

Takasbank

ANNUAL REPORT 2013

From local to global, the address of trust in the markets



**TAKASBANK
ANNUAL REPORT 2013**

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INTRODUCTION

- MESSAGE FROM THE CHAIRMAN
- MESSAGE FROM THE CEO



Haydarpaşa Port:

It turned its face from Asia to Europe at the turn of 20th century. Maintained its great and sheltering posture for a century, it is still a guarantee for trade on the seashore of the Bosphorus, the meeting point of two continents.

Message from the Chairman

The capital markets global outlook has noticeably changed in the year 2013 in comparison to the previous year with the first signs of recovery in emerging markets.

Throughout 2013, Takasbank carried on its practices to build investor trust which is crucial for the realization of 2023 targets.

Dear shareholders,

The year 2013 witnessed significant economic turmoil for both our country and developing countries. In fact, the economic developments of 2013 may be divided into two periods, as pre-22nd May era and post-22nd May era. Upon the announcement by the Federal Reserve Bank (FED) on tapering and gradual termination of monetary expansion policy on May 22nd, 2013, a new era started in the economic architecture. Subsequent to this announcement signaling the end of monetary expansion, the US bond interest rates showed rising tendency and significant fund outflow from the developing countries began. On the other hand, the improvement observed in the US economic data, particularly unemployment figures towards the end of the year made it possible for FED to implement its new policy at an earlier stage. Accordingly, it has been announced that asset acquisition from 2014 onwards shall be decreased, which further heightened pressure on emerging markets.

The Eurozone entered into a new development phase in the aftermath of the results of the fiscal reforms in 2013 along with the recovery in the economic outlook of many countries, in particular that of Germany. The economic recovery in developed countries also had positive repercussions for the financial markets, resulting in a significant upward trend for indices throughout the year in many countries, particularly in Germany, the US and Japan. While the basic index in Germany, DAX, increased by 31% during the year, the US S&P index increased by 30% and Japanese Nikkei index by 29%. In other words, the global capital markets landscape considerably changed in 2013 compared to the previous year with the emergence of the first powerful signals of recovery in the developed economies.



When the growth trends of the emerging market economies are analyzed, it is seen that the growth pace of almost all economies significantly slowed down, in particular that of China. Leading the global economic growth by its two-digit growth performance in the last two years, China is expected to show a growth rate of 7.6% in 2013. In comparison to a growth rate of 2.2% in 2012, Turkish economy achieved a growth rate of 4.5% in the third quarter of 2013 despite the developments in the global markets landscape. Turkey's GDP is estimated to grow between 3.8% and 4% in 2013. The fact that leading international organizations, such as World Bank have downwardly revised their growth estimations for 2014 signifies major risks for our country as well. In fact, organizations such as IMF and World Bank predict a growth rate between 3.5% and 4% for the Medium Term Scheme, instead of an initial 4% target rate.

Whereas the emerging capital markets showed progress in the first quarter of 2013 compatible with the previous year, significant capital loss occurred due to the developments after 22nd May. The BIST 100 index fell by 26.3 % in USD terms throughout the year; this rate was 27% for Brazil and 20% for Indonesia. Moreover, MSCI Developing Countries Index fell more than 5% throughout the year.

It is estimated that the trends observed in the global economy in the period of last 12 years will perceivably change in 2014. As the effects of the Asian Crisis in 1997 have subdued, the performance of the emerging market economies constantly improved while the developed country economies have demonstrated relative regression. This was further reinforced by the 2008 crisis; and the contribution of developing countries to the global economy was for the first time on equal grounds with that of the developed countries'. However, the developments of the last year which are expected to continue in 2014 imply

that this tendency will not be persistent as before and that the developed economies will outperform emerging market economies. Thus, this may lead to a change of global investment preferences in favor of the developed economies.

As a reflection of changes in the global investment preferences, the fluctuations in the value of Turkish Lira in the last quarter of 2013 represented significant risks for the financial institutions in Turkey. However, we believe that our country has facilities and capabilities to overcome risks faced by the emerging market economies with minimum loss. That is, Turkey has undertaken serious reforms in the public finance management and in the banking sector in an attempt to address the public debt burden and borrowing costs.

Our organization, being one of the primary players of the capital markets, will contribute to sound functioning and progress of the capital markets in an attempt to overcome risks.

Dear shareholders,

In line with the target to further enhancing the development of capital markets, Takasbank took steps in 2013 for restructuring, which was initiated in 2012, Takasbank launched its vision to provide clearing and settlement services in an efficient, solid and reliable way in compliance with international standards in order to contribute to the vision of Istanbul being an international finance center and to enhance the competitive power of Turkish financial markets.

With the change in the entity name to Istanbul Takas ve Saklama Bankası A.Ş., Takasbank is defined as the Central Counterparty Institution of Turkey by Capital Markets Law no, 6362.

Another remarkable event of 2013 is that Takasbank has been authorized as the

Central Counterparty Institution by the Capital Markets Board and firstly started to provide Central Counterparty services for Securities Lending Market.

Furthermore, Takasbank, sponsored by Capital Market Board (CMB), became an endorsed Local Operating Unit (LOU) for the allocation of Legal Entity Identifier (LEI) codes.

Providing new services to the brokerage houses and banks, Takasbank began to provide clearing and settlement services to the cotton electronic commodity certificates, newly introduced for trading. Takasbank currently provides cash clearing and collateral management transactions for Istanbul Precious Metals and Diamond Markets operating within Borsa Istanbul.

In the last year, significant changes occurred in the governance structure of our organization, In line with our target to become a Central Counterparty institution, the paid-in capital was increased from TL 60 million at the end of 2012 to TL 420 million by an increase of TL 360 million; of which TL 180 million was rights issue and TL 180 million bonus issue.

Undertaking significant investments in the information technologies and infrastructures in 2013, Takasbank put into effect necessary IT infrastructure projects for development of new business services and improvement of the current services. To this end, under the strategic partnership agreement signed by Borsa Istanbul with Nasdaq OMX in 2013, our technological infrastructure for clearing and settlement of the products traded in the capital markets and management of clearing and settlement risks in these markets will be renewed by solutions to be provided by Nasdaq OMX in the next two years. Furthermore, again as a part of this strategic partnership, our information technologies and business teams will receive trainings from Nasdaq OMX. This development will, of course, provide

significant contributions to the expertise of our company about the clearing and settlement systems.

Turkish capital markets are entering a new era in 2014 which has great importance for our country. The capital markets legislation has been reformed since 2013, which certainly imposed new responsibilities on all market participants, Furthermore, investor trust which is strategically significant for our efforts to improve our country's target for 2023 was also gained in 2013.

In 2014, we will continue to provide reliable and effective services to financial markets with our highly competent personnel, new IT background having the most advanced quality and technological standards and our international vision. I would also like to take this opportunity to extend my gratitude on behalf of our Board of Directors and myself to all of our employees and stakeholders, who have supported us and shared our enthusiasm in the realization of our vision, which has been to serve as a leading institution in international markets and to contribute to the development of Turkish financial markets.

Yours sincerely,

M. İbrahim TURHAN, PhD
Chairman of the Board of Directors



Message from the CEO

Takasbank aims to provide more effective and rapid services due to infrastructure investments in 2013.

In 2013, 86 brokerage houses achieved total trading volume of TL 814.99 billion in Borsa Istanbul Equity and Emerging Companies Markets.

After netting, cash settlement of TL 58.70 billion and equities settlement with a total market value of TL 188.45 billion was executed.

Dear shareholders,

For Takasbank, 2013 was a year of gathering the first fruits of the steps taken in 2012 for change and preparation for future, in an attempt to contribute to Turkish markets to attaining a stable and sustainable structure.

Having never compromised on the values of reliability, stability, market orientation, efficiency, strong financial structure and transparency from the very beginning of its operations, Takasbank reinforced its restructuring efforts built on strong foundations in 2012 by means of new services and infrastructure investments undertaken in 2013.

In addition to infrastructure investments, Takasbank has carried out a human resources project to further strengthen its corporate culture in line with its new vision and mission.

A NEW YEAR, A NEW MILESTONE

The year 2013 was a year of milestones for Takasbank. Sponsored by the Capital Markets Board, Takasbank became an authorized Local Operating Unit (LOU) for the allocation of Legal Entity Identifier (LEI) codes. Moreover, Takasbank started providing cash clearing, settlement and collateral transactions for Istanbul Precious Metals and Diamond Markets operating within Borsa Istanbul A.Ş.

Renewing its website infrastructure for improvement of the services for the private pension system participants, Takasbank started to provide the private pension fund participants the opportunity to monitor fund share values 7 days 24 hours. In addition, the government contributions transferred to their accounts opened in their names can be monitored by using e-government passwords via Takasbank website www.takasbank.com.tr.



Another most important development for Takasbank is the provision of Central Counterparty service by authorization of Capital Market Law no, 6362. Takasbank started to provide central counterparty service firstly in the Securities Lending Market. Takasbank is taking one of the most concrete steps in the mission of being the guarantor for the effective operation of markets.

RAPID AND EFFICIENT SERVICE VIA MODERN INFRASTRUCTURE

Defining the management of risks and opportunities provided by technology in today's financial markets as one of its major targets; Takasbank undertook important infrastructure projects in order to provide its services in a faster and efficient way in 2013. Within this context, Takasbank also launched Network Load Balancer Project, adapting web applications access control, load sharing and security control mechanisms to the modern standards while it performed network improvements with respect to database, hardware, network, communication and business continuity management systems.

As a major actor in realizing the goal of making Istanbul a financial center and fulfilling the economic targets for 2023, Takasbank started its work to form an Integrated Data Center in 2013 in cooperation with Borsa Istanbul and Central Registry Agency (CRA). Takasbank is enthusiastic that our country will increase its competitive power and reach regional targets as a result of the above-mentioned investments and cooperation.

In compliance with the requirements of the current information age, Takasbank has created a new user-friendly website with the new corporate identity, allowing all parties to execute monitoring and control tasks more efficiently.

A CORPORATE CULTURE BEING THE GUARANTOR OF THE TARGETS

In order to service diverse products and ease the operational work load, the bank staff was increased to 240 people in number. Accordingly, a new organization chart has been adopted to meet the requirements of new workflows. Takasbank further enhanced its rewarding corporate culture in 2013 and put into effect a number of initiatives to keep its personnel highly motivated.

TAKASBANK IN TERMS OF 2013 PERFORMANCE

In 2013, the total trading volume executed by 86 brokerage houses in the Equity Market and Emerging Companies Market reached to TL 814,99 billion, After the netting procedure, Takasbank executed cash settlement with a value of TL 58,70 billion (7,20%) and equities settlement with a total market value of TL 188,45 billion (23,12%).

Takasbank started to provide clearing, settlement risk management and collateral management services for the trades executed at Borsa Istanbul Futures and Options Market (VIOP) as of December 2012. With the merger of Turkish Derivatives Exchange operating in Izmir (TURKDEX-Turkish Derivatives Exchange Inc.) with Borsa Istanbul on August 5th 2013, VIOP continued to operate within Borsa Istanbul. After the merger, VIOP members reached to 89 while open interest reached to 317,715 and market value was recorded as TL 1,782 million by the end of 2013. The trading volume at VIOP reached TL 2,069 million and total number of accounts was 88,227 as of 2013 year-end.

237 PENSION FUNDS OF 18 COMPANIES ARE HELD WITH TAKASBANK

The number of accounts including private pension funds reached to 4,566,619 by an increase of 1,216,067 as of December 31, 2013. The fund size held by the private pension fund participants reached to TL 26,282 million with an increase of around TL 6 billion. With the addition of a pension company in 2013, 18 pension companies held 237 pension funds with Takasbank as of December 31, 2013.

Providing brokerage houses the opportunity to have access to the electronic fund and securities transfer systems operated by the Central Bank of Turkey (CBoT) through Takasbank Electronic Transfer system (TETS), Takasbank has a critical place in Electronic Fund Transfer (EFT) system. Excluding the EFT transactions executed by CBoT, Takasbank ranks as the fifth largest bank by transaction volume.

22% INCREASE IN THE AVERAGE TRADING VOLUME

In 2013, a total of 80 institutions - 64 of which are brokerage houses, 11 deposit banks and 5 development & investment banks - performed transactions in the Takasbank Money Market. In 2013, the total trading volume reached to the highest value since the inception of the market, reaching to TL 234.00 billion by an increase of 29% in comparison to previous year. Average trading volume reached to TL 1.67 million by an increase of 22%. While daily average trading volume realized as TL 936 million, the number of daily transactions and daily average transactions was recorded as 140,396 and 562, respectively, by an increase of 6% compared to 2012.

Appointed as the central settlement bank for Turkish Electricity Market in December 2011, Takasbank provides cash clearing, settlement and collateral management

services to 765 electricity participants. The total market value of the collateral held at Takasbank for trading in the Electricity Market reached TL 361,943,937.88 as of December 31, 2013.

In 2013, Takasbank generated pre-tax profit of TL 101.2 million and net profit of TL 81.8 million. As a result of interest revenue of TL 123.67 million and interest expense of TL 32.9 million, a net interest revenue of TL 90.76 million and net fee and commission revenue of TL 63.33 million were recorded.

NEW COLLABORATIONS TO REACH GLOBAL TARGETS

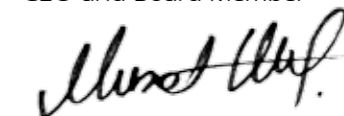
Aspiring to become a leading financial institution in the region, Takasbank has continued to share its experience and know-how both in national and international platforms with other clearing, settlement and custody organizations in 2013.

In response to the requests from foreign as well as international central securities depository institutions for global account structure practice in Turkish capital markets, workshops were held with the Capital Markets Board and Revenue Administration, Office of the Ministry of Finance. Agreements were signed with major financial organizations on membership and representation.

The 2023 vision of Turkey attributes great importance to the stability of capital markets. With its renewed mission and its vision incorporating international markets as well, Takasbank will continue to carry out the duty and responsibility on its part in line with this target.

Yours sincerely,

Murat Ulus
CEO and Board Member





■ COMPANY PROFILE

Ayvalık Port:

This ancient asset, actually appeared on the stage of open seas in late 18th century, welcomes more than 50 thousands of passengers each year, providing a safe harbor for the ships.

Company Profile

The secret to stability symbol lies in the vision focusing both on national and international issues, deep-rooted in history and steady values.

Vision

"To be a trustworthy, effective and innovative institution which provides clearing & settlement, banking and central risk management services at global quality standards, preferred both in domestic and international markets."

Mission

"Takasbank is an institution contributing to the development of markets with its reliable and effective post-trade services."

Values

TRUST

Adhering to the principle of trustworthiness in Takasbank's relations with its customers, shareholders, stakeholders and employees; executing services in a timely and accurate manner according to providence of clear, accurate and correct information within the concept of mutual trust.

STABILITY

As an important infrastructure institution of capital markets providing efficient clearing, settlement and custody services, Takasbank contributes to the financial stability both in organized and over-the-counter markets in Turkey.

MARKET ORIENTATION

Generating solutions contributing to enhance the effectiveness of the financial system in clearing, settlement, custody and other related banking services as well as to the development of markets; developing projects within the framework of current and future needs of customers comprising of brokerage houses, exchanges and other capital market institutions and working with customers

and related institutions in a continuous cooperation, solidarity and coordination environment.

EFFECTIVENESS

Adopting a researching and questioning approach for development of clearing, settlement and custody services of Takasbank; producing the most accurate and optimal solutions within the sector and market needs and benefiting from professional expertise and corporate memory for this process at the utmost level.

ROBUST FINANCIAL STRUCTURE

Keeping the financial assets of Takasbank at a level necessary to encompass the risks undertaken and to cover the commitments given to the markets and settlement members, within the framework of the target to launch central counterparty mechanism at the capital markets through effective clearing, settlement and custody services.

TRANSPARENCY

Disclosing the necessary notices and announcements to both public and the related parties in an accurate and timely manner, acceptance of the responsibilities and accountability requirements as well as being ready and open to public audit by Takasbank.

History

Clearing and settlement transactions in Turkey (the actions to be taken regarding payments to be made and delivery of securities in capital markets) were realized between the parties without intermediation in the years 1986 and 1988. Between 1988-1992, the clearing, settlement

and custody transactions were executed by a department within the Istanbul Stock Exchange (ISE) and then in 1992 transferred and entrusted to ISE Settlement and Custody Inc., a company founded as a partnership between the ISE and its members.

Increasing both the diversity and the range of its services by acquiring investment banking license in 1996, Takasbank founded the Central Registry Agency (CRA) in 2005 in cooperation with ISE for the dematerialization and custody transactions of on-exchange securities.

Upon the legal entity name change of the bank's biggest shareholder from "Istanbul Stock Exchange (ISE)" to "Borsa İstanbul Inc. (BIAS)", the legal entity name of Takasbank "ISE Settlement and Custody Bank Inc." was changed to "Istanbul Settlement and Custody Bank Inc.-Takasbank" as of 11 April 2013.

Milestones

2013

- Title was changed to "Istanbul -Settlement and Custody Bank Inc.-Takasbank".
- Authorized by the Capital Markets Board as the Central Counterparty and started to provide Central Counterparty services firstly to Takasbank Securities Lending Market.
- Started to provide clearing and settlement services to the cotton electronic product certificates (EPC) that became newly operational.
- Authorized as the Pre-Local Operating Unit (Pre-LOU) for allocation of Legal Entity Identifier (LEI) Code by the Regulatory Oversight Committee (ROC) under sponsorship of CMB.
- Started to provide cash settlement and collateral transactions services for Istanbul Gold Exchange transactions.
- Participants of the private pension system were allowed to have access to Takasbank via e-government application.
- Completion and operation of the "Oracle Transformation Project" involved with a very comprehensive change in the Information Technologies infrastructure of Takasbank together with change in the entire Database Management System.
- Takasbank Information Technologies planned and started to be used in a tripartite structure, namely, actual environment, business continuity and emergency center.

2012

- Takasbank began to provide clearing, settlement, collateral management and risk management services to Borsa Istanbul Futures and Options Market.
- Takasbank logo and corporate identity were changed in such a way to reflect in the best way the confidence and future oriented targets as the basic values of the Bank
- Takasbank was commissioned by Istanbul Gold Exchange as the clearing service provider under the project for consolidation of the exchanges under a single roof to provide service via a common clearing and electronic platform.

2011

- Takasbank was authorized by CMB as FOREX Trade Repository (TR) institution.
- Turkey Electronic Fund Distribution Platform (TEFAS) founded by Takasbank and CRA began its operations.
- Collateral agency service started to be provided for mortgage financing firms.
- Cash settlement and collateral management service as Central Settlement Bank began to be provided to the Turkish Electricity Market.

2007

- Real time gross settlement Delivery versus Payment (RTGS DvP) system has been integrated with SWIFT.

2006

- Clearing and settlement services started to be provided for corporate bond transactions.

2005

- Central Registry Agency (CRA) started its operations.
- Takasbank Securities Lending Market began its operations.

2003

- Custody services began to be provided to the Private Pension System.

2001

- CRA (Central Registry Agency Inc.), was founded under the leadership of ISE (Borsa Istanbul) and Takasbank.
- Real time gross settlement Delivery versus Payment (RTGS DvP) system has been established.

1997

- TETS (Takasbank Electronic Transfer System) has begun to operate.
- Eurobond clearing and settlement operations began with the securities account being opened with Euroclear Bank.

1996

- ISE Clearing and Custody Bank, Inc. was founded upon receiving an investment bank license.
- Cash credit service started to be provided.
- Takasbank Money Market started to operate.

1995

- Takasbank was authorized by the CMB as the National Numbering Agency.
- Takasbank became a member of the Association of National Numbering Agencies (ANNA).
- Takasbank became a member of the International Securities Services Association (ISSA).

1992

- ISE Settlement and Custody Inc. was established.



Services

CENTRAL COUNTERPARTY SERVICE

CLEARING & SETTLEMENT SERVICES

- Debt Securities Market Clearing & Settlement Service
- Equities and Equity-like Instruments Market Clearing & Settlement Service
- Derivatives Market Clearing & Settlement Service
- Electricity Market Clearing & Settlement Service
- Precious Metals and Diamond Market Clearing & Settlement Service
- Turkey Electronic Fund Distribution Platform

CUSTODY SERVICES

- Information Service of Private Pension Funds Unit Shares
- Private Pension Funds Unit Shares Management Service
- Debt Securities Corporate Action Service
- Physical Custody Service
- Global Custody Service
- Book-Entry Custody Service
- Share Certificates Corporate Action Service
- Local Custody Service
- Precious Metals Custody Service

COLLATERAL MANAGEMENT SERVICES

- Debt Securities Collateral Monitoring (BIAS) Transactions Service
- Electricity Market Collateral Management Service
- Guarantee Fund Collateral Management Service
- Leveraged Trading Collateral Management and Reporting of Leveraged Transactions to CMB
- Derivatives Market Collateral Management Service

ASSET TRANSFER SERVICES

- Debt Securities Transfer Service
- Exchange Traded Fund Creation and Redemption Service
- Equities and Other Equity-like Instruments Transfer Service
- Foreign Exchange Payment and Transfer Service
- Precious Metals Transfer Service

MARKET OPERATION SERVICES

- Securities Lending Market (SLM) Service
- Takasbank Money Market (TMM) Service

CASH CREDIT SERVICE

NATIONAL NUMBERING SERVICE

DATA BROADCASTING SERVICE

CASH CORRESPONDENCE SERVICE

COLLATERAL AGENCY SERVICE

INVESTMENT FUND VALUATION SERVICE AND REPORTING TO CMB

REPO-REVERSE REPO MONITORING AND REPORTING SERVICE

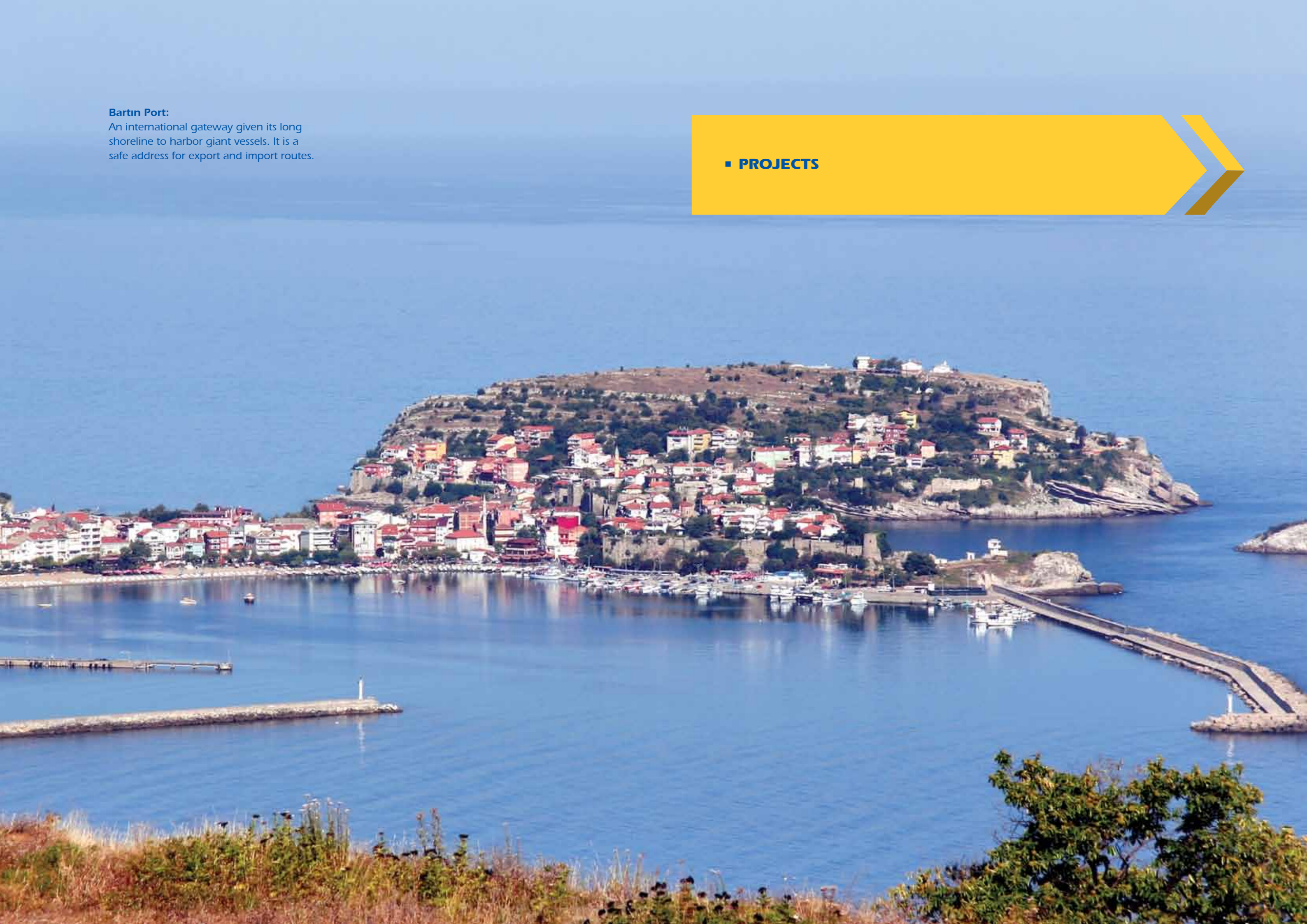
EQUITY RELATED COLLATERAL SAFE-KEEPING OF BROKERAGE HOUSES

CLOSED BROKERAGE HOUSE TRANSACTIONS SERVICE

Bartın Port:

An international gateway given its long shoreline to harbor giant vessels. It is a safe address for export and import routes.

■ **PROJECTS**



Projects

In the year of milestones, Takasbank has reinforced its position as a reliable address in both local and international markets with Business Service Projects and Information Technologies Projects.

Business Service Projects

CENTRAL COUNTERPARTY PROJECT

The centralization of collateral and risk management was ascribed to the responsibility of Takasbank, as specified in the Istanbul Finance Center Strategy and Action Plan in Article 15 published in 2009. This became one of the critical agenda items required to be put into effect in 2013.

This project aims to establish a risk-mitigating and cost efficient structure by reducing the settlement risks by means of measuring the risks and collateral real-time in accordance with the market conditions. This structure shall allow cross-margining between the markets and products and risk based margining shall be applied.

In this project, Takasbank will act as a central counterparty (CCP) for all markets where Takasbank executes clearing and settlement. In this context, Takasbank started to provide CCP services to Securities Lending Market (SLM) as of September 2, 2013 and it plans to provide central counterparty service for Borsa Istanbul Futures and Options Market (VIOP) as of March 3, 2014 and gradually in the Borsa Istanbul Equity Market and Debt Market in 2015 and 2016 respectively.

Within the framework of the above-mentioned scheme, steps were taken in 2013 to establish a Risk Management and Oversight System for management and oversight of the risks both in the organized markets and over-the-counter markets.

RESTRUCTURING PROJECT FOR CENTRAL BANK OF THE REPUBLIC OF TURKEY (CBRT) PAYMENT SYSTEMS

Within the framework of the Restructuring Project for CBRT Payment Systems, Takasbank software

programs were updated and integration between Bond System and EMKT2 system was completed in accordance with the regulations on participant interface system, interbank TL transfer system (EFT3) and Electronic Securities Transfer System (EMKT) and entered into effect in July 12, 2013.

During the implementation of the project, the collateral belonging to brokerage houses which are authorized to execute open market operations under custody of the CBRT was transferred to Takasbank. The collateral is monitored in the name of the members and collateral deposit-withdrawal can be executed on the Takasbank system.

Development of Business Continuity Management System

With the aim of becoming an institution putting people first, adopting continuous service improvement and being a reliable institution for business continuity both in local and international markets, Takasbank targets to establish business continuity management system and to acquire ISO 22301 Business Continuity Certificate in 2014.

In this framework, necessary infrastructure for business continuity was provided and made ready for installation. All business and management processes of our bank as well as roles and responsibilities concerning these processes were defined.

ICSD PROJECT

Within the framework of Takasbank becoming an international clearing, settlement and custody institution (ICSD),

significant steps were taken for provision of global custody for financial institutions based in Turkey and local custody services for international institutional investors. In order to establish linkages with other clearing and custody institutions, work is in progress for developing post-trade linkages with the post-trade infrastructure institutions, establishment of account infrastructure as well as adopting straight-through-processing at Takasbank infrastructure.

Within the framework of the capital market linkages project launched by Borsa Istanbul for cooperation among exchanges, Takasbank continued its endeavors to develop post-trade linkages.

Additionally, cross-listing of exchange traded funds and establishment of post-trade infrastructure for depositary receipts in cooperation with the international, global and local custody institutions was put in place. Furthermore, work has been carried out with the related local and foreign organizations for development of tax legislation for the global account structure.

In order to enhance diversity of the capital market instruments for which global custody services are provided, Takasbank started to work with different global depositories and ICSDs. We continue to provide services with Euroclear Bank, our securities correspondent, and with National Bank of Greece for Greek securities. Moreover, account opening processes were completed with Citibank Global Custody, London in 2012 and with Clearstream Banking and BNP Paribas Milan in 2013.

TAKASBANK REAL ESTATE TRADING-MORTGAGE SYSTEM PROJECT

For property trading transactions, Takasbank and the General Directorate of Land Registry and Cadastre will cooperate in order to establish a web-based escrow system for the simultaneous buy / sell transactions of immovable assets. This service is to be performed by Takasbank as an impartial payment agency and an effective, uninterrupted, reliable and cost efficient system in compliance with international standards is to be offered, which shall contribute to diminish unrecorded transactions; and thus contribute to the national economy.

This Project is expected to create the benefits such as:

- Solution of any confidence problem between the parties
- Elimination of cash handling risk
- Performing operations at actual prices and thus reduction of tax loss
- Facilitation of audits to be conducted by the authorized organizations with respect to the operations performed as central agency
- Establishment of proper statistical information due to centralization of the operations; and
- Establishment of a modern, reliable and technological infrastructure for the operations and creation of time, labor and expense advantage for all parties.

PROJECT FOR IMPROVEMENT OF TURKEY ELECTRONIC FUND DISTRIBUTION PLATFORM (TEFAS)

For enhancement of the effectiveness of the platform and upon taking opinion of the industry participants, the project continues for meeting the demands of the industry, making it easier for the investors to have access to information about funds and improve their awareness. The project is

scheduled to be put into effect on July 1, 2014.

LICENSED WAREHOUSING PROJECT

With respect to formation, trading, clearing and settlement processes of Electronic Product Certificates (EPCs), joint operations were performed in 2012 by Izmir Commodity Exchange, Ege Agricultural Products Licensed Warehousing Inc. Central Registry Agency and Takasbank. At the first stage, electronic product certificates were generated on basis of cotton to be traded and operations concerning clearing and settlement process were complete. Trading of EPCs commenced at Izmir Commodity Exchange in 2013 and clearing-settlement of the transactions were executed by Takasbank.

In addition to the Izmir Commodity Exchange, Ankara, Konya and Polatli Commodity Exchanges also signed clearing and settlement protocol with Takasbank and became member of Takasbank along with the licensed warehouses.

TRADE REPOSITORY PROJECT

As per the Capital Market Law Article 87, the project framework consists of reporting obligations for the transactions executed both on organized platforms and over the counter markets to Takasbank. Takasbank is responsible for disclosure of the information, analysis and reports based on data gathered to the regulatory/supervisory organizations and to the public according to its content.

Within the scope of the project, reporting formats specified in the related regulations for communication of the operational information to the trade repository agency were reviewed and software implementations were completed and tests were conducted. Improvement and revisions are continued in the aftermath of the tests.



LEI PROJECT

With the prefix "7890" given by Regulatory Oversight Committee (ROC) to Takasbank in September 2013, Takasbank started to allocate legal entity identifier codes (p-LEI) for Straight Through Processing (STP) performance of the operations. It started necessary infrastructure development in 2013 and the project is scheduled to be completed in the first quarter of 2014.

PROJECT FOR THE ENHANCEMENT OF PRIVATE PENSION CUSTODY SYSTEM

Upon entry into effect of the new legislation on January 1, 2013, Takasbank carried out some innovations and improvements in the system by taking advantage of the current technological developments. In order to enhance effectiveness related to the private pension accounts of the participants, a protocol was signed with TÜRKİYE İletişim ve Kablo TV İşletme A.Ş. for use of "e-government" application by Takasbank, which was established for provision of the public services on a common platform via a single gateway and access by the citizens to the government

services via electronic environment in a reliable and effective way. Accordingly, the participants of the private pension system will use their respective e-government passwords to connect via "Bireysel Emeklilik" link in the website www.takasbank.com.tr and control the amount of the government contributions transferred to their accounts in terms of number and market value of the fund units together with the existing fund unit amounts. Furthermore, the participants, if they wish, may request communication of daily balance changes in their accounts by SMS and/or e-mail and of the monthly balance changes and monthly fund unit amount information by e-mail by using the section "Bilgilendirme İşlemleri" after connecting to the link "Bireysel Emeklilik". The project was put into effect as of January 7, 2013. Approximately 111,000 participants have logged in to the system as of December 31, 2013 and 9,000 participants requested communication by daily SMS, 17,000 participants requested daily activities by e-mail, 20,000 participants requested monthly balance by e-mail, and 17,000 participants requested monthly activity by e-mail.

The Undersecretariat of Treasury published "Regulation on Government Contribution in

the Private Pension System” on December 29, 2012. With the new legislation, the government contributes by 25% to the contributions made by the participants and the government contributions are deposited by the Treasury with the Pension Oversight Center account and monitored in blocked status in the cash blockage accounts opened with Takasbank by the private pension companies under the private pension funds.

Furthermore, a new segregated sub-account was defined by Takasbank to keep the government contribution amounts separate from the amount of government contributed fund shares.

Under the project, operations are to be completed for monitoring of the contractual information, indicating contribution amounts deposited by the participants, deductions made and fund distribution and the fund shares by Takasbank on participant basis. The revision is scheduled to be put into effect in February 2014.

New Takasbank Audio Communication

System: Takasbank Audio Communication System was renewed and put into effect in September 2013 for the private pension fund users. The participants may, via this system, control the current fund values in the accounts opened in their name together with the government contribution amounts transferred to their accounts in terms of number of funds and market value and send such this information to their e-mail addresses.

CALCULATION OF PERFORMANCE FEE FOR PRIVATE PENSION FUNDS

As per the Articles 48, 54 and 128 of Capital Markets Law no 6362 (Published on the Official Gazette dated 30/12/2012, no: 28513), the “Communiqué on Principles of Performance Presentation, Performance-Based Remuneration of the Retail Portfolios

and Collective Investment Undertakings and Scoring and Rating Activities of the Collective Investment Undertakings” was published by the Capital Markets Board. This Communiqué has regulated the principles and procedures to be followed to measure performances of both the retail portfolios and the collective investment undertakings such as investment funds, to identify comparison benchmark, to present the results to the public and to collect the performance-based management fee.

The Undersecretariat of Treasury and Capital Markets Board require that the amounts of the performance fee concerning Private Pension Funds are calculated by Takasbank, stating that this situation will have positive effect on the costs that may arise on the part of Private Pension Companies. Moreover, it will be appropriate due to the impartial role assumed by Takasbank. Actions related to the subject started by Takasbank in 2013.

PORTFOLIO CUSTODY SERVICE PROJECT

“Communiqué on Portfolio Custody Service and Institutions to provide this Service (III-56,1) was published in the Official Gazette 28695 of July 02, 2013. In the Communiqué, article 6 “Principles for being authorized as portfolio depository” reads “(1) Takasbank and banks and brokerage houses authorized by the Board may provide portfolio custody service ensuring that the conditions laid down in the present Communiqué are satisfied. It was resolved that Takasbank may provide this service as per the Capital Markets Law, Article 56, and the Communiqué mentioned above and steps were taken related to this project.

Information Technologies (IT) Projects

BUSINESS CONTINUITY AND INFRASTRUCTURE TRANSFORMATION (ORACLE TRANSFORMATION) PROJECT

Database Management System

As a result of the initial preparation and research workshops that started in 2012, project for migrating from Sybase to Oracle, which had been the corporate production database management system as of 1997, was finalized by September 2013. The goal of this extensive project was to achieve a database infrastructure with easier management, higher-availability, measurable performance metrics and improved performance for provided services while reducing the maintenance costs at the same time.

The project, which has been the most extensive IT infrastructure project in the history of Takasbank, provided a triple architecture; comprising of two co-located database hardware on Takasbank primary site, one production system working on two different hardware backing each other up and conduct load distribution besides a business continuity database designed in the same structure feeding from the production environment half synchronously and a third database on the disaster recovery site (DR) located in Ankara Turkish Telecom Data Centre (TTVM) feeding asynchronously from the production environment having similar back-up structure. Each database instance was provided by two active-active working nodes to guarantee high availability requirements. The production database was real-time replicated to co-located Business Continuity database instance synchronously and to the DR database instance asynchronously.

Furthermore, conversion from T-SQL to PL/SQL language was successfully performed for about 9.000 database stored procedures that constituted a significant part of Takasbank information assets and incorporated the entire business logistic. Improvements and consolidations were executed in the table structures and, in short, almost all components of the Bank’s database were revised. In parallel to these revisions, modifications were carried out for web and desktop applications, external corporate integrations and on hardware used for these applications.

Upon completion of the functional and scenario tests, additional tests were conducted with the internal and external stakeholders, and new database management system was put into effect on September 2, 2013. With the new infrastructure, Takasbank was ready to catch up with the most advanced IT technology, and remarkable improvements were obtained in both service level and quality.

Hardware

In the design of the data centers, servers with Xeon processor were considered suitable in place of servers equipped with Itanium processor in current use and they are purchased for this purpose. At the data center of the Headquarters, a system structure consisting of two servers, two SAN switches and one disk unit as the main system and a system structure consisting of two servers, two SAN switches and one disk unit as business continuity system was made available. However, at the Business Recovery Center at Ankara, a structure was consisting of two servers, two SAN switches and one disk unit was formed.

In this context, Linux operating system of the new structure was started to be used instead of UNIX operating system previously used in the servers serving the database.



Network and Communication

Servers and distribution systems being used in the data centers are connected to our network backbone systems by copper and fiber technology. Our network backbone system consists of two backbone switches operating active/active uninterruptedly. Backbone traffic operates with fiber connection technology, each with capacity of 10 Gbps. Due to active/active deployment, each system operating at critical level is capable of connecting to the local area network (LAN) at high speed at nanosecond (ns) level with 60 Gbps capacity at some places due to redundancy structure. It is possible to further increase this capacity by increasing the number of connections. High performance information technologies network (InfiniBand) required to be used in Oracle database structure were included for use. InfiniBand is designed to be of high capacity, low latency and scalable, providing uninterrupted and quality access service under heavy load. Investment has been made to extend capacity of our backbone infrastructure in use for copper and fiber connection infrastructure required by

Oracle database systems and virtual-physical server systems deployed for business continuity.

Also capacity extension has been made in order to use TTVPN cloud structure more effectively which has been used for communication between our database centers put into operation in the previous years in Istanbul and Ankara. Istanbul – Ankara access speed is increased to 9 milliseconds (ms), 100 Mbps. Multiple input and multiple output is possible with this flexible cloud system. Thus a remote network access structure is being used to respond to possibilities of business continuity with multiple combinations. Oracle database production replication traffic and copy of the data kept in the critical servers can be transmitted from the systems in Istanbul to Ankara systems with minimum delay.

NETWORK LOAD BALANCER PROJECT

Use of Network Load Balancer equipment has been required to enhance control

mechanism with respect to control of access to Takasbank web applications, load balancing, business continuity and security as well as to manage these processes more effectively.

For selection of the products under Load Balancer, the reports by the independent organizations, support and widespread support and sale of the products in our country and products among the best have been taken into consideration for their contribution to Takasbank systems. In order to further strengthen continuity structure of the web services provided by Takasbank, it was deployed in the systems of Headquarters, Istanbul and Data Backup Centre, Ankara, taking into account the security requirements as well. Load Balancer allows monitoring the member terminal connection end-to-end as well as the response times of the service.

Furthermore, Web Application Firewall (WAF) security module providing application security beyond the traditional security structure on the software and hardware purchased for the internet systems and Global Traffic Manager (GTM) module allowing geographical load sharing for internet access of the systems in Istanbul and Ankara have been used in the bank for the first time.

Modules of the Load Balancer structure allowing business continuity were activated in 2013. Additional features to generate added value in the sense of security on the existing critical systems are still in the process of installation. These services will be included in the production environment in the first quarter of 2014.

WAN OPTIMIZER PROJECT

A solution has been required to control data transmission traffic without any disturbance of the communication integrity between Takasbank network and remote network access systems. For

selection of the products under WAN Optimizer project, the reports provided by independent organizations, support and widespread support and sale of the products in our country and the contribution of the best products to Takasbank systems are taken into account.

Products under the project have been deployed in Takasbank network topology in two phases. In the first phase, it was deployed to enhance replication efficiency of Oracle, Windows DFS, Exchange and backup systems on the wideband circuit of Takasbank running between Istanbul and Ankara. Consequently, it has improved efficiency by 60% on average in the transmission traffic. Additionally, Oracle database full replication time has reduced from 27 hours to 7 hours. This phase was put into operation in 2013 and started to be used between the data centres of the bank.

In the second phase of the project, agent deployment was performed at Takasbank terminals operating on part of the members, aiming at speeding up time for use of screen by the members operation on low bandwidth. To this end, deployment was made at the sample member terminal working at a circuit end of 256 Kbps. In this way, member entry screen started to appear in 28 seconds only, compared to 27 seconds when the agent is disabled. It has been observed that the screen use accelerated in the range of 1-100 times, depending on the rate of repetitive data. And the configuration equipped with agent proved to provide enhanced efficiency by 77% in average. Tests of the product at the member terminal still continue. Complete use of agent to cover all our members is scheduled to be in the first quarter of 2014.

COMMON DATA CENTRE (CDC) PROJECT

Within the framework of Istanbul Finance

Centre project, operations were started to build Common Data Centre for common use by the stakeholders of Borsa Istanbul, Takasbank and CRA. Operations were performed focusing on creation of technological solutions that can be used by the stakeholders and financial organizations in common in the structure of CDC, use of structural technologies to minimize earthquake and security risks and reduction of operational costs.

The aim is to deliver the applications and solutions developed by Turkey in information technologies used in the financial markets to the other countries, particularly the regional countries by means of technical information transfer and service export. It is considered that competitive power of our country will improve, taking us one step further to become a regional finance center as a short-term target.

In this respect, plans were made for transfer of critically important services functioning under IT infrastructure of Takasbank. The technological infrastructure of Takasbank was reviewed for the new center. Detailed planning was made considering number of cabinets as well as the cabling configuration for an infrastructure of critical services. Also it was decided that the connection configuration for member access be made common with Borsa Istanbul and, accordingly, tests and modeling were completed.

After Turkish Derivatives Exchange (TURKDEX) and Borsa Istanbul Futures and Options Market (VIOP) merge, VIOP member network was transferred from the member network of Takasbank to Borsa Istanbul member network. Transfer of Takasbank and CRA common member network to Borsa Istanbul member network is scheduled to be completed in 2014. Also transfer of the Takasbank information technologies production system will be transferred to the data center to be prepared in 2014.

TAKASBANK ISO 27001 INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS) ADAPTATION PROJECT

In order to perform information security operations in Takasbank in accordance with a global management system and standard, the project started on November 18, 2013 for implementation of Information Security Management System. It was resolved that ISMS implementation project should cover Takasbank entirely.

The project plan was made for the operations and benefits gained in case of ISMS project and risks taken in absence of ISMS have been identified. According to the schedule, it will be ready for certification application in June 2014.

WEBSITE DESIGN PROJECT

In 2013, Takasbank website was redesigned in line with the renewed corporate identity in a user-friendly way, allowing broadcasting of the company-related developments effectively.





■ CAPITAL AND SHAREHOLDERS STRUCTURE

Bodrum Port:

A worldwide-known holiday resort, which serves as a magnificent port with advanced transportation and accessibility facilities... Cited as "New St. Tropez", this pearl-like location greets yachts with its natural beauty decorated with purple bougainvillea.

Capital and Shareholders Structure



THE CHANGES IN THE BANK'S CAPITAL STRUCTURE AND SHAREHOLDERS DURING THE REPORTING PERIOD

The Bank's primary shareholders and capital structure as of December 31st, 2013 and December 31st, 2012 are shown in the following table:

ITEM NO	SHAREHOLDERS	CURRENT PERIOD		PREVIOUS PERIOD	
		PAID-IN CAPITAL	%	PAID-IN CAPITAL	%
1	Borsa İstanbul A.Ş.	218.638	52,06	21.992	36,65
2	Tacirler Yatırım Menkul Değerler A.Ş.	21.000	5	3.000	5
3	T. Sınai Kalkınma Bankası A.Ş.	21.000	5	3.000	5
4	Phillip Capital Menkul Değerler A.Ş.	21.000	5	3.000	5
5	T.C. Ziraat Bankası A.Ş.	-	-	2.915	4,86
6	Yapı Kredi Yatırım Menkul Değerler A.Ş.	20.405	4,86	2.915	4,86
7	T. Garanti Bankası A.Ş.	20.405	4,86	2.915	4,86
8	Türkiye İş Bankası A.Ş.	20.405	4,86	2.915	4,86
9	Türkiye Vakıflar Bankası T.A.O.	20.405	4,86	2.915	4,86
10	Other* (53 shareholders – 71 shareholders by December 31, 2012)	56.742	13,5	14.433	24,05
	Total	420.000	100	60.000	100

* In the "Others" row, out of the 13.5% shares, 8.33% belongs to a total of 43 brokerage houses and the remaining 5.17% to 10 banks.

In the shareholder structure of Takasbank, 52.06% of the shares belong to Borsa İstanbul A.Ş. While Borsa İstanbul A.Ş. was originally a public legal entity under the title of Istanbul Stock Exchange, its legal status was transformed to a joint stock company in the status of private legal entity, as specified in the Capital Markets Law no 6362. Established to deal with exchange business pursuant to the Article 138 of the Law, Borsa İstanbul A.Ş. incorporated all exchanges in our capital markets under a single roof and started to operate upon the direct registration and promulgation of its Articles of Association on April 3, 2013.

Pursuant to the provisions of the Law and applicable regulations, the primary objective and business line of Borsa İstanbul A.Ş. is to provide and develop a trading platform, market, system and other organized platforms for transactions of the capital market instruments, foreign currencies and precious metals and precious stones and other contracts and assets deemed eligible by the Capital Markets Board reliably in a transparent, competitive, reliable and stable environment. The trading platform shall allow for orders matching and prices shall be determined and announced while trading platforms or markets of other exchanges shall be managed/operated and other duties set forth in the Articles of Incorporation.

The changes in the shareholding structure during the current period are shown below:

FORMER SHAREHOLDER	NEW SHAREHOLDER	SHARE VALUE	RATIO (%)
Güven Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	957.500	1,5958
Global Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	953.667	1,5894
Öner Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	583.000	0,9717
Alkhair Capital Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	100.000	0,1667
Güney Menkul Değerler Ticaret A.Ş.	Borsa İstanbul A.Ş.	75.877	0,1265
Sardis Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	64.363	0,1073
Bahar Menkul Değerler Ticaret A.Ş.	Borsa İstanbul A.Ş.	54.000	0,0900
Prim Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	50.000	0,0833
Sanko Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	29.150	0,0486
T.Ticaret Bankası A.Ş.	Borsa İstanbul A.Ş.	29.150	0,0486
Toros Menkul Kıymetler Ticaret A.Ş.	Borsa İstanbul A.Ş.	27.150	0,0453
Boyut Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	20.000	0,0033
Egemen Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	20.000	0,0333
Nurol Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	10.000	0,0167
Ulus Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	10.000	0,0167
Eti Yatırım A.Ş.	Borsa İstanbul A.Ş.	5.000	0,0083
Morgan Stanley Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	5.000	0,0083
Renaissance Capital Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	5.000	0,0083
Ata Yatırım Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	4.395.400	1,0465
Eczacıbaşı Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	4.200.000	1,0000
AKS Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	2.000	0,0033
Acar Yatırım Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	1.912.000	0,5552
Oki Yatırım ve Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	1.000	0,0017
İnfo Yatırım A.Ş.	Borsa İstanbul A.Ş.	800	0,0013
Boğaziçi Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	346	0,0006
Ataonline Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	233.200	0,0555
T.C. Ziraat Bankası A.Ş.	Borsa İstanbul A.Ş.	20.405.000	4,8600

(*) Indicates the bank's shares acquired by the existing shareholder Borsa İstanbul A.Ş. as of 31 December 2013.
(**) Full TL.

Dividend payment:

In accordance with the Ordinary General Meeting dated 29 March 2013, dividend amounting to TL3.695 has been paid to shareholders and employees at 6 April 2013. In accordance with the Ordinary General Meeting dated 29 March 2013, the capital yields tax provision to the personnel, management and audit committee which is TL 700 is taken from provision account and add to the excess reserve account.

Titles of the Real and Legal Persons Holding Qualifying Shares

With a nominal paid-in capital of TL 420,000,000 all of the share certificates to be issued representing Takasbank Class-A and Class-B shares are registered; the transfer of these shares is permitted only to Borsa Istanbul A.Ş., its members and among;

- Existing and future gold, foreign currency, derivatives and stock exchanges and their members,
- Mutual funds and investment trusts, investment consultancy and asset management institutions, derivatives instruments brokerage houses, institutions that deal with clearing, settlement and custody of capital market instruments, publicly held joint stock companies whose shares are traded in organized markets (all of these institutions, agencies and companies must be founded in accordance with the Capital Markets Law),
- Private pension companies that are founded in accordance with the Law on Private Pension Saving and Investment System,
- No single shareholder, except from Borsa Istanbul A.Ş., may directly or indirectly own shares that exceed 5% of the Bank's capital.

The 2.000 Class-A shares held at Takasbank are exclusively owned by Borsa Istanbul A.Ş., and are non-transferable. No other Class-A shares may be issued as part of a capital increase and the ownership of Class-A shares, with a nominal value of TL 200 each, entitles Borsa Istanbul A.Ş. to four seats on the Board of Directors at the Bank.

Titles of the Real or Legal Persons Holding more than 10% of the Capital

As of December 31st, 2013 Takasbank had 61 shareholders, Borsa Istanbul A.Ş., the only shareholder with a stake of more than 10% in the Bank, holds 52.06% of the shares, corresponding to TL 218,638,436.

Information on Shares Held by the Chairman and Members of the Board of Directors, Members of the Board of Auditors, the CEO and Executive Vice Presidents

The Chairman and Members of the Board of Directors of Takasbank, Members of the Audit Board, the CEO and Executive Vice Presidents do not own any shares in the Bank.

The Amendments in the Articles of Association

The articles of incorporation of Takasbank was updated as per the provisions of the Turkish Commercial Code 6102 and Capital Markets Law 6362 and accepted in the 18th Ordinary General Meeting of Shareholders held on March 29, 2013.





■ **DEVELOPMENTS RELATED TO FINANCIAL
MARKETS AND TAKASBANK IN 2013**

Ceyhan Port

It is great responsibility to serve as an energy route. With its ever increasing importance, the port of Ceyhan lies at the crossroads of major energy transportation routes.

Developments Related to Financial Markets and Takasbank in 2013

The first half of 2013 was the period in which the highest portfolio investments were made in the emerging markets.

The general and parliamentary elections scheduled to be held in 2014 in many developed and developing countries and the speed of the balance sheet reduction by FED and its effects on the global interest rates and markets are the unpredictable elements in the agenda of the financial markets.

Looking at the developments in the national and international markets in 2013 on a macroeconomic basis, it would be appropriate to assess it in two separate periods, namely, pre- and post-June periods, in order to analyze it correctly.

The pre-June 2013 period appears as the period during which we intensely witnessed the effects of the steps taken by the authorities of the developed countries since 2008 for elimination of the adverse effects of the crisis on the prices of the assets.

In 2013, the developing countries have received portfolio investments due to excessive liquidity released in the markets by means of portfolio investments of FED, as the leading one with its balance sheet size of USD 3.8 trillion, the European Central Bank with long-term refinancing operations and Japanese Central Bank with ramification of its expansive monetary policy. Financial fragility of the developing countries as a result of capital movements has reached to the highest level since the 2008-crisis. Consequently, the period when the highest portfolio investments were destined to the developing countries was the first half of 2013.

In this period, the rise in the exchange markets of the developed and developing countries and decline in the bond yield has caused concerns in the markets resulting in asset balloons. Specifically, the interest rate declined to the historically low levels and resulted in an increase in the tendency of borrowing in the developing countries. This has resulted in excessive credit expansion, deterioration in the current balance and the market asset prices of these countries deviating from the national macroeconomic structure. In the face of such strong course of the capital currents, CBRT, with a view to counterbalance risks concerning financial stability, reduced short-term interest rates in the first half of the year. On the other hand, CBRT continued to take macro precautionary measures to increase foreign currency reserve.

The decisive frame for the post-June 2013 has been the meeting minutes announced by FED on May 22, 2013. The meeting minutes described the potential risks in the global markets due to excessive liquidity along with the necessary conditions to gradually terminate the long-term bond purchase scheme that FED started at the end of 2011.

This announcement was followed by re-pricing period for the capital and money market instruments in the global markets, which has further aggravated uncertainties with respect to the global monetary policy applications, leading to capital outflows from the countries with current deficit such as Turkey. In parallel to the capital outflows, all countries worldwide, including Turkey, witnessed a rise in the bond yields. In order to remove the increasing volatility in the global markets and to mitigate sensitivity to the financial movements and the cyclicity effect caused by the capital mobility, CBRT and other authorities have continued to take structural measures.

To avoid the accumulated effects to be created by the rise in the exchange rates and credit expansion on the inflation, CBRT increased one-week political interest rate from 6.5% to 7.25% in June, which witnessed intensive capital outflows and to 7.75% in August. The Banking Regulatory and Supervisory Agency (BRSA) restricted increase in the personal loans to raise tendency for savings and arrangements to convert the credit distribution in favor of the company loans.

In the following period, it is anticipated that the economies facing structural problems in their growth models due to reduced

global liquidity and growth as a result of savings gap will feel adverse effects of the fluctuation on the financial stability. While the developing countries are estimated to remain below the average growth rate in the period of 2007-2012, it is anticipated that the deterioration stemming from the reduced global liquidity will be compensated by the positive effects from the foreign trade channel of Eurozone, which shows recovery tendency. According to the estimations, these compensation levels will be the main factor to determine performance of the developing countries.

The general elections and parliamentary elections scheduled to be held in 2014 in most developed and developing countries and of the balance sheet reduction by FED and its effects on the global interest rates and markets are the unpredictable elements on the agenda of the financial markets. Because of such an environment of uncertainty, CBRT brought the concept of predictability forward to manage these factors in the monetary and exchange rate policy for 2014 and made arrangements to provide gradual recovery in the current deficit and credit expansion by means of macro precautionary measures taken to alleviate financial risks. Although all these implementations support the element of confidence necessary for the markets, it is estimated that the growth rate in 2014 will remain slightly below that of 2013 due to non-inherent reasons.

The rising tendency of the interest rates in the financial markets in the second half of 2013 was also reflected on Takasbank placement services in the same period. Takasbank cash sources, valued at 7.00% in the beginning of 2013 reached 9.5%



by the end of the year. In 2013, the fund management revenues accounted for 57% of the total revenues of Takasbank.

In addition to clearing and custody functions, Takasbank also provides interest

accrual service for the collateral in various markets, guarantee funds and money market and capital market instruments of the closed brokerage houses based on the principle of low risk-high yield.

Yearly Breakdown of Total Revenues and Fund Treasury

YEARS	TOTAL REVENUES (THOUSAND TL)	GROSS FUND MANAGEMENT REVENUES (THOUSAND TL)	SHARE OF FUND MANAGEMENT REVENUES %
2009	83,318	52,151	59
2010	74,995	37,969	50.6
2011	96,635	43,814	45.3
2012	147,238	78,025	53
2013	195,190	111,614	57.2



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- TAKASBANK IN INTERNATIONAL MARKETS
 - REPRESENTATIONS RELATED TO INTERNATIONAL STANDARDS

Fethiye Port:

Civilization inheritance of the ancient city of Telmessos was transported from these seas. Named after a celestial conqueror, the brave port of Telmessos is still a meeting point of the rich cultures, as it has always been throughout the history.

Takasbank in International Markets

Adopting a goal to become a bank preferred by the regional countries, Takasbank exchanges views and signs cooperation agreements with the international bodies on matters to contribute to the Istanbul International Finance Center (IIFC) Project.

Relations with the International Capital Markets

Targeting to become an institution with services fulfilling international standards and being preferred by regional countries in the new era, Takasbank shares its know-how and experience on national and international platforms with the other clearing, settlement and depository institutions operating in the region and works in close collaboration with them.

Within the context of demands of foreign and international central securities depository (ICSD) institutions for the application of global account structure in Turkish capital markets, the Capital Markets Board and Minister of Finance Revenue Administration Department continued to work on this issue.

For the acceptance of Turkish capital market instruments in international collateral pools, meetings with ICSD institutions regarding Takasbank services, legal framework underlying these services, projects, requirements for collateral management were conducted throughout 2013, in order to contribute to the Istanbul International Finance Center (IIFC).

A "Memorandum of Understanding" was signed between Takasbank and Tunisian Depository and Clearing (TDC) on February 13, 2013 with the aim of mutual exchange of information regarding clearing, settlement and custody services and working to enhance the development of capital markets of both countries. According to the Memorandum of Understanding, TDC and Takasbank will be in close business relation and the employees of both institutions will regularly meet in order to support the development of



the aforementioned financial markets, to exchange information and discuss cooperation opportunities regarding the clearing and settlement services.

Takasbank and Akbank signed "Local Custody Service Cooperation Agreement" on July 18, 2013 and, according to this agreement, the customers of Akbank residing abroad started to take advantage of the local custody service offered by Takasbank.

International Memberships

ACTIVITIES OF THE FEDERATION OF EURO-ASIAN STOCK EXCHANGES (FEAS)

Established in 1995, the Federation of Euro-Asian Stock Exchanges (FEAS) has a total of 53 members, 36 of which are stock exchanges and 17 are clearing, settlement and custody institutions (affiliate members). A total of 31 countries are represented at FEAS. As an affiliate member of FEAS, Takasbank had shared its knowledge and experience extensively with other clearing, settlement and custody institutions and had the opportunity to further develop existing relationships.

Takasbank was elected as member of FEAS Executive Board in the meeting of the General Assembly held on September 20-21, 2012. Takasbank attended the meeting of Executive Board held in Sakarya, Sapanca on January 26, 2013. Takasbank attends the meetings of the General Assembly,

Executive Board and Working Committee each year, taking the opportunity to share the latest developments related to the Turkish capital markets.

ACTIVITIES OF THE ORGANIZATION OF ISLAMIC CONFERENCE (OIC)

Founded in 2005, the Organization of Islamic Conference (OIC) Member States' Stock Exchanges Forum aims to promote cooperation among stock exchanges operating in OIC countries. As well as stock exchanges, post-trade institutions operating in the capital markets may also actively participate in the activities of the Forum.

Takasbank was represented in the meeting of the Organization of Islamic Cooperation (OIC) Member States Stock Exchanges Forum held in Istanbul on September 19th, 2013 and made a presentation regarding the activities of Takasbank.

MEMBERSHIP OF THE EUROPEAN CENTRAL SECURITIES DEPOSITORIES ASSOCIATION (ECSDA)

Takasbank has been a member of the European Central Securities Depositories Association (ECSDA), an association formed to promote the development of mutual projects and the exchange of information between central settlement and depository institutions to the mutual benefit of all parties, since 2006. The association has a total of 41 members, most of which are European Union members. Takasbank attended the meetings of ECSDA General Assembly and Board of Directors held in

Prague on May 2-3, 2013 and obtained information about operations related to clearing and custody performed in European Union; presented its comments on these matters and had the opportunity to improve relationship and cooperation with the clearing and custody agencies of EU countries.

MEMBERSHIP OF THE INTERNATIONAL INSTITUTE OF FINANCE (IIF)

The Institute of International Finance (IIF) is an association of financial institutions with more than 450 members. Having become a member in January 2008, Takasbank participates in annual IIF meetings to exchange ideas, develop business relationships and cooperate with high-level executives of some of the world's leading financial institutions. Takasbank participated in the IIF Board Meeting held in Washington DC, USA on October 11th-12th, 2013.

MEMBERSHIP OF THE INTERNATIONAL SECURITIES SERVICE ASSOCIATION (ISSA)

Founded under the leadership of Citibank, Deutsche Bank and UBS (Union Bank of Switzerland) in 1979, the International Securities Services Association (ISSA) is an international organization aiming to promote the development of the securities services industry, increasing transparency and open communication channels for cooperation between industry participants. The ISSA is an international organization which also aims to increase the level of professional knowledge of sector participants and investors to carry out joint projects with other institutions in the financial sector. ISSA membership provides Takasbank opportunity to monitor the developments in the global securities sector.

Activities Related to Implementation of International Standards in Turkey

Applicable standards in the Turkish capital markets include ISIN (ISO 6166) and CFI (ISO 10962) codes for numbering of the securities; MIC code (ISO 10383) for market identification; Legal Entity Identifier (ISO 17442-LEI) for identification of local and foreign entities as parties of the financial transactions, BIC code (ISO 9362) for identification of banks and IBAN code (ISO 13616) for the international bank account number of individual customers.

SECURITIES NUMBERING

ISIN code (ISO 6166), an international standard for identification of the securities within the framework of numbering service that has been given since 1995. It is used for shares, government bonds, treasury bills, futures and derivatives contracts, mutual funds, corporate debt securities, warrants, electronic product certificate and similar instruments. In addition to this, Takasbank allocates CFI (Classification of Financial Instruments) code (ISO10962) for detailed classification of financial instruments.

LEGAL ENTITY NUMBERING

With the objective of enabling the financial organizations to monitor centrally the risks in international markets, the legal entity coding system of G-20 countries, including Turkey, has been implemented. The Legal Entity Identifier (LEI) code aims to reduce systemic risks and enhance counterparty risk analysis through the collection of both transaction and reference information of the financial market players. Accordingly, market regulators will be provided a more effective and easy access to such data.

Financial Stability Board (FSB) was commissioned by G-20 countries for the establishment of the system and subsequent to the studies performed under the coordination of FSB, the LEI standard, "ISO 17442" was determined and a variety of organizations took "local operating unit" prefix from FSB to allocate pre-LEI allocation compatible with ISO 17442 LEI standard until the global LEI system (GLEIS) is created.

In addition to its numbering services, Takasbank obtained the required prefix (7890) from FSB for pre-LEI allocation under the sponsorship of the Capital Markets Board and has been allocating pre-LEI codes since September 2013.

FSB transferred the operations it performed related to the matter to the Regulatory Oversight Committee (ROC), established in January 2013 encompassing CMB, BRSA and the Undersecretariat of Treasury from Turkey as members. As of 27 July 2013, ROC determined some principles for the establishment and operation of LEI code management system and within this context, the Local Operating Units (LOU) approved by ROC have become able to allocate this code not only in their own countries locally, but also globally.

In September 2013, ROC endorsed Takasbank as the globally recognized local operating unit upon the acceptance of the completion of the required infrastructure and meeting of the necessary conditions by Takasbank. As a result, the pre-LEI codes being / will be allocated by Takasbank will be eligible for reporting and auditing within the range of ROC countries.

Due to their operations in international markets, local and foreign legal entities may apply for this code at Takasbank in order to comply with the international reporting standards. Furthermore, the legal entities that received this code from a LOU residing at another country may transfer this code to Takasbank and thus, perform

updates related to these codes faster, more effectively and with low cost. The web portal, <https://www.leiturkey.com>, via which application, update, reporting and payments regarding LEI codes will be affected is being planned to be operational in the first quarter of 2014.

Representations Related to International Standards

MEMBERSHIP OF THE ISO TC68/SC4 COMMITTEE

On behalf of the Turkish Standards Institute (TSE), Takasbank represents Turkey in the TC68/SC4 Committee of the International Standardization Organization (ISO) that develops international standards for securities and related financial instruments.

Takasbank also acts as the convener of the Working Group for National Market (MTC43 Mirror Committee- Turkey), established to monitor standardization work of the ISO TC68/SC4 Committee for securities and other financial instruments, to contribute to the development of standards and to ensure the application of these standards in Turkey. The Group is comprised of the entire capital market, through involvement of the CBRT, the Banks Association of Turkey, the Turkish Capital Markets Association, custodian banks, commercial banks, investment banks and brokerage houses. Takasbank sent a report to the members of the Mirror Committee in December 2013 and provided information regarding the standardization operations in the financial industry during the year.

MEMBERSHIP OF THE ASSOCIATION OF NATIONAL NUMBERING AGENCIES (ANNA)

The Association of National Numbering Agencies (ANNA) is an international organization with 84 full members and 31 associate members worldwide. National numbering agencies, authorized to assign ISIN codes to securities in their respective countries, are eligible for membership of the organization.

As the national numbering agency in Turkey, Takasbank has been an active member of ANNA since 1995 and serves as the member of the Technical Committee of ANNA Service Bureau (ASB) aiming to collect ISIN codes and basic securities information on a web-based platform, while offering these codes and information as a product for financial institutions.

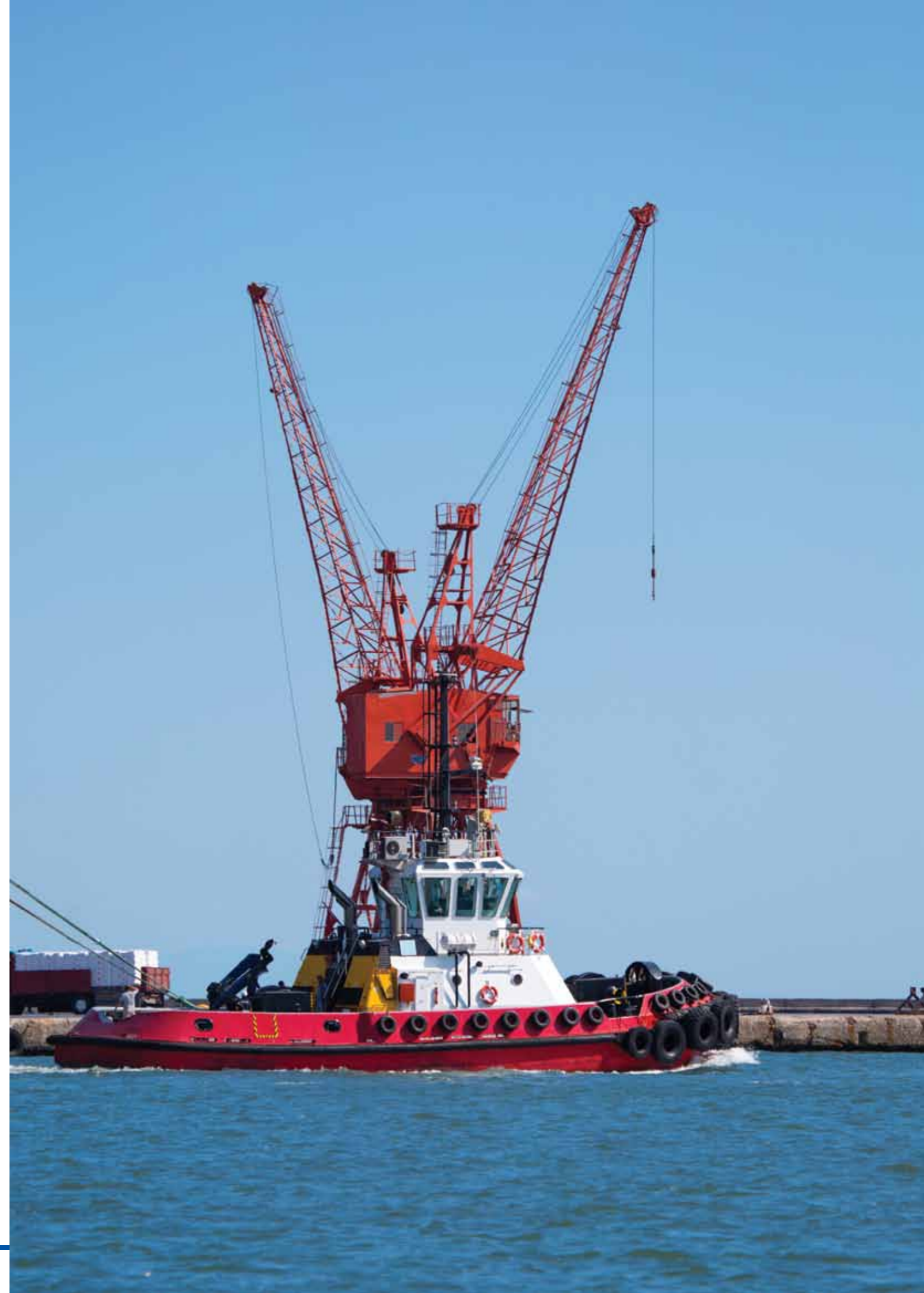
The ASB database serves as a valuable source for international finance markets as the largest ISIN and CFI database in the world with data from 125 countries and 2 international settlement and custody institutions (Euroclear and Clearstream).

Takasbank attended General Assembly Meeting of ISO TC68/SC4 Committee held in Guangzhou, China on May 13, 2013; ASB Technical Committee Meeting held in Moscow on 30-31 October, 2013 and ANNA Workshop and Extraordinary General Assembly held in Cancun, Mexico as hosted by Indeval, the central depository organization of Mexico.

In the meeting of ASB, it was announced that a survey prepared for implementation of new ASB version format containing more detailed information about the securities and issuers would be sent to all national numbering member organizations. And it was also stated that new ASB version format will be put into effect in November 2014 or on a future date according to the result of the survey.

In the extraordinary meeting of ANNA General Assembly, it was resolved for establishment of a working group for Africa-Middle and Near Eastern Region in addition to the existing Asia-Pacific Regional Group and South and Central America Region Group in the scope of the regional ANNA associations. And it was also resolved in this meeting that the temporary head of the region will be the representative of the German national numbering agency. Germany will perform this task until a representative is determined from the regional countries.

With respect to the activities of Takasbank to become a regional hub, it considers to apply for becoming the head of the Africa-Middle and Near Eastern Region. In case this position is assumed, consultancy service will be given to the national numbering agencies in the region, ensuring they are supported for compliance with the international standards in respect of ISIN and LEI. Furthermore, instead of the agencies giving numbering service partly or not at all, Takasbank will provide the numbering service.



Representation and Presentation

Aiming to fulfill the requirements of its vision in terms of representation and publicity, Takasbank increased its international activities.

Corporate developments achieved by Takasbank are shared worldwide via the website redesigned completely in 2013.

Furthermore, it gives support both as participant and sponsor to the international conferences, symposium, panels and conferences.

In line with its vision "To be a trustworthy, effective and innovative institution which provides clearing & settlement, banking and central risk management services at global quality standards, preferred both in domestic and international markets" Takasbank aims to act more actively in the international arena. To this end, it hosted representatives of foreign agencies, attended at international conferences, symposium and panels and gave support to some of these conferences as sponsor and spokesman in 2013.

In 2013, Takasbank website was redesigned in such a way to effectively publish company developments in accordance with its renewed corporate identity. Additionally, press releases have been prepared about the company developments and making necessary disclosures to the public.

Takasbank attended as a panelist at the panel on the "Role of Turkey and Turkish Republic of Northern Cyprus in the global restructuring – Synergetic focuses" held in Kyrenia on 12th April and as participant at the conference "Global Finance in Transition" organized by CBRT on 7-8 May.

Assuming the role of Central Counterparty in 2013 as per the new Capital Market Law, Takasbank has been sponsor of the symposium "Central Counterparty (CCP) -Practice in the Turkish Capital Markets" held by Economic Studies Foundation (ESF) on March 13, 2013.

Furthermore, Takasbank participated in the training conference on over-the-counter derivatives clearing operations organized by International Swaps and Derivatives Association (ISDA) on 20-23 May in London.

Takasbank also participated in the "Euromoney Eurasia Istanbul Forum" organized as a forum for the first time by Euromoney commissioned by the government within the scope of Istanbul Finance

Centre (IFC) on June 18, 2013, in Istanbul with the participation of all organizations within the scope of IFC (CMB, BRSA, Undersecretariat of Treasury, Takasbank, CRA, etc.) and other financial organizations. Takasbank attended as spokesman in the panels held in the part of the forum under the heading Turkish market infrastructure and the company profile promoting Takasbank was published in the presentation document of the forum.

Takasbank also attended IFC – Istanbul Finance Summit held on September 18, in Istanbul.

Takasbank sponsored the colloquium on "Development of Financial Integrity: Geneva Convention and UNIDROIT Principles for Netting Made for Settlement of Financial Liabilities" held by International Institute for the Unification of Private Law (UNIDROIT) as hosted by CMB on November 11-12, 2013.

Takasbank sponsored the symposium on "Energy Markets, Specifically Electricity Market, and Risk Management" organized

by Economic Studies Foundation (ESF) on December 18, 2013, in Istanbul and the symposium touched upon the latest developments and trends in the local and international capital markets as well as current and possible developments in future of the post-trade services specifically in the Turkish and international electricity markets together with the role of Takasbank in the energy markets.

Takasbank also participated at the sector-related events such as "Child and Youth Finance International Conference and 3rd Composition Competition" at the World Bank Global Islamic Finance Development Centre established at the premises of Borsa Istanbul. Furthermore, Takasbank participated at the 2 university seminars named "Institutions Describe the Capital Markets" held for the students of Economics and Administrative Sciences Faculty of the universities outside the cities of Istanbul and Ankara and at 10 universities under "7 Regions 7 Universities Project" was discussed.



Karaköy Port:

A centre for marine commerce at the point where the ancient district of Galata reached the sea. Financial centre of the Ottoman Empire in the past and an important trade and transportation address today. Energized by Istanbul, both people and cargo set off for the world from this port.

- **FINANCIAL HIGHLIGHTS**
- **OPINIONS ON COMPLIANCE OF THE ANNUAL REPORT**



Financial Highlights

Major Indicators

(THOUSAND TL)	2012	2013
Total Assets	3,671,623	5,596,026
Shareholders' Equity	331,605	590,396
Paid in Capital	60,000	420,000
Operating Profit	69,936	101,220
Interest and Portfolio Revenues	89,523	123,670
Net Profit	55,168	81,809

(THOUSAND USD)	2012	2013
Total Assets	2,059.701	2,621,949
Shareholders' Equity	186,023	276,623
Paid in Capital	33,659	196,786
Operating profit	39,233	47,425
Interest and Portfolio Revenues	50,220	57,944
Net Profit	30,948	38,331
CBRT's USD/TL rate taken as a basis in evaluation	1.7826	2.1343

FINANCIAL RATIOS (%)	2012	2013
Operating Profit / Total Assets	1.90	1.81
Shareholders' Equity / Total Assets	9.03	10.55
Operating Profit / Shareholders' Equity	21.09	17.14

Summarized Financial Information

During the operating year, January 1st- December 31st, 2013, Takasbank achieved:

**A PRE-TAX PROFIT OF
TL 101.2 million**

**AND A NET PROFIT OF
TL 81.8 million**

**NET INTEREST REVENUES OF
TL 90.8 million**

**AS A RESULT OF INTEREST REVENUES OF
TL 123.7 million**

**AND INTEREST EXPENSE OF
TL 32.9 million**

**FEE AND COMMISSION REVENUES OF
TL 63.3 million**



OPINIONS ON COMPLIANCE OF THE ANNUAL REPORT

To the General Assembly of Istanbul Takas ve Saklama Bankası A.Ş.;

We have conducted an audit to monitor the accuracy and compliance of the financial information contained in the accompanying annual activity report, dated: December 31st, 2013, of Istanbul Takas ve Saklama Bankası and its shareholders subject to consolidation with the audit report issued at the end of the respective accounting period. The Bank management is responsible for the annual activity report; as independent auditors, our responsibility is to express an opinion on the audited annual activity report.

Audit was conducted in accordance with the principles and procedures for preparation and publication of the annual operating report, effective as per the Banking Law 5411 and the regulations related to the independent audit principles. These regulations require planning and conduct of audit to provide reasonable assurance whether there is any material error in the annual operating report.

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of Istanbul Takas ve Saklama Bankası A.Ş. as of December 31st, 2013 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes and also includes the summary Management Report and our audit opinion on these financial statements.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalçın, SMMM
Co-Chief Auditor in Charge

Istanbul, February 26, 2014

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
www.pwc.com/tr Telephone: +90 (212) 326 6060, Facsimile: +90 (212) 326 6050



Kaş Port:

So hard to reach it by land, so magnificent it is to reach by sea. It offers its elegant and transparent face to Meis island and Mediterranean Sea just across and the neighboring Demre and Elmalı.

GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

- **HUMAN RESOURCES IMPLEMENTATIONS**
- **ORGANISATION CHART**
- **BOARD OF DIRECTORS**
- **SUMMARY REPORT OF THE BOARD OF DIRECTORS**
- **SENIOR MANAGEMENT**



Human Resources Implementations

The operations to establish modern corporate culture, focused on sustainable growth, continued in 2013 as well. While Takasbank has renewed its organizational chart in accordance with the business requirements in 2013, it also launched applications to enhance motivation of the personnel.

In parallel to the ever-increasing diversity and intensity of the operations of Takasbank, the staff size reached to 240 people. Our organizational chart was also renewed as a result of the increased product diversity and development in the workflows.

In addition to rewarding the efficient performance of the personnel, Takasbank administration raised salaries by more than the inflation rate and provided other financial rights. Various events were organized to improve the relations among the employees and such activities will also continue in the future.

Adopting the human resource as the most important asset according to its vision of sustainable growth, Takasbank aims to improve the development of personnel through formulation of proper human resources strategies compliant with its mission and targets to enhance communication and satisfaction.

Takasbank maintained its approach for use of objective assessment criteria to meet labor force requirement. Assistant specialist exam was organized during the year to take office in our operational units and 2-months training course was given to the newly hired 7 employees on activities of the Bank and of major institutions in the industry. Training activities were performed in compliance with the corporate targets and each employee received 32-hours training in the scope of technical, professional and personal improvement trainings. Furthermore, contributions were made for the foreign language trainings and training leaves were allowed to our employees who continue their post graduate and doctoral degree studies.

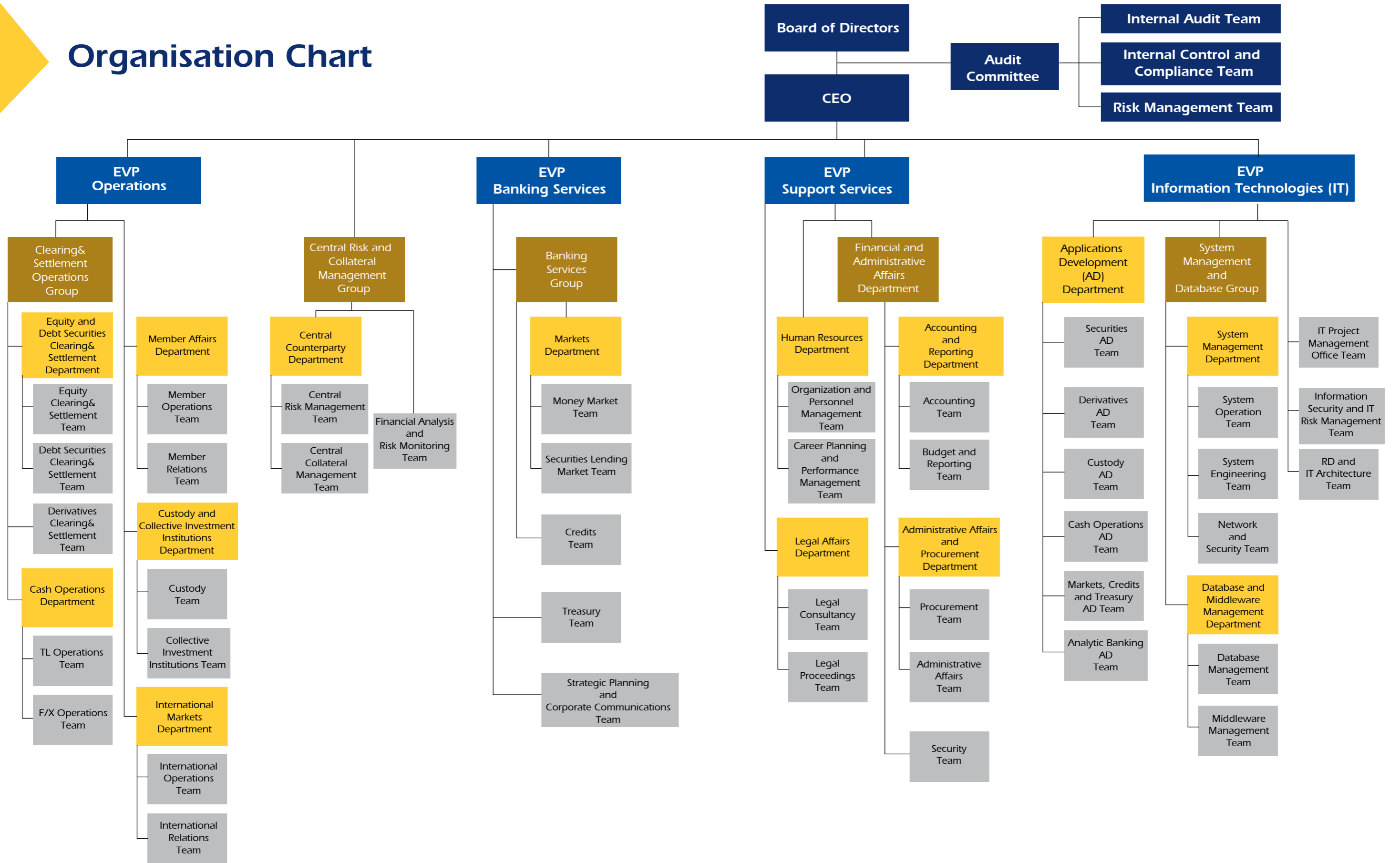


To keep performance and motivation of the employees at a high level, Employee Satisfaction Survey was conducted at the end of 2013. The objective has been to build the corporate cultural and working environment on stronger foundations; feedback on Takasbank business life, process and operation was obtained through survey. As a result of the survey, the breaking points of the sense of belonging and motivation were detected and focused on the areas required to be improved.

The activities were carried out throughout the year for a target and competency based, transparent and fair performance assessment system and it will be implemented in 2014.



Organisation Chart



Board of Directors



MUSTAFA İBRAHİM TURHAN, PhD
(Chairman) 02/01/2012 -

Mustafa İbrahim TURHAN, PhD, born in İzmir-Turkey in 1968, graduated from Lycée de Galatasaray İstanbul (Galatasaray High School) in 1987. After having completed his undergraduate degree in the Faculty of Economics and Administrative Sciences, Department of Management at Bosphorus University in 1993, he joined the Institute for Banking and Insurance Studies at the Marmara University in Istanbul, where received his postgraduate education in International Banking and received his PhD degree in Banking in 2001. Mr. Turhan lectured at Yeditepe University between the years of 2001 and 2003. Mr. Turhan served as member of Bank's Council, CBRT (2004-2008) and member of Monetary Policy Committee in 2006-2011 and member of Advisory Board of the Contemporary Turkish Studies Chair established at London School of Economics and Political Sciences (LSE) European Institute. He acted as Deputy Governor at Central Bank between 2008 and 2011. Appointed as President of Istanbul Stock Exchange, on January 1, 2012, Mr. Turhan has been holding the position of Chairman and CEO of Borsa İstanbul since April 3, 2013.



BİROL AYDEMİR
(Vice Chairman) 28/09/2009 -

Birol AYDEMİR, born in İliç, Erzincan in 1966, completed his undergraduate study at the Department of Public Finance, Faculty of Political Sciences, Ankara University. Birol AYDEMİR worked as specialist at the General Management of Annual Programs and Conjuncture Assessment, State Planning Organization (1994-2001) and acted as Head of Finance Department in the same unit (2001-2002) and Deputy Secretary, State Planning Organization (2002-2006). He held the office of President, Social Security Institution between 2006 and 2008. Mr. Aydemir worked as Deputy Secretary in State Planning Organization in 2008, Planning Advisor at Washington Embassy for the Republic of Turkey in 2008-2009; and Counselor at Ministry of Labor and Social Security between 2009 and 2011. Mr. Aydemir is currently the Chairman of Turkish Statistics Organization.



MURAT ULUS
(CEO and Board Member) 06/06/2011 -

Murat ULUS, born in Kaman, Kırşehir in 1965, graduated from Faculty of Political Sciences, Ankara University in 1987. He completed his postgraduate studies in Department of Financial Economy, Boston University. Mr. Ulus worked as Bank's Sworn Assistant Auditor and later as Bank's Sworn Auditor at Undersecretariat of Treasury between 1987 and 1995. Between 1995 and 1996, Mr. Ulus served as Assistant General Manager of Egebank. He worked as Chief Executive Officer of Bank Asya of which he was the founder between the years 1996 and 2000; later he worked as Vice Chairman of Ulusal Pazarlama ve Satış A.Ş., which he founded in 2001; and held Board Membership at Ziraat Bankası between 2003 and 2006. Until 2011, Mr. Ulus served as the first Chairman of the Economic Cooperation Organization Trading and Development Bank, which he founded in 2007. Mr. Ulus serves as CEO of Takasbank since 2011.



ALİ ÇÖPLÜ
(Board Member) 03/04/2012 -

Ali ÇÖPLÜ, born in Şahinbey, Gaziantep in 1972, graduated from Computer Engineering and Information Sciences Department at Bilkent University in 1993 and completed his first postgraduate study at Computer and Information Sciences Department, University of Pennsylvania in 1996 and second postgraduate study at Stern School of Business, New York University in 2003. Mr. Çöplü worked as software engineer at Syncsort Inc Woodcliff between 1996 and 1998; as software quality control engineer at D.E. ShawCo between 1998 and 1999; as Vice President at Goldman Sachs Co. between 1999 and 2005 and at Morgan Stanley Co. between 2005 and 2008; as President, Front Office Software Development at Vakıflar Bankası T.A.O. between 2008 and 2010 and as President, Alternative Distribution Channels at the same bank respectively. In 2011-2012, Mr. Çöplü served as Assistant General Manager at CBRT. After holding office at Borsa İstanbul A.Ş. as director in 2012, Mr. Çöplü has been serving as Assistant General Manager in charge of Information Technologies at Borsa İstanbul A.Ş.



SELİM İNCE
(Board Member) 30/03/2013 -

Selim İNCE, born in Berlin, Germany in 1971, completed his undergraduate study at Business Administration, Faculty of Economics and Administrative Sciences, Marmara University in 1994. After completing his postgraduate study on Accounting and Finance, at the Business Administration, Institute of Social Sciences at the same university, Mr. İnce started to work as Assistant Specialist at Department of Securities, T.Emlak Bankası in 1994 and later served in the positions of Specialist, Director and Department Manager at Department of Treasury Operations, Ziraat Bankası A.Ş. He still serves as the Head of Treasury Operations Department Ziraat Bankası A.Ş.



EKREM KEREM KORUR
(Board Member) 30/03/2013 -

Ekrem Kerem KORUR, born in Istanbul in 1967, completed his studies at Lycée de Galatasaray İstanbul (Galatasaray High School), followed by his undergraduate degree at Department of Economics, School of Economics, and postgraduate studies at Istanbul University and Colorado University. Mr. Korur started to work at Hak Menkul Kıymetler A.Ş. firstly as assistant specialist in 1991 (its title has been changed to Phillip Capital Menkul Değerler A.Ş. in 2012) and respectively as investment specialist, Assistant General Manager and General Manager. Mr. Korur is currently serving as General Manager and Vice Chairman at Phillip Capital Menkul Değerler A.Ş.



REŞAT KARABIYIK
(Board Member) 03/04/2012 -

Reşat KARABIYIK, born in Kilis in 1969, completed his undergraduate education at Faculty of Business Administration, Marmara University in 1992. He worked as Internal Auditor at Yıldız Holding (1993-1994) and respectively as specialist, Assistant General Manager and General Manager at Taç Yatırım Ortaklığı A.Ş. (1994-2006). Mr. Karabiyik has been holding office at Bizim Menkul Değerler A.Ş. as General Manager since 2006.



GÜZİDE MELTEM KÖKDEN
(Board Member) 28/05/2007 -

Güzide Meltem KÖKDEN, born in Taşköprü, Kastamonu in 1969, completed her undergraduate study at Department of International Relations, Faculty of Political Sciences, Ankara University in 1990. Ms. Kökden completed her postgraduate study at the European Law, Institute of Social Sciences at the same university. Ms. Kökden started her business career at T.İş Bankası A.Ş. in 1991 as investment assistant specialist and held various positions as investment specialist, Assistant Manager, Group Manager and Capital Markets Department Manager. Ms. Kökden is now Foundation Manager, Complementary Social Security and Charity Fund for Employees of Türkiye İş Bankası A.Ş. and Chairman at İş Portfolio Management.



SERHAD SATOĞLU
(Board Member) 09/07/2010 -

Serhad SATOĞLU, born in Ankara in 1972, completed his undergraduate study at Business Administration, Faculty of Political Sciences at Ankara University and completed his postgraduate studies at Banking and Insurance Business Institute at Marmara University. He started his business career as Assistant Auditor at Vakıflar Bankası T.A.O. in 1995 and worked as Auditor (1998-2004) at the same bank and as Assistant General Manager at its New York Branch (2004-2006). Mr. Satoğlu has been working as Manager at Vakıflar Bankası T.A.O. and as General Manager and Board Member at Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş.

Information About Participation in Board Meetings

The Board of Directors convenes at least once a month as per the articles of association of Takasbank and the Board held 18 meetings in 2013.

One each member did not attend at the meetings held on February 27, 2013, April 29, 2013, June 6, 2013, June 18, 2013, June 21, 2013, August 21, 2013, August 27, 2013 and September 25, 2013 and 3 members did not attend the meeting held on March 7, 2013.

All other members were present in the rest of the meetings.



Summary Report of the Board of Directors

Esteemed Shareholders,

Welcome to the 19th Ordinary General Meeting of Takasbank,

We respectfully greet you, our esteemed shareholders, on behalf of the Board of Directors in this meeting where we present to you the Annual Report including Balance Sheet and Profit / Loss statements concerning the operating results for the accounting year 2013 for review and approval.

Conjectural developments have excessively affected the capital markets and overall economic appearance of Turkey in 2013. Turkey witnessed historically lowest level of interest rate in the first half of 2013 and had relatively a more negative macroeconomic aspect due to high interest rates and increased volatility at the end of May. Announcements made by FED to the effect that it would have recourse to monetary tightening as a policy have changed market expectations about the US economy, which had positive appearance and, therefore, caused high increase in the international liquidity interest rates, resulting in considerable depreciation in the national currencies of the countries with savings gap, including Turkey.

Despite a fluctuating progress in 2013 for the global capital markets that tried to recover effects of the crisis recently experienced, restructuring of Turkish Capital Markets has been started by new Capital Market Law and necessary measures have been taken by the regulatory and supervisory authorities to support financial stability. Furthermore, a highly important structural development occurred in the

capital markets by merge of the Turkish exchange markets under the roof of Borsa Istanbul.

Having assumed a significant mission in restructuring the Turkish capital markets, Takasbank continued to take steps for restructuring in 2013, which were originally started in 2012, Takasbank made efforts in 2013 to contribute to the vision of Istanbul as a global finance system and continued to provide clearing & settlement services, one of the basic powers for improvement of the competitive power of the financial markets in Turkey effectively, uninterruptedly and reliably and according to the international standards in line with its vision.

Conducting its basic activities in an uninterrupted and member/customer-oriented way, our bank had a very successful year in 2013 in terms of growth and profitability, When compared with the previous year, our total assets increased by 52% and reached to TL 5,596 million and net profit increased by 48%, reaching to TL 82 million.

With its legal entity name changed to Istanbul Takas ve Saklama Bankası A.Ş., Takasbank is specified as "Central Clearing -Institution" of Turkey by the Capital Markets Law 6362 and started serving as the central counterparty firstly in the Securities Lending Market.

Intending to provide central counterparty services in other markets hereinafter, Takasbank has strengthened its capital structure to meet this goal. In 2013, the paid-in capital of the Bank increased to TL 420 million from TL 60 million with its shareholders' equity reached to TL 590

million by the end of the year.

With an objective to expand its service profile, Takasbank was authorized as a local operating unit (LOC) for allocation of Legal Entity Identifier (LEI) Code under sponsorship of CMB. Furthermore, Takasbank started to provide cash clearing and collateral transactions service for the Precious Metals and Diamond Markets operating within Borsa Istanbul and clearing service for Electronic Commodity Certificates.

Having invested in the field of information technologies and infrastructures in 2013, Takasbank changed its database infrastructure for development of new business services and improvement of the current services to achieve high performance and availability. Additionally, the clearing infrastructure of the bank will be in a renovation process by means of strategic partnership operations conducted by Borsa Istanbul A.Ş., our most important stakeholder, with Nasdaq OMX. Thus this new and globally approved clearing,

settlement and risk management system will expand both our target of acting as central counterparty and extending the range of our services, enabling us to go beyond an important threshold for gaining an international reputation.

Holding a significant place for the development of the Turkish capital markets, a successful year has passed for the Bank and will continue its achievement in the subsequent years by your support, our valuable shareholders.

Dear Shareholders,

We present the Annual Report of the year 2013 including Balance Sheet and Profit/Loss statements for your information and, taking this opportunity, we sincerely appreciate first the valuable executives and employees of the capital markets you and our esteemed shareholders and representatives honoring this meeting for never-ending supportive confidence in our bank.

Yours truly,

On behalf of the Board of Directors of Istanbul Takas ve Saklama Bankası A.Ş.

Murat ULUS
CEO and Member of the Board



M. İbrahim TURHAN
Chairman



Senior Management

Executive Management



MURAT ULUS
CEO and Member of the Board of Directors

Term: 06/06/2011- Still in position

Academic Background:

Bachelor's Degree: Labor Economics and Industrial Relations, Faculty of Political Sciences, Ankara University,

Master's Degree: Financial Economics, Boston University

Work Experience:

1987 - 1995: Banks Sworn Assistant Auditor, Banks Sworn Auditor-Undersecretariat of Treasury

1995 - 1996: Assistant General Manager - Egebank

1996 - 2000: Founder of the Bank and First General Manager - Bank Asya

2001 - 2002: Founder of the Company and the Deputy Chairman of the Board - Ulusal Pazarlama ve Satış A.Ş.

2003 - 2006: Board Member - Ziraat Bankası A.Ş.

2007 - 2011: Founder of the Bank and the First Chairman - Economic Cooperation Organization Trade and Development Bank

2011 - Present: CEO and Board Member - İstanbul Takas ve Saklama Bankası A.Ş.



SEZAI BEKGÖZ
Executive Vice President

Term: 13/04/2007 – Still in position

Core Responsibility: Clearing and Settlement Operations Group, Member Affairs Department, Custody and Collective Investment Institutions Department, International Markets Department

Academic Background:

Bachelor's Degree: Economics, Faculty of Political Sciences, Ankara University

Master's Degree: Capital Markets and Stock Exchanges, Institute of Social Sciences, İstanbul University

PhD: Institute of Banking and Insurance, Marmara University

Work Experience:

1983 – 1992: Assistant Auditor and Auditor - Capital Markets Board

1992 – 2007: Vice Chairman and Chairman of Inspection Committee - Borsa İstanbul A.Ş.

2007 – Present: Executive Vice President – İstanbul Takas ve Saklama Bankası A.Ş.



CENGİZ ÖZÜBEK
Executive Vice President

Term: 30/01/2013 – Still in position

Core Responsibility: Banking Services Group, Treasury Team, Strategic Planning and Corporate Communications Team, Financial and Administrative Affairs Group, Human Resources Department, Legal Affairs Department

Academic Background:

Bachelor's Degree: Department of Business Administration, Faculty of Economics and Administrative Sciences, Middle East Technical University

Master's Degree: Institute of Banking and Insurance, Marmara University

PhD: Institute of Banking and Insurance, Marmara University

Work Experience:

1994 – Present: Assistant Auditor, Auditor, 2nd Manager, Assistant Manager, Manager, Director, Executive Vice President

2012 – Present: Board Member – Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency)



GALİP KARAGÖZ
Executive Vice President

Term: 30/01/2013 – Still in position

Core Responsibility: Applications Development Department, System Management and Database Group, IT Project Management Office Team, Information Security and IT Risk Management Team, R&D and IT Architectural Team

Academic Background:

Bachelor's Degree: Computer Engineering, Bosphorus University

Work Experience:

1991 – 1997: Software Development Director, Bima Bilgisayar A.Ş.

1997 – 1999: Software Development Manager – Escort Yazılım A.Ş.

1999 – 2005: Project Manager – Globis Bilişim A.Ş.

2005 – 2012: Director – Fintek Finansal Teknoloji Hizmetleri A.Ş.

2012 – Present: Executive Vice President – İstanbul Takas ve Saklama Bankası A.Ş.

2012 – Present: Vice Chairman – Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency)

Heads of Internal System Departments



LATİF CEM ÖSKEN

Term: 21/06/2013 – Still in position

Core Responsibility: Internal Audit

Academic Background:

Bachelor's Degree: Department of Business Administration (English), Dokuz Eylül University

Work Experience:

2006 – 2007: Assistant Auditor – Şekerbank T.A.Ş.

2008 – Present: Assistant Auditor, Auditor, Senior Auditor, Senior Specialist, Chief Auditor, Deputy Manager – İstanbul Takas ve Saklama Bankası A.Ş.

- Mr. Latif Cem Ösken held position of Internal Audit executive under the title of "Deputy Manager" as of 21/06/2013.



HASAN AYKIN

Term: 01/07/2006 – Still in position

Core Responsibility: Internal Control and Compliance

Academic Background:

Bachelor's Degree: Economics, Faculty of Economics and Administrative Sciences, Bosphorus University

Master's Degree: Capital Markets and Stock Exchanges, Institute of Banking and Insurance, Marmara University

PhD: Banking and Finance, Institute of Social Sciences, Kadir Has University

Work Experience:

1994 – 1995: Assistant Coordinator, Capital Markets – Medya Holding A.Ş.

1995 – Present: Assistant Auditor, Auditor, Project Director, Assistant Manager, Chief Auditor, Manager – İstanbul Takas ve Saklama Bankası A.Ş.



ELVAN ALTİKULAÇ

Term: 01/11/2011 – Still in position

Core Responsibility: Risk Management

Academic Background:

Bachelor's Degree: Public Administration, Faculty of Political Sciences, Ankara University

Master's Degree: Banking, Institute of Banking and Insurance, Marmara University

Work Experience:

1999 – 2001: Assistant Auditor – Yaşarbank A.Ş.

2001 – Present: Assistant Auditor, Auditor, Chief Auditor, Assistant Manager, Manager – İstanbul Takas ve Saklama Bankası A.Ş.

Directors



**ZİYA MEHMET
GÜNAL**
Banking Services



MURAD TULUNAY
System Management
and Database



**MEHMET AYHAN
ALTINTAŞ**
Central Risk and
Collateral Management



TUNCAY YILDIRAN
Clearing & Settlement
Operations

Managers



ALİ OSMAN İNAL
Manager, IT Project
Management



ASLI MELEK ÖZKAN
Manager, Legal Affairs
Department



ATA ORKAN GENÇ
Manager, Database
Management
Department



HÜLYA ÜNAL
Manager, Custody and
Collective Investment
Institutions Department



MEHMET ŞENSÖZ
Manager, System
Management
Department



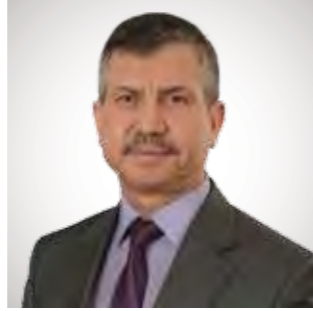
MELTEM ALTINKAYA
Manager, Markets
Department



MURAT GÖRGÜN
Manager, Accounting
and Reporting
Department



N. ZEHRA TAŞ
Manager, Administrative
Affairs and Procurement
Department



NAZIR AKBULUT
Manager, Security Team



ELVAN ALTIKULAÇ
Manager, Risk
Management Team



HASAN AYKIN
Manager, Internal
Control and Compliance
Team



**NECDET
ŞAHINKÜÇÜK**
Manager, Human
Resources Department



**NECLA
KÜÇÜKÇOLAK**
Manager, Derivatives
Clearing & Settlement
Team



OSMAN AKSOY
Manager, Member
Affairs Department



LATİF CEM ÖSKEN
Deputy Manager,
Internal Audit Team



ŞEBNEM KOCATÜRK
Manager, Equity
and Debt Securities
Clearing & Settlement
Department



SADIK KALAYCI
Manager, Strategic
Planning and Corporate
Communications Team



SİBEL YAPRAK
Manager, Cash
Operations Department



**NİYAZİ BURAK
AKAN**
Manager, Central
Counterparty
Department



**MEHMET
ERCÜMENT ARI**
Deputy Manager,
Information
Security and IT Risk
Management Team

Zonguldak Port:

Trade port joining Turkey together with the Black Sea countries. We are at a place where black diamond is mined and loaded on board the vessels and safely entrusted to the high waves of Black Sea...

- **COMMITTEES AND PARTICIPATION IN COMMITTEE MEETINGS**
- **EMPLOYEE BENEFITS PROVIDED TO SENIOR MANAGEMENT**
- **RELATED PARTY TRANSACTIONS**



Committees and Attendance At Committee Meetings

Audit Committee

DUTIES AND LIABILITIES

- The Audit Committee monitors the efficiency and capability of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems in the framework of the related Law and regulations, and the integrity of the processed data;
- the Audit Committee provides preliminary evaluations to the Board of Directors regarding selection of the independent audit company as well as rating, valuation and supporting (outsourcing etc.) service institutions
- The Audit Committee regularly assesses the activities of the independent audit, rating, valuation and support service organizations appointed by the Board of Directors and with which contracts are signed
- According to the regulations that entered into force based on the related law, the Audit Committee ensures the consolidated maintenance and synchronization of the internal audit processes of partnerships subject to consolidation

MEMBERS

Serhad SATOĞLU, Chairman (Board Member)
Ali ÇÖPLÜ (Board Member)

FREQUENCY OF CONVENTION

Quarterly

INFORMATION ABOUT PARTICIPATION IN MEETINGS

Audit Committee held twenty-two meetings in 2013 with full attendance of chairman and members.

Credit Committee

DUTIES AND LIABