <p>Article 26</p> <p>In cases of amendments to be made in these articles of association, a text of amendment covering the previous and amended forms of articles to be amended shall be prepared by Board of Directors, a resolution shall be produced on amendments to be made and an application shall be made to the Ministry of Customs and Trade and BRSA for necessary permission on the subject.</p> <p>After the necessary permission of the Ministry of Customs and Trade, the said amendments are submitted to the approval of General Assembly of Shareholders. Following the approval of amendments to Articles of Association by General Assembly, Board of Directors shall have the necessary issues be duly registered and announced at Trade Registry Offices where the Company's head office and branches are situated and on the Company's web-site. Amendments to Articles of Association shall be valid after such registrations.</p>
<p>IMPLEMENTATION OF LEGISLATIVE PROVISIONS</p> <p>Article 52</p> <p>The provisions of Banking Code, Capital Markets Code, Turkish Commercial Code and other related legislations in effect are applied in situations not described in these Articles of Association</p>	<p>IMPLEMENTATION OF LEGISLATIVE PROVISIONS</p> <p>Article 27</p> <p>The provisions of Banking Code, Turkish Commercial Code and other related legislations in effect are applied in situations not described in these Articles of Association</p>

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD VERSION

NEW VERSION

<p>PART SEVEN</p> <p>PROVISIONAL ARTICLES</p> <p>MEMBERS OF THE FIRST BOARD OF DIRECTORS</p> <p>Provisional Article 1</p> <p>The following persons have been elected as Members of Board of Directors in the first Ordinary General Assembly Meeting of Shareholders.</p> <p>NAME & SURNAME NATIONALITY ADDRESS OF RESIDENCE SHAREHOLDING SITUATION</p> <p>Nuh Mehmet BÜYÜKMIHÇI T.R. Camikebir M. Gavremoğlu Shareholder Apt. No:2 KAYSERİ</p> <p>Sadettin ERKAN T.R. Sivas Cad. Yücel Apt. Shareholder</p> <p>HasanHüseyin ÖZBEK</p> <p>T.R. No: 22/8 KAYSERİ KüçükMustafa Mah. Çoban S. Shareholder Özbek Apt. No: 3 KAYSERİ</p> <p>Mustafa BOYDAK T.R. Aydınlikevler Cengiz Topel C. 4/14 KAYSERİ Shareholder</p> <p>Nevzat Nüzhet ÇULHAOĞLU T.C Acıbadem C. Akçaağaç S. 5/1 Küçükcamlıca İSTANBUL Shareholder</p> <p>Şükrü BAKTIR T.R. Küçük Mustafa Mah. Çoban S. 20/9 KAYSERİ Shareholder</p> <p>Hasan Hüseyin GÜRDOĞAN T.R. A. Ayrancı Meneviş Sokak No : 23/5 ANKARA Shareholder</p>	<p>Deleted</p>
<p>FIRST AUDITORS</p> <p>Provisional Article 2</p> <p>The following persons have been elected as Auditors for period of duty until the first Ordinary General Assembly Meeting:</p> <p>NAME SRNAME NATIONALITY ADDRESS OF RESIDENCE</p> <p>Mehmet YILMAZ T.R. Sivas Cad. Uzey Sitesi B Bl. No: 6/27 KAYSERİ</p> <p>Halit ÖZKAYA T.R. Sivas Cad. Göksu Apt B Bl. No: 19 KAYSERİ</p> <p>Yüksel ŞENEL T.R. Gazi Mustafa Kemal Bulvarı No: 95/5</p>	<p>Deleted</p>
<p>REMUNERATIONS FOR FIRST BOARD MEMBERS AND AUDITORS</p> <p>Provisional Article 3</p> <p>The amount and method of payment of the fees to be paid to Members of Board of Directors as well as the annual wages to be paid to Auditors shall be determined by Board of Directors and submitted to the approval of General Assembly during the first meeting to be held.</p>	<p>Deleted</p>
<p>PRELIMINARY EXPENSES</p> <p>Provisional Article 4</p> <p>The expenses to be made in relation with the establishment, preparation and other related costs shall be completely accepted and undertaken following the establishment of the Company.</p>	<p>Deleted</p>
<p>STAMP TAX</p> <p>Provisional Article 5</p> <p>The stamp tax to be paid due to the establishment of the Company shall be paid to the Tax Office at the place the Company's Head Office is situated within a period of three months from the date the registration and announcement transactions have been finalized.</p>	<p>Deleted</p>

Directory

BRANCH	ADDRESS	TELEPHONE/FAX
Headquarters	Yakacık Mevkii Adnan Kahveci Cad. No: 139 Kartal 34876 İSTANBUL	Tel : (+90 216) 586 70 00 (pbx) Fax : (+90 216) 586 63 26
Tophane Headquarters Ek Hizmet Binası	Kemeraltı Cad. No: 46 Tophane/İSTANBUL	Tel : (+90 212) 393 10 00
İstanbul Anatolian Side Regional Headquarters	Kozyatağı Mah. Değirmen Sok. No: 18/B-D Kadıköy/İSTANBUL	Tel : (+90 216) 573 16 00 Fax : (+90 216) 573 16 09
İstanbul European Side-2 Regional Headquarters	Kemeraltı Cad. No: 46 Kat: 4 Tophane/Beyoğlu/İSTANBUL	Tel : (+90 212) 393 10 00 Fax : (+90 212) 393 11 80
İstanbul European Side-2 Regional Headquarters	Mahmut Bey Mah. 7.Yol Sokak 6. Ada No: 31/33/35/37 Bağcılar/İSTANBUL	Tel : (+90 212) 659 36 84 Fax : (+90 212) 659 23 72
Ankara Regional Headquarters	Atatürk Bulvarı No: 60 Kat: 2-3 Kızılay/ANKARA	Tel : (+90 312) 417 30 90 Fax : (+90 312) 417 30 75
Aegean Regional Headquarters	Halit Ziya Bulvarı No: 42 Kayhan İş Hanı Kat: 5 Konak/İZMİR	Tel : (+90 232) 483 55 66 Fax : (+90 232) 483 80 32
Marmara Regional Headquarters	Odonluk Mah. Akademi Cd. Zeno İş Merkezi B Blk. No: 2 Nilüfer/BURSA	Tel : (+90 224) 453 00 15 Fax : (+90 224) 453 00 74
Kayseri Regional Headquarters	Bankalar Cad. No: 5/A Melikgazi/KAYSERİ	Tel : (+90 352) 221 15 66 Fax : (+90 352) 221 15 59
Mediterranean Regional Headquarters	Tepebağlar Mah. Abidin Paşa Cad. No: 7/A Seyhan/ADANA	Tel : (+90 322) 359 42 74 Fax : (+90 322) 359 01 88
South-Eastern Anatolia Regional Headquarters	İncilipınar Mah. Prf.Muammer Aksoy Blv. N.19/A Şehitkamil/ GAZİANTEP	Tel : (+90 342) 215 20 42 Fax : (+90 342) 215 17 26
Black Sea Regional Headquarters	Kemerkaya Mah. Kahramanmaraş Cad. Ustaömeroğlu İş Merkezi No: 19 TRABZON	Tel : (+90 462) 321 15 03 Fax : (+90 462) 321 42 74
1 Adana Branch	Tepebağ Mah. Abidin Paşa Cad. No: 7/A Seyhan/ADANA	Tel : (+90 322) 359 55 35 Fax : (+90 322) 359 56 73
2 Seyhan Branch	Kuruköprü Mah. Çakmak Cad. No: 39/B Seyhan/ADANA	Tel : (+90 322) 363 07 11 Fax : (+90 322) 363 06 32
3 Barajyolu Branch	Yenibaraj Mah. 68027 Sok. Girmen Apt. No: 6/B Seyhan/ADANA	Tel : (+90 322) 224 44 56 Fax : (+90 322) 224 44 62
4 Ceyhan Branch	Türlübaş Mah. Atatürk Cad. No: 278/A Ceyhan/ADANA	Tel : (+90 322) 611 52 65 Fax : (+90 322) 611 52 74
5 Kurttepe Branch	Yurt Mah. Turgut Özal Blv. No: 180/A Çukurova/ADANA	Tel : (+90 322) 247 15 40 Fax : (+90 322) 247 24 05
6 Yüreğir Branch	Dadaloğlu Mah. Kozan Cad. No: 357/A Yüreğir/ADANA	Tel : (+90 322) 328 20 63 Fax : (+90 322) 328 20 67
7 Adıyaman Branch	Yenipınar Mah. Atatürk Cad. No: 35/A Merkez/ADİYAMAN	Tel : (+90 416) 213 34 34 Fax : (+90 416) 213 10 98
8 Afyon Branch	Umurbey Mah. Cumhuriyet Meydanı No: 5/A Merkez/AFYON	Tel : (+90 272) 213 06 07 Fax : (+90 272) 213 06 57
9 Aksaray Branch	Taşpazar Mah. 43.Cad. No: 7/A-B Merkez/AKSARAY	Tel : (+90 382) 212 71 25 Fax : (+90 382) 212 22 16
10 Amasya Branch	Yüzevler Mah. Mustafa Kemal Paşa Cad. No: 65/A Merkez/AMASYA	Tel : (+90 358) 212 15 20 Fax : (+90 358) 212 90 45
11 Ankara Branch	Ziya Gökalp Cad. Adakale Sok. No 27/A Kızılay Çankaya/ANKARA	Tel : (+90 312) 430 50 50 Fax : (+90 312) 433 93 94

BRANCH	ADDRESS	TELEPHONE/FAX
12 Balgat Branch	Oğuzlar Mah. Ceyhun Atuf Kansu Cad. No: 92/A Çankaya/ANKARA	Tel : (+90 312) 284 87 07 Fax : (+90 312) 284 87 14
13 Başkent Kurumsal Branch	Atatürk Bulv. No: 60/4 Kızılay Çankaya/ANKARA	Tel : (+90 312) 417 98 98 Fax : (+90 312) 417 98 03
14 Cebeci Branch	Fakülteler Mah. Cemal Gürsel Cad. No: 69/A Çankaya/ANKARA	Tel : (+90 312) 319 90 52 Fax : (+90 312) 319 90 18
15 Çankaya Branch	Hoşdere Cad. No: 188 Çankaya/ANKARA	Tel : (+90 312) 441 20 55 Fax : (+90 312) 441 20 93
16 Çukurambar Branch	Çukurambar Mah. 1425.Cad. No: 26/A Çankaya/ANKARA	Tel : (+90 312) 287 04 36 Fax : (+90 312) 287 04 56
17 Demetevler Branch	Karşıyaka Mah. İvedik Cad. No: 428/A Demetevler Yeni Mahalle/ ANKARA	Tel : (+90 312) 335 04 76 Fax : (+90 312) 335 08 76
18 Demirtepe Branch	Maltepe Mah. Gazi Mustafa Kemal Bulvarı No: 51/A Çankaya/ANKARA	Tel : (+90 312) 230 52 10 Fax : (+90 312) 230 52 09
19 Etlük Branch	İncirli Mah. Gn.Dr.Teyfik Sağlam Cad. No: 76/A Keçiören/ANKARA	Tel : (+90 312) 322 04 06 Fax : (+90 312) 322 14 64
20 Gimat Branch	Macun Mah. Bağdat Cad. No: 95/5 Yeni Mahalle/ANKARA	Tel : (+90 312) 397 22 77 Fax : (+90 312) 397 22 85
21 Gölbaşı Branch	Seğmenler Mah. Ankara Cad. No: 71/A Gölbaşı/ANKARA	Tel : (+90 312) 484 45 41 Fax : (+90 312) 484 45 61
22 İvedik Branch	İvedik Organize Sanayi Bölgesi 1368.Cad. Eminel İş Merkezi No: 18/16 İvedik Yeni Mahalle/ANKARA	Tel : (+90 312) 395 24 07 Fax : (+90 312) 394 38 69
23 Keçiören Branch	Şenlik Mah. Kızılarpınarı Cad. No: 107/C Keçiören/ANKARA	Tel : (+90 312) 356 00 70 Fax : (+90 312) 356 00 76
24 Kızılay Branch	Kızılay Mah. Atatürk Bulvarı No: 60/A Çankaya/ANKARA	Tel : (+90 312) 417 44 40 Fax : (+90 312) 417 44 43
25 Ostim Branch	Ostim Mah. 100.Yıl Bulvarı No: 36 Yeni Mahalle/ANKARA	Tel : (+90 312) 385 68 23 Fax : (+90 312) 385 68 26
26 Polatlı Branch	Cumhuriyet Mah. Ankara Cad. No: 35/C Polatlı/ANKARA	Tel : (+90 312) 621 11 33 Fax : (+90 312) 621 06 96
27 Sincan Branch	Atatürk Mah. Onur Sok. No: 12/A Sincan/ANKARA	Tel : (+90 312) 276 77 47 Fax : (+90 312) 276 77 46
28 Siteler Branch	Ulubey Mah. Karacakaya Cad. No: 73/O Siteler Altındağ/ANKARA	Tel : (+90 312) 348 10 90 Fax : (+90 312) 348 34 02
29 Ulus Branch	Necatibey Mah. Anafartalar Cad. No: 45/C Altındağ/ANKARA	Tel : (+90 312) 309 27 41 Fax : (+90 312) 309 27 46
30 Yıldız Ankara Branch	Sançak Mah. Turan Güneş Bulvarı No: 31/D Çankaya/ANKARA	Tel : (+90 312) 441 21 51 Fax : (+90 312) 441 36 12
31 Alanya Branch	Saray Mah. Atatürk Bulvarı No: 82/A Alanya/ANTALYA	Tel : (+90 242) 512 90 06 Fax : (+90 242) 512 97 21
32 Antalya Branch	Tahıl Pazarı Mah. Adnan Menderes Bulvarı Erkal Apartmanı A Blok No: 2/7 Merkez/ANTALYA	Tel : (+90 242) 244 53 57 Fax : (+90 242) 243 78 86
33 Aspendos Bulvarı Branch	Mehmetçik Mah. Aspendos Bulvarı Aspendos İş Merkezi Muratpaşa/ ANTALYA	Tel : (+90 242) 322 28 57 Fax : (+90 242) 322 37 49
34 Çallı Branch	Sedir Mah. Gazi Bulv. No: 96 Merkez/ANTALYA	Tel : (+90 242) 345 00 55 Fax : (+90 242) 345 33 53
35 Konyaaltı Branch	Altunkum Mah. Atatürk Bulvarı Kaya Plaza No: 121/A Konyaaltı/ ANTALYA	Tel : (+90 242) 228 71 27 Fax : (+90 242) 230 38 92
36 Manavgat Branch	Bahçelievler Mah. Demokrasi Bulvarı No: 10/A Manavgat/ANTALYA	Tel : (+90 242) 743 23 94 Fax : (+90 242) 743 23 95

BRANCH	ADDRESS	TELEPHONE/FAX
37 Aydın Branch	Ramazanpaşa Mah. Hükümet Bulv. No: 18 Merkez/AYDIN	Tel : (+90 256) 213 70 02 Fax : (+90 256) 212 22 03
38 Balıkesir Branch	Altıeylül Mah. Kızılay Cad. No: 4/A Merkez/BALIKESİR	Tel : (+90 266) 244 17 16 Fax : (+90 266) 244 12 56
39 Batman Branch	Şirinevler Mah. Atatürk Bulvarı Demir Apartman Altı No: 48/B Merkez/ BATMAN	Tel : (+90 488) 214 15 06 Fax : (+90 488) 213 14 86
40 Petrolkent Branch	Bahçelievler Mah. Turgut Özal Bulvarı No: 182/C Merkez/BATMAN	Tel : (+90 488) 214 24 53 Fax : (+90 488) 214 24 58
41 Bingöl Branch	Yenişehir Mah. İnönü Cad. No: 24 Merkez/BİNGÖL	Tel : (+90 426) 214 15 23 Fax : (+90 426) 214 15 24
42 Bolu Branch	Karaçayır Mah. İzzet Baysal Cd. No: 82/A Merkez/BOLU	Tel : (+90 374) 217 61 31 Fax : (+90 374) 217 71 23
43 Burdur Branch	Özgür Mah. Gazi Cad. No: 49 Merkez/BURDUR	Tel : (+90 248) 234 62 42 Fax : (+90 248) 234 61 34
44 Beşevler Branch	Oduluk Mah. Lefkoşa Cad. No: 7/B-D Nilüfer/BURSA	Tel : (+90 224) 451 80 60 Fax : (+90 224) 451 80 99
45 Bursa Branch	Aktarhüssam Mah. Ahmet Hamdi Tanpınar Cad. No: 25 Osmangazi/ BURSA	Tel : (+90 224) 221 33 00 Fax : (+90 224) 221 33 02
46 Yıldırım Branch	Anadolu Mah. Ankarayolu Cad. No: 77 Yıldırım/BURSA	Tel : (+90 224) 361 52 22 Fax : (+90 224) 360 08 18
47 Demirtaş Branch	Panayır Mah. Yeni Yalova Yolu Cad. No: 455/C Osmangazi/BURSA	Tel : (+90 224) 211 33 97 Fax : (+90 224) 211 33 98
48 Fsm Bulvarı Branch	Esentepe Mah. Fatih Sultan Mehmet Bulvarı. No: 98/1 Nilüfer/BURSA	Tel : (+90 224) 246 65 15 Fax : (+90 224) 246 62 25
49 İnegöl Branch	Sinanbey Mah. Nuri Doğrul Cad. No: 5 İnegöl/BURSA	Tel : (+90 224) 711 90 80 Fax : (+90 224) 713 90 09
50 Kestel Branch	Uludağ Cad. Kestel Organize Sanayi Bölgesi A Blok No: 3 KESTEL/ BURSA	Tel : (+90 224) 372 01 78 Fax : (+90 224) 372 01 74
51 Nilüfer Branch	Üçevler Mah. Nilüfer Cad. No: 4/5 Nilüfer/BURSA	Tel : (+90 224) 443 43 00 Fax : (+90 224) 443 43 33
52 Ulucami Branch	Nalbantoğlu Mah. 2. Bademli Sok.No: 16/A Osmangazi/BURSA	Tel : (+90 224) 223 48 40 Fax : (+90 224) 223 48 46
53 Vişne Caddesi Branch	Duaçınarı Mah. Vişne Cad. No: 144/1 Yıldırım/BURSA	Tel : (+90 224) 364 12 84 Fax : (+90 224) 362 14 01
54 Çanakkale Branch	Kemalpaşa Mah. Çarşı Cad. No: 103 Merkez/ÇANAKKALE	Tel : (+90 286) 214 33 01 Fax : (+90 286) 214 33 09
55 Çorum Branch	Çepni Mah. İnönü Cad. No: 41 Merkez/ÇORUM	Tel : (+90 364) 225 31 82 Fax : (+90 364) 224 81 47
56 Denizli Branch	Saraylar Mah. Cumhuriyet Cad. No: 16/A Merkez/DENİZLİ	Tel : (+90 258) 241 67 00 Fax : (+90 258) 261 90 74
57 Bayramyeri Branch	Saraylar Mah. 2. Ticari Yol No: 30 Merkez/DENİZLİ	Tel : (+90 258) 265 06 03 Fax : (+90 258) 265 06 07
58 Denizli Sanayi Branch	İlbade Mah. Örnek Cad. No: 167/B Merkez/DENİZLİ	Tel : (+90 258) 371 00 34 Fax : (+90 258) 371 00 54
59 Diclekent Branch	Kayapınar Mah. Diclekent Bulvarı No: 122 Kayapınar/DİYARBAKIR	Tel : (+90 412) 257 23 26 Fax : (+90 412) 257 23 22
60 Diyarbakır Branch	Cami Nebi Mah. Gazi Cad. No: 31/C Sur/DİYARBAKIR	Tel : (+90 412) 229 00 03 Fax : (+90 412) 229 00 01
61 Kayapınar Branch	Peyas Mah. Urfa Bulv. Ekinciler Sitesi A Blok No: 80/C Kayapınar/ DİYARBAKIR	Tel : (+90 412) 252 24 54 Fax : (+90 412) 252 24 94

BRANCH	ADDRESS	TELEPHONE/FAX
62 Düzce Branch	Camikebir Mah. İstanbul Cad. No: 13/A Merkez/DÜZCE	Tel : (+90 380) 514 78 37 Fax : (+90 380) 514 78 38
63 Edirne Branch	Çavuşbey Mah. Hükümet Cad. No: 5/1 Merkez/EDİRNE	Tel : (+90 284) 214 92 40 Fax : (+90 284) 214 92 48
64 Elazığ Branch	İcadiye Mah. Hürriyet Cad. No: 23/A Merkez/ELAZIĞ	Tel : (+90 424) 236 43 74 Fax : (+90 424) 218 21 29
65 Erzincan Branch	Karaağaç Mah. Fevzipaşa Cad. No: 24/A Merkez/ERZİNCAN	Tel : (+90 446) 223 39 39 Fax : (+90 446) 223 33 83
66 Erzurum Branch	Atatürk Mah. Üniversite Loj. Küme Evleri No: 101 Yakutiye/ERZURUM	Tel : (+90 442) 213 50 10 Fax : (+90 442) 213 50 18
67 Yakutiye Branch	Muratpaşa Mah. Saraybosna Cad. No: 26A Yakutiye/ERZURUM	Tel : (+90 442) 237 45 71 Fax : (+90 442) 236 04 78
68 Eskişehir Branch	Cumhuriye Mah. Sakarya-1 Cad. No: 27/A Merkez/ESKİŞEHİR	Tel : (+90 222) 230 02 98 Fax : (+90 222) 220 14 13
69 Eskişehir Sanayi Branch	Yetmişbeşinci Yıl Mah. EMKO No: 1/A2 Odunpazarı/ESKİŞEHİR	Tel : (+90 222) 228 14 65 Fax : (+90 222) 228 07 45
70 Gaziantep Branch	İncilipınar Mah. Prf. Muammer Aksoy Bulv. No: 19/A Şehitkamil/GAZİANTEP	Tel : (+90 342) 215 35 31 Fax : (+90 342) 215 35 32
71 Gatem Branch	Sanayi Mah. Erdoğan Ergönül Cad. No: 17 Şehitkamil/GAZİANTEP	Tel : (+90 342) 238 42 07 Fax : (+90 342) 238 42 08
72 Karataş Branch	Karataş Mah. 428 Nolu Cadde No: 1D-E Şahinbey/GAZİANTEP	Tel : (+90 342) 371 44 01 Fax : (+90 342) 371 43 99
73 Suburcu Branch	Karagöz Mah. Karagöz Cad. No: 20 Şahinbey/GAZİANTEP	Tel : (+90 342) 231 20 10 Fax : (+90 342) 231 20 70
74 Şehitkamil Branch	Budak Mah. Gazimuhtarpaşa Bulvarı Yaşam İş Merkezi No: 42/7 Şehitkamil/GAZİANTEP	Tel : (+90 342) 323 20 14 Fax : (+90 342) 323 20 19
75 Giresun Branch	Sultan Selim Mah. Arif Bey Cad. No: 3 Merkez/GİRESUN	Tel : (+90 454) 212 04 90 Fax : (+90 454) 212 73 70
76 Antakya Branch	Haraparası Mah. Yavuz Sultan Selim Cad. No: 17/A Antakya/HATAY	Tel : (+90 326) 225 37 61 Fax : (+90 326) 225 36 65
77 İskenderun Branch	Savaş Mah. Şehit Pamir Cad. No: 11/A İskenderun/HATAY	Tel : (+90 326) 613 16 15 Fax : (+90 326) 612 10 02
78 Isparta Branch	Pirimehmet Mah. 101. Cad. No: 25 Merkez/ISPARTA	Tel : (+90 246) 233 00 21 Fax : (+90 246) 233 00 29
79 Acıbadem Branch	Acıbadem Mah. Acıbadem Cad. No: 143/A Üsküdar/İSTANBUL	Tel : (+90 216) 340 60 00 Fax : (+90 216) 340 60 09
80 Aksaray İstanbul Branch	Mesihpaşa Mah. Gazi Mustafa Kemal Paşa Cad. 40/A Aksaray Fatih/İSTANBUL	Tel : (+90 212) 518 83 84 Fax : (+90 212) 518 71 50
81 Altintepe Branch	Altintepe Mah. Bağdat Cad. No: 60A Maltepe/İSTANBUL	Tel : (+90 216) 549 25 02 Fax : (+90 216) 549 25 06
82 Altunizade Branch	Altunizade Mah. Mahir İz Cad. No: 26/A Üsküdar/İSTANBUL	Tel : (+90 216) 651 87 90 Fax : (+90 216) 651 87 99
83 Arnavutköy Branch	Merkez Mah. Eski Edirne Cad. No: 1171/1173C Arnavutköy/İSTANBUL	Tel : (+90 212) 597 45 03 Fax : (+90 212) 597 45 31
84 Avcılar Branch	Merkez Mah. Reşitpaşa Cad. No: 37/2A Avcılar/İSTANBUL	Tel : (+90 212) 593 34 44 Fax : (+90 212) 593 67 37
85 Avcılar E-5 Branch	Cihangir Mah. E-5 Yanyol Cad. 291/2B Avcılar/İSTANBUL	Tel : (+90 212) 422 92 78 Fax : (+90 212) 422 92 69
86 Bağcılar Branch	Çınar Mah. Osman Gazi Cad. No: 22/A Bağcılar/İSTANBUL	Tel : (+90 212) 462 92 28 Fax : (+90 212) 433 59 02

BRANCH	ADDRESS	TELEPHONE/FAX
87 Bahçelievler Branch	Bahçelievler Mah. Naci Kasım Sok. No: 7/B Bahçelievler/İSTANBUL	Tel : (+90 212) 555 28 20 Fax : (+90 212) 555 68 19
88 Bahçeşehir Branch	Bahçeşehir 1.kısım Mah. Dalgıçkuşu Cad. No: 7A Başakşehir/İSTANBUL	Tel : (+90 212) 608 09 51 Fax : (+90 212) 608 09 61
89 Bakırköy Branch	Cevizlik Mah. Fahri Korutürk Cad. No: 28A Bakırköy/İSTANBUL	Tel : (+90 212) 583 02 70 Fax : (+90 212) 583 13 70
90 Başakşehir Branch	Başak Mah. Yeşilvadi Cad. Metrokent Dükkanları No: 3/1L Başakşehir/İSTANBUL	Tel : (+90 212) 777 42 07 Fax : (+90 212) 777 42 11
91 Batı Ataşehir Branch	Barbaros Mah. Sütçü Yolu Cad. No: 74 Özel İşyeri: 1 Ataşehir/İSTANBUL	Tel : (+90 216) 324 01 65 Fax : (+90 216) 317 30 44
92 Bayrampaşa Branch	Yenidoğan Mah. Abdi İpekçi Cad. No: 43/A Bayrampaşa/İSTANBUL	Tel : (+90 212) 612 24 20 Fax : (+90 212) 612 24 27
93 Beşiktaş Branch	Türkali Mah. İhlamurdere Cad. No: 37 Beşiktaş/İSTANBUL	Tel : (+90 212) 236 86 89 Fax : (+90 212) 236 67 27
94 Beşyüzevler Branch	Yıldırım Mah. Eski Edirne Asfaltı No: 313/ A Bayrampaşa/İSTANBUL	Tel : (+90 212) 479 71 66 Fax : (+90 212) 649 70 98
95 Beykent Branch	Cumhuriyet Mah. Gürpınaryolu Sok. No: 2/C-16/17 Büyükçekmece/İSTANBUL	Tel : (+90 212) 871 31 18 Fax : (+90 212) 873 13 47
96 Beylikdüzü Branch	Beylikdüzü OSB Mah. Açelya Cad. No: 1/8 Büyükçekmece/İSTANBUL	Tel : (+90 212) 876 68 00 Fax : (+90 212) 876 68 10
97 Boğaziçi Kurumsal Branch	Büyükdere Cad. No: 195 Levent Beşiktaş/İSTANBUL	Tel : (+90 212) 269 61 28 Fax : (+90 212) 281 98 17
98 Caddebostan Branch	Caddebostan Mah. Bağdat Cad. No: 258/A Kadıköy/İSTANBUL	Tel : (+90 216) 355 70 07 Fax : (+90 216) 355 70 12
99 Çağlayan Branch	Çağlayan Mah. Vatan Cad. No: 30/A Kağıthane/İSTANBUL	Tel : (+90 212) 291 55 25 Fax : (+90 212) 234 70 92
100 Çamlıca Branch	Kısıklı Mah. Alemdağ Cad. No: 53/B Üsküdar /İSTANBUL	Tel : (+90 216) 461 00 06 Fax : (+90 216) 461 00 07
101 Çekmeköy Branch	Çamlık Mah. Muhsin Yazıcıoğlu Cad. No: 44/A Çekmeköy/İSTANBUL	Tel : (+90 216) 640 01 05 Fax : (+90 216) 640 01 06
102 Des Branch	Dudullu OSB Mah. DES-1.Cad. A Blok No: 5/B Ümraniye/İSTANBUL	Tel : (+90 216) 420 38 00 Fax : (+90 216) 420 30 82
103 Dudullu Branch	Yukarı Dudullu Mah. Necip Fazıl Bulvarı KEYAP Çarı A1 Blok No: 44/2 Ümraniye/İSTANBUL	Tel : (+90 216) 540 70 70 Fax : (+90 216) 540 54 87
104 Eminönü Branch	Rüstem Paşa Mah. Vasıfçınar Cad. No: 45 Fatih/İSTANBUL	Tel : (+90 212) 514 01 54 Fax : (+90 212) 514 01 59
105 Erenköy Branch	19 Mayıs Mah. Şemsettin Günaltay Cad. No: 198/A Kadıköy/İSTANBUL	Tel : (+90 216) 478 54 02 Fax : (+90 216) 478 54 03
106 Esenler Branch	Fevzi Çakmak Mah. Atışalanı Cad. No: 16 Esenler/İSTANBUL	Tel : (+90 212) 568 10 80 Fax : (+90 212) 568 10 23
107 Esenyurt Branch	İnönü Mah. Doğan Araslı Bulv. No: 124/D Esenyurt/İSTANBUL	Tel : (+90 212) 450 15 68 Fax : (+90 212) 450 20 45
108 Etiler Branch	Etiler Mah. Nispetiye Cad. No: 63 Beşiktaş/İSTANBUL	Tel : (+90 212) 257 12 30 Fax : (+90 212) 257 37 25
109 Fatih Branch	Ali Kuşçu Mah. Macar Kardeşler Cad. No: 54/B Fatih /İSTANBUL	Tel : (+90 212) 631 04 90 Fax : (+90 212) 631 04 96
110 Findızkade Branch	Molla Gürani Mah. Turgut Özal Millet Cad. No: 78A Fatih /İSTANBUL	Tel : (+90 212) 491 20 40 Fax : (+90 212) 491 20 43
111 Florya Branch	Şenlikköy Mah. Florya Cad. No: 47/B Bakırköy/İSTANBUL	Tel : (+90 212) 624 60 93 Fax : (+90 212) 624 60 15

BRANCH	ADDRESS	TELEPHONE/FAX
112 Gaziosmanpaşa Branch	Merkez Mah. Eyüp Cad. No: 2/1-A Gaziosmanpaşa/İSTANBUL	Tel : (+90 212) 614 40 46 Fax : (+90 212) 616 69 69
113 Giyimkent Branch	Oruç Reis Mah. Vadi Cad. No: 3 Esenler/İSTANBUL	Tel : (+90 212) 438 35 69 Fax : (+90 212) 438 35 68
114 Gültepe Branch	Ortabayır Mah. Talatpaşa Cad. No: 70/B Kağıthane/İSTANBUL	Tel : (+90 212) 280 20 42 Fax : (+90 212) 280 19 71
115 Güneşli Branch	Evren Mah. Gülbahar Cad. No: 14 Bağcılar/İSTANBUL	Tel : (+90 212) 602 03 30 Fax : (+90 212) 602 03 25
Güneşli Çarşı Branch	Hürriyet Mah. Kuyu Sok. No: 3A Bağcılar/İSTANBUL	Tel : (+90 212) 651 70 90 Fax : (+90 212) 651 70 33
117 Güngören Branch	Sanayi Mah. Sancaklı Cad. No: 4/A Güngören/İSTANBUL	Tel : (+90 212) 539 91 11 Fax : (+90 212) 539 91 12
118 Güngören Çarşı Branch	İnönü Cad. No: 23/B Güngören/İSTANBUL	Tel : (+90 212) 502 80 41 Fax : (+90 212) 502 80 48
119 Hadımköy Yolu Branch	Akçaburgaz Mah. Hadımköy Yolu Cad. No: 202/A Esenyurt/İSTANBUL	Tel : (+90 212) 886 22 82 Fax : (+90 212) 886 22 92
120 Halkalı Branch	İkitelli Organize Sanayi Bölgesi İmsan Küçük Sanayi Sitesi E Blok No: 18-19 Başakşehir/İSTANBUL	Tel : (+90 212) 697 43 12 Fax : (+90 212) 698 43 13
121 İhlamurkuyu Branch	Tepeüstü Mah. Alemdağ Cad. No: 582/A Ümraniye/İSTANBUL	Tel : (+90 216) 540 87 50 Fax : (+90 216) 540 17 99
122 İkitelli Branch	Ziya Gökalp Mah. Atatürk Bulv. No: 74/D Başakşehir/İSTANBUL	Tel : (+90 212) 671 21 00 Fax : (+90 212) 549 88 49
123 İkitelli Sanayi Branch	Ziya Gökalp Mah. Süleyman Demirel Blv. HESKOP Yanı İş Modern Tic. Mrk. H Blok No: 20 Başakşehir/İSTANBUL	Tel : (+90 212) 777 55 83 Fax : (+90 212) 777 56 64
124 İstanbul Endüstri Ve Ticaret Serbest Bölgesi Branch	İstanbul Endüstri ve Ticaret Serbest Bölgesi Matraş Cad. No: 14 Tuzla/İSTANBUL	Tel : (+90 216) 394 09 42 Fax : (+90 216) 394 08 84
125 İstoç Branch	İstoç Tic. Mrk. Mahmut Bey Mah. 7.Yol Sok. 6.Ada No: 31/33/35/37 Bağcılar/İSTANBUL	Tel : (+90 212) 659 58 00 Fax : (+90 212) 659 56 54
126 Kadıköy Branch	Eğitim Mah. Fahrettin Kerim Gökay Cad. No: 71/A Kadıköy/İSTANBUL	Tel : (+90 216) 414 56 76 Fax : (+90 216) 414 56 23
127 Kağıthane Branch	Merkez Mah. Kemerburgaz Cad. No: 6B Kağıthane/İSTANBUL	Tel : (+90 212) 295 02 05 Fax : (+90 212) 295 02 09
128 Kapalıçarşı Branch	Aynaclar Cad. No: 6 Kapalıçarşı Fatih/İSTANBUL	Tel : (+90 212) 514 60 86 Fax : (+90 212) 514 60 89
129 Karaköy Branch	Arapcami Mah. Bankalar Cad. No: 29/A Beyoğlu/İSTANBUL	Tel : (+90 212) 297 09 09 Fax : (+90 212) 237 40 17
130 Kartal Branch	Yukarı Mahalle Üsküdar Cad. No: 14/B Kartal/İSTANBUL	Tel : (+90 216) 387 21 51 Fax : (+90 216) 387 01 20
131 Kavacık Branch	Çubuklu Mah. Orhan Veli Kanık Cad. No: 81/E Beykoz/İSTANBUL	Tel : (+90 216) 680 38 60 Fax : (+90 216) 680 38 67
132 Kaynarca Branch	Fevzi Çakmak Mah. Cemal Gürsel Cad. 171B Pendik/İSTANBUL	Tel : (+90 216) 596 49 00 Fax : (+90 216) 596 50 12
133 Kozyatağı Branch	İnönü Cad. No: 94 Kadıköy/İSTANBUL	Tel : (+90 216) 409 29 70 Fax : (+90 216) 409 29 74
134 Kozyatağı Kurumsal Branch	Kozyatağı Mah. Değirmen Sok. No: 18/B-D Kadıköy/İSTANBUL	Tel : (+90 216) 463 56 01 Fax : (+90 216) 463 56 02
135 Kurtköy Branch	Şeyhli Mah. Ankara Cad. No: 193/B Kurtköy Pendik/İSTANBUL	Tel : (+90 216) 595 11 80 Fax : (+90 216) 595 11 75
136 Küçükbakkalköy Branch	Küçükbakkalköy Mah. Kayışdağı Cad. No: 141 Ataşehir/İSTANBUL	Tel : (+90 216) 469 74 88 Fax : (+90 216) 469 74 87

BRANCH	ADDRESS	TELEPHONE/FAX
137 Küçükyalı Branch	Küçükyalı Mah. Bağdat Cad. No: 151/A Maltepe/İSTANBUL	Tel : (+90 216) 518 50 30 Fax : (+90 216) 518 59 70
138 Laleli Branch	Mimar Kemalettin Mah. Soğanağa Camii Sok. No: 33/A Fatih/İSTANBUL	Tel : (+90 212) 517 37 40 Fax : (+90 212) 517 37 46
139 Levent Sanayi Branch	Sanayi Mah. Eski Büyükdere Cad. No: 43/A Kağıthane/İSTANBUL	Tel : (+90 212) 278 58 34 Fax : (+90 212) 278 58 83
140 Maltepe Branch	Bağlarbaşı Mah. Bağdat Cad. No: 419/A Maltepe/İSTANBUL	Tel : (+90 216) 442 80 05 Fax : (+90 216) 442 80 09
141 Maltepe Cevizli Branch	Cevizli Mah. Bağdat Cad. No: 458/A Maltepe/İSTANBUL	Tel : (+90 216) 457 15 39 Fax : (+90 216) 441 05 85
142 Maslak Branch	Maslak Mah. Zümrüt Sok. No: 1A Şişli/İSTANBUL	Tel : (+90 212) 286 95 36 Fax : (+90 212) 286 95 39
143 Mecidiyeköy Branch	Mecidiyeköy Mah. Büyükdere Cad. No: 89/A Şişli /İSTANBUL	Tel : (+90 212) 356 03 15 Fax : (+90 212) 356 03 20
144 Mega Center Branch	Kocatepe Mah. Gümrük İskelesi Cad. Mega Center No: 12/C-Z.Kat D: 5/37-12 Bayrampaşa/İSTANBUL	Tel : (+90 212) 640 58 81 Fax : (+90 212) 640 47 87
145 Merkez Branch	Hürriyet Mah. Adnan Kahveci No: 139 Kartal/İSTANBUL	Tel : (+90 216) 452 86 43 Fax : (+90 216) 452 55 25
146 Merter Branch	Fatih Cad No: 27 Güngören/İSTANBUL	Tel : (+90 212) 637 26 09 Fax : (+90 212) 637 61 48
147 Merter Tekstil Branch	M.Nesih Özmen Mah. Merter Tekstil Merkezi Gülsever Sok. No: 3/C Güngören/İSTANBUL	Tel : (+90 212) 555 68 23 Fax : (+90 212) 507 96 80
148 Nişantaşı Branch	Vali konağı Cad. No: 54/B Nişantaşı Şişli/İSTANBUL	Tel : (+90 212) 343 62 82 Fax : (+90 212) 343 62 19
149 Osmanağa Branch	Osmanağa Mah. Başçavuş Sok. No: 31/B Kadıköy/İSTANBUL	Tel : (+90 216) 348 28 19 Fax : (+90 216) 348 82 27
150 Osmanbey Branch	Cumhuriyet Mah. Halaskargazi Cad. No: 127/A Şişli/İSTANBUL	Tel : (+90 212) 231 18 12 Fax : (+90 212) 231 20 52
151 Pendik Branch	Doğu Mah. Ankara Cad. No: 163 Pendik/İSTANBUL	Tel : (+90 216) 483 64 05 Fax : (+90 216) 483 64 10
152 Perpa Branch	Halil Rifat Paşa Mah. Üzer Havuz Sok. No: 1 Perpa Tic. Mrk. Elektrokent A Blok Kat: 4, 5, 6 No: 290/B Yeşil Avlu Şişli/İSTANBUL	Tel : (+90 212) 222 66 16 Fax : (+90 212) 222 42 34
153 Rami Branch	Muratpaşa Mah. Uluyol Cad. İstanbul Tower No: 17-19/B Blok-15 Bayrampaşa/İSTANBUL	Tel : (+90 212) 417 38 40 Fax : (+90 212) 563 26 00
154 Sahrayıcedit Branch	Erenköy Mah. Fahrettin Kerim Gökay Cad. No.278/A Kadıköy/İSTANBUL	Tel : (+90 216) 411 14 94 Fax : (+90 216) 411 14 98
155 Samandıra Branch	Osmangazi Mah., Osmangazi Caddesi, No: 155-156A Sancaktepe/İSTANBUL	Tel : (+90 216) 561 04 16 Fax : (+90 216) 561 04 26
156 Sarıyer Branch	Merkez Mah. Sarıyer Deresi Sok. No: 18 Sarıyer/İSTANBUL	Tel : (+90 212) 218 60 23 Fax : (+90 212) 218 60 27
157 Sefaköy Branch	Fevzi Çakmak Mah. Ahmet Kocabıyık Sok. No: 12/A Küçükçekmece/İSTANBUL	Tel : (+90 212) 599 12 35 Fax : (+90 212) 599 12 89
158 Seyitnizam Branch	Seyitnizam Mah. Seyitnizam Cad. No: 51/4 D Zeytinburnu/İSTANBUL	Tel : (+90 212) 416 26 09 Fax : (+90 212) 416 25 96
159 Silivri Branch	Piri Mehmet Paşa Mah. Ali Çetinkaya Cad. Silivri/İSTANBUL	Tel : (+90 212) 728 96 01 Fax : (+90 212) 728 96 10
160 Sultanbeyli Branch	Mehmet Akif Ersoy Mah. Fatih Bulv. No: 185/A Sultanbeyli/İSTANBUL	Tel : (+90 216) 496 12 22 Fax : (+90 216) 496 17 57
161 Sultancıtlığı Branch	Cebeci Mah. Eski Edirne Asfaltı No: 732A Sultangazi/İSTANBUL	Tel : (+90 212) 475 65 35 Fax : (+90 212) 475 36 35

BRANCH	ADDRESS	TELEPHONE/FAX
162	Sultanhamam Branch Hobyar Mah. Sultan Hamamı Cad. No: 15/A Fatih/İSTANBUL	Tel : (+90 212) 514 02 98 Fax : (+90 212) 514 16 77
163	Şirinevler Branch Hürriyet Mah. Mahmutbey Cad. No: 1A Şirinevler Bahçelievler/İSTANBUL	Tel : (+90 212) 551 73 13 Fax : (+90 212) 654 20 17
164	Taksim Branch Harbiye Mah. Cumhuriyet Cd. No: 30A Şişli/İSTANBUL	Tel : (+90 212) 296 58 28 Fax : (+90 212) 296 58 33
165	Tavukçuyolu Branch Yukarı Dudullu Mah. Tavukçuyolu Cad. No: 268 Ümraniye/İSTANBUL	Tel : (+90 216) 409 29 70 Fax : (+90 216) 409 29 78
166	Terazidere Branch Terazidere Mah. Güneş Cad. No: 15/A Bayrampaşa/İSTANBUL	Tel : (+90 212) 501 02 56 Fax : (+90 212) 501 03 74
167	Topçular Branch Topçular Mah. Rami Kışla Cad. No: 68/G Eyüp/İSTANBUL	Tel : (+90 212) 612 13 00 Fax : (+90 212) 612 24 34
168	Tophane Branch Hacımimi Mah. Kemeraltı Cad. No: 46 Beyoğlu/İSTANBUL	Tel : (+90 212) 251 65 20 Fax : (+90 212) 245 56 32
169	Topkapı Branch Maltepe Mah. Davutpaşa Cad. No: 81 Dk.69 Zeytinburnu/İSTANBUL	Tel : (+90 212) 674 33 36 Fax : (+90 212) 674 33 16
170	Trakya Kurumsal Branch Merkez Mah. Kavak Sok. No: 11 Yenibosna Bahçelievler/İSTANBUL	Tel : (+90 212) 552 62 29 Fax : (+90 212) 551 64 42
171	Tuzla Branch İçmeler Mah. Mazhar Sok. No: 21/B Tuzla /İSTANBUL	Tel : (+90 216) 493 13 82 Fax : (+90 216) 493 13 90
172	Tuzla Sanayi Branch Mescit Mah. Demokrasi Cad. Birmes Sanayi Sit A8 Blok No: 3 Tuzla/İSTANBUL	Tel : (+90 216) 394 20 45 Fax : (+90 216) 394 94 37
173	Tümsan Branch Ziya Gökalp Mah. Tümsan Sanayi Sitesi 1. Kısım 3. Blok No: 7 Başakşehir/İSTANBUL	Tel : (+90 212) 486 12 39 Fax : (+90 212) 486 12 57
174	Ümraniye Branch Atatürk Mah. Alemdağ Cad. Dönmezler Ap. No: 58B Ümraniye/İSTANBUL	Tel : (+90 216) 523 13 63 Fax : (+90 216) 523 13 70
175	Ümraniye Çarşısı Branch Atatürk Mah. Alemdağ Cad. No: 82/A Ümraniye/İSTANBUL	Tel : (+90 216) 316 85 85 Fax : (+90 216) 344 70 71
176	Üsküdar Branch Mimar Sinan Mah. İnkılap Çıkmaşı, No: 6 Üsküdar/İSTANBUL	Tel : (+90 216) 391 00 70 Fax : (+90 216) 391 00 77
177	Yavuz Selim Branch Akşemsettin Mah. Fevzipaşa Cad. no: 147 Fatih/İSTANBUL	Tel : (+90 212) 631 93 53 Fax : (+90 212) 631 71 37
178	Yenibosna Branch Yenibosna Merkez Mah. Köyceğiz Sok. No: 2-4/A Bahçelievler/İSTANBUL	Tel : (+90 212) 474 42 09 Fax : (+90 212) 474 42 64
179	Yeşilpınar Branch Yeşilpınar Mah. Pamuk Sok. No: 8 Eyüp/İSTANBUL	Tel : (+90 212) 535 25 71 Fax : (+90 212) 535 25 98
180	Yüzyıl Branch Oruçreis Mah. Barbaros Cad. No: 80 Esenler/İSTANBUL	Tel : (+90 212) 429 33 02 Fax : (+90 212) 432 31 12
181	Zeytinburnu Branch Gökalp Mah. 58 Bulvarı Cad No: 49-51/B Zeytinburnu/İSTANBUL	Tel : (+90 212) 665 07 27 Fax : (+90 212) 665 02 61
182	Buca Branch Kazağaç Mah. Özmen Cad. No: 121/A Buca/İZMİR	Tel : (+90 232) 452 66 64 Fax : (+90 232) 452 60 45
183	Çamdibi Branch Mersinli Mah. Fatih Cad. 80/1 Konak/İZMİR	Tel : (+90 232) 462 12 67 Fax : (+90 232) 435 34 29
184	Çiğli Branch Anadolu Cad. No: 937/A Çiğli/İZMİR	Tel : (+90 232) 329 54 60 Fax : (+90 232) 329 54 77
185	Işıkent Branch Egemenlik Mah. 6123 Sok. No: 20 Bornova/İZMİR	Tel : (+90 232) 479 90 84 Fax : (+90 232) 479 90 83
186	İzmir Branch Akdeniz Mah. Fevzipaşa Bulv. No: 55 A Çankaya Konak/İZMİR	Tel : (+90 232) 445 51 75 Fax : (+90 232) 445 51 71

BRANCH	ADDRESS	TELEPHONE/FAX
187 Bornova Branch	Kazım Dirik Mah. Mustafa Kemal Cad. No: 81 /2 Bornova/İZMİR	Tel : (+90 232) 339 57 07 Fax : (+90 232) 339 93 97
188 Karabağlar Branch	Karabağlar Mah. Yeşillik Cad. No: 419 Karabağlar/İZMİR	Tel : (+90 232) 253 66 86 Fax : (+90 232) 254 83 25
189 Karşıyaka Branch	Bahriye Üçok Mah. Atatürk Bulvarı No: 49 Karşıyaka/İZMİR	Tel : (+90 232) 382 76 79 Fax : (+90 232) 382 76 37
190 Menemen Branch	Mermerli Mah. Mithatpaşa Cad. No: 49 Menemen/İZMİR	Tel : (+90 232) 831 61 96 Fax : (+90 232) 831 26 42
191 Torbalı Branch	Tepeköy Mah. Ağalar Cad. No: 20/A Torbalı/İZMİR	Tel : (+90 232) 856 56 07 Fax : (+90 232) 856 56 87
192 Üçkuyular Branch	Mithatpaşa Cad. No: 1181/A Üçkuyular Karabağlar/İZMİR	Tel : (+90 232) 278 67 68 Fax : (+90 232) 278 67 61
193 Kahramanmaraş Branch	İsmetpaşa Mah. Trabzon Bulv. No: 2/A Merkez/KAHRAMANMARAŞ	Tel : (+90 344) 224 00 32 Fax : (+90 344) 224 00 74
194 Karaman Branch	Fenari Mah. 9.Sok. No: 2B Merkez/KARAMAN	Tel : (+90 338) 214 70 70 Fax : (+90 338) 213 71 71
195 Kastamonu Branch	Topçuoğlu Mah. Cumhuriyet Cad. No: 34/A Merkez/KASTAMONU	Tel : (+90 366) 212 97 90 Fax : (+90 366) 212 97 91
196 Kayseri Branch	Kiçikapı Mah. Bankalar Cad. No: 1/A Merkez/KAYSERİ	Tel : (+90 352) 222 34 88 Fax : (+90 352) 222 34 96
197 Kayseri Osb Branch	Organize Sanayi Bölgesi 8.Cadde No: 62 Melikgazi/KAYSERİ	Tel : (+90 352) 322 16 70 Fax : (+90 352) 322 16 78
198 Kayseri Sanayi Branch	Sanayi Mah. Osman Kavuncu Bulv. No: 130 Kocasinan/KAYSERİ	Tel : (+90 352) 336 45 28 Fax : (+90 352) 336 45 68
199 Kayseri Sivas Caddesi Branch	Mimarsinan Mah. Sivas Bulvarı No: 189/B Kocasinan/KAYSERİ	Tel : (+90 352) 223 64 24 Fax : (+90 352) 223 58 85
200 Sahabiye Branch	Serçeönü Mah. Ahievran Cad. No: 11-B Kocasinan/KAYSERİ	Tel : (+90 352) 231 93 11 Fax : (+90 352) 231 93 16
201 Kırıkkale Branch	Yenidoğan Mah. Barbaros Hayrettin Cad. No: 32/A Merkez/KIRIKKALE	Tel : (+90 318) 218 89 89 Fax : (+90 318) 218 03 83
202 Lüleburgaz Branch	Yeni Mah. Emrullah Efendi Cad. No: 12/A Lüleburgaz/KIRKLARELİ	Tel : (+90 288) 412 00 20 Fax : (+90 288) 412 74 11
203 Kırşehir Branch	Kuşdilli Mah. Terme Cad. No: 16 Merkez/KIRŞEHİR	Tel : (+90 386) 212 32 62 Fax : (+90 386) 212 32 93
204 Çayırova Branch	Çayırova Mah. Fatih Cad. No: 114-B Çayırova/KOCAELİ	Tel : (+90 262) 742 42 04 Fax : (+90 262) 742 41 65
205 Gebze Branch	Hacı Halil Mah. Atatürk Cad. No: 15/A Gebze /KOCAELİ	Tel : (+90 262) 644 71 36 Fax : (+90 262) 644 67 71
206 Gebze E-5 Branch	Osman Yılmaz Mah. İstanbul Cad. No: 56/B Gebze /KOCAELİ	Tel : (+90 262) 644 87 19 Fax : (+90 262) 644 88 67
207 İzmit Branch	Ömerağa Mah. Cumhuriyet Cad. No: 136/A İzmit/KOCAELİ	Tel : (+90 262) 325 25 20 Fax : (+90 262) 321 92 87
208 İzmit E5 Branch	Karabaş Mah. Hafız Selim Efendi Sok. No: 14/C İzmit/KOCAELİ	Tel : (+90 262) 335 60 35 Fax : (+90 262) 335 60 40
209 Aziziye Branch	Aziziye Mah. Türbe Cad. Şair Hasan Rüştü Sok. No: 2 Karatay/KONYA	Tel : (+90 332) 351 93 04 Fax : (+90 332) 350 59 63
210 Büsan Branch	Fevzi Çakmak Mah. Kosgeb Cad. No: 7/A Karatay/KONYA	Tel : (+90 332) 345 31 00 Fax : (+90 332) 345 31 10
211 İhsaniye Branch	Beyazıt Mah. Sultan Cem Cad. No: 31/A Selçuklu/KONYA	Tel : (+90 332) 321 24 51 Fax : (+90 332) 321 24 61

BRANCH	ADDRESS	TELEPHONE/FAX
212	Karatay Branch Fatih Mah. Köprü Sok. No: 25 Selçuklu/KONYA	Tel : (+90 332) 236 33 01 Fax : (+90 332) 236 33 57
213	Konya Branch Musalla Bağları Mah. Ankara Cad. No: 117/1 Selçuklu/KONYA	Tel : (+90 332) 238 06 66 Fax : (+90 332) 238 58 54
214	Alaaddin Branch Şems-i Tebrizi Mah. Mevlana Cd. No: 1 Karatay/KONYA	Tel : (+90 332) 350 72 15 Fax : (+90 332) 350 63 94
215	Yeni Toptancılar Sitesi Branch Fevzi Çakmak Mah. Karakayış Cad. No: 269/1 Karatay/KONYA	Tel : (+90 332) 712 78 80 Fax : (+90 332) 710 10 16
216	Mevlana Branch Şems-i Tebrizi Mah. Şerafettin Cad. No: 40 Karatay/KONYA	Tel : (+90 332) 353 61 03 Fax : (+90 332) 353 61 02
217	Kütahya Branch Mecidiye Mah. Abdurrahman Paşa Cad. No: 7 Merkez/KÜTAHYA	Tel : (+90 274) 216 40 81 Fax : (+90 274) 216 40 82
218	Malatya Branch B.Hüseyinbey Mah. Atatürk Cad. No: 31 Merkez/MALATYA	Tel : (+90 422) 325 03 25 Fax : (+90 422) 325 94 59
219	Malatya Çevreyolu Branch İsmetiye Mah. Buhara Cad. No: 173-C/D Merkez/MALATYA	Tel : (+90 422) 326 57 51 Fax : (+90 422) 326 57 54
220	Akhisar Branch Paşa Mah. Tahir Ün Cad. 14. Sokak No: 80 Akhisar/MANİSA	Tel : (+90 236) 414 55 40 Fax : (+90 236) 414 55 48
221	Manisa Branch 1. Anafartalar Mah. Mustafa Kemal Paşa Cad. No: 38/A Merkez/ MANİSA	Tel : (+90 236) 239 84 84 Fax : (+90 236) 232 07 00
222	Salihli Branch Mithatpaşa Mah. Mithatpaşa Cad. No: 137 Salihli/MANİSA	Tel : (+90 236) 715 20 89 Fax : (+90 236) 715 20 99
223	Turgutlu Branch Turan Mah. Atatürk Bulv. No: 178 Turgutlu/MANİSA	Tel : (+90 236) 314 70 60 Fax : (+90 236) 314 80 10
224	Mardin Branch Yenişehir Mah. Vali Ozan Cad. No: 69/A Merkez/MARDİN	Tel : (+90 482) 212 32 87 Fax : (+90 482) 212 32 97
225	Mersin Branch Cami Şerif Mah. İstiklal Cad. No: 33/B Merkez/MERSİN	Tel : (+90 324) 238 20 24 Fax : (+90 324) 239 05 24
226	Pozcu Branch Gazi Mah. Gazi Mustafa Kemal Bulvarı Eyüp Seçme Sit. B Blok No: 345C Yenişehir/MERSİN	Tel : (+90 324) 328 68 57 Fax : (+90 324) 326 75 70
227	Tarsus Branch Kızılmurat Mah Atatürk Bulv. No: 12 Tarsus/MERSİN	Tel : (+90 324) 613 95 01 Fax : (+90 324) 614 30 49
228	Bodrum Branch Yokuşbaşı Mah. Hasan Reşat Öncü Cad. No: 16 Bodrum/MUĞLA	Tel : (+90 252) 316 67 30 Fax : (+90 252) 316 69 75
229	Fethiye Branch Cumhuriyet Mah. Çarşı Cad. No: 43 Fethiye/MUĞLA	Tel : (+90 252) 612 01 30 Fax : (+90 252) 612 03 73
230	Muğla Branch Emirbeyazıt Mah. Recai Gürelci Sok. No: 8 Merkez/MUĞLA	Tel : (+90 252) 212 13 88 Fax : (+90 252) 214 48 15
231	Neveşehir Branch Camicedit Mah. Atatürk Bulvarı No: 29/A Merkez/NEVEŞEHİR	Tel : (+90 384) 214 36 00 Fax : (+90 384) 214 32 17
232	Fatsa Branch Mustafa Kemal Paşa Mah. Cumhuriyet Meydanı No: 2/A Fatsa/ORDU	Tel : (+90 452) 424 24 06 Fax : (+90 452) 424 04 26
233	Ordu Branch Şarkıye Mah. Süleyman Felek Cad. No: 88/1 Merkez/ORDU	Tel : (+90 452) 223 27 47 Fax : (+90 452) 223 44 49
234	Osmaniye Branch Alibeyli Mah. Palalı Süleyman Cad. No: 9/B Merkez/OSMANİYE	Tel : (+90 328) 813 56 26 Fax : (+90 328) 813 59 90
235	Rize Branch Çarşı Mah. Cumhuriyet Cad. No: 152/A Merkez/RİZE	Tel : (+90 464) 213 21 08 Fax : (+90 464) 214 01 65
236	Adapazarı Branch Tığcılar Mah. Atatürk Bulv. No: 29/B Adapazarı/SAKARYA	Tel : (+90 264) 274 01 91 Fax : (+90 264) 274 01 90

BRANCH	ADDRESS	TELEPHONE/FAX
237 Erenler Branch	Erenler Mah. Sakarya Cad. No: 346/B Erenler/SAKARYA	Tel : (+90 264) 276 99 81 Fax : (+90 264) 276 99 26
238 Bafra Branch	Hükümet Cad. Büyükcami Mah. No: 5/B Bafra/SAMSUN	Tel : (+90 362) 542 54 74 Fax : (+90 362) 542 54 84
239 Samsun Branch	Kale Mah. Kazım Paşa Cad. No: 12/A Merkez/SAMSUN	Tel : (+90 362) 435 86 04 Fax : (+90 362) 432 35 89
240 Samsun Sanayi Branch	Şaban oğlu Mah. Atatürk Bulvarı No: 229 Tekkeköy/SAMSUN	Tel : (+90 362) 266 83 07 Fax : (+90 362) 266 89 38
241 Siirt Branch	Bahçelievler Mah. Hükümet Bulv. No: 8/A Merkez/SİİRT	Tel : (+90 484) 224 69 30 Fax : (+90 484) 224 69 40
242 Keşeli Branch	Demircilerardı Mah. Celal Bayar Cad. No: 4A Merkez/SİVAS	Tel : (+90 346) 221 33 50 Fax : (+90 346) 221 33 80
243 Sivas Branch	Eskikale Mah. Sıracı Cad. No: 10/A Merkez/SİVAS	Tel : (+90 346) 225 72 00 Fax : (+90 346) 224 30 72
244 Emniyet Caddesi Branch	Ulubatlı Mah. Yunus Emre Cad. No: 69/A Merkez/ŞANLIURFA	Tel : (+90 414) 312 25 68 Fax : (+90 414) 313 58 66
245 Şanlıurfa Branch	Atatürk Mah. Atatürk Bulvarı No: 80/A Merkez/ŞANLIURFA	Tel : (+90 414) 215 54 21 Fax : (+90 414) 215 54 24
246 Cizre Branch	Sanayi Cad. Doğan Apt. No: 8/B Cizre/ŞIRNAK	Tel : (+90 486) 616 61 12 Fax : (+90 486) 616 61 18
247 Çerkezköy Branch	Gaziosmanpaşa Mah. Atatürk Cad. No: 1/A Çerkezköy/TEKİRDAĞ	Tel : (+90 282) 726 91 40 Fax : (+90 282) 726 72 92
248 Çorlu Branch	Kazimiye Mah. Salih Omurtak Cad. No: 20/A Çorlu/TEKİRDAĞ	Tel : (+90 282) 673 57 26 Fax : (+90 282) 673 57 32
249 Tekirdağ Branch	Yavuz Mah. Hükümet Cad. No: 125 Merkez/TEKİRDAĞ	Tel : (+90 282) 260 40 04 Fax : (+90 282) 260 40 03
250 Trabzon Branch	Kemer kaya Mah. Kahramanmaraş Cad. Ustaömeroğlu İş Merkezi No: 19 Merkez/TRABZON	Tel : (+90 462) 326 01 36 Fax : (+90 462) 322 37 48
251 Değirmendere Branch	Sanayi Mah. Devlet Karayolu Cad. No: 49 Merkez/TRABZON	Tel : (+90 462) 328 10 02 Fax : (+90 462) 328 10 05
252 Uşak Branch	Kurtuluş Mah. İsmetpaşa Cad. No: 46/A Merkez/UŞAK	Tel : (+90 276) 227 11 10 Fax : (+90 276) 227 74 76
253 Van Branch	Şerefiye Mah. Cumhuriyet Cad. No: 29 Merkez/VAN	Tel : (+90 432) 215 62 62 Fax : (+90 432) 214 44 45
254 Van Semaver Branch	Kazım Karabekir Cd. Semaver Kavşağı Arfay İş Merkezi No: 7 Merkez/VAN	Tel : (+90 432) 217 01 40 Fax : (+90 432) 217 01 44
255 Yalova Branch	R.paşa Mah. Cumhuriyet Cad. No: 16/A Merkez/YALOVA	Tel : (+90 226) 811 21 50 Fax : (+90 226) 811 21 58
256 Yozgat Branch	Medrese Mah. Lise Cad. Birlik İş Merkezi No: 26/A Merkez/YOZGAT	Tel : (+90 354) 217 84 10 Fax : (+90 354) 212 45 63
257 Karadeniz Ereğli Branch	Müftü Mah. Yukarı Sok. No: 4 Ereğli/ZONGULDAK	Tel : (+90 372) 323 53 23 Fax : (+90 372) 323 53 63

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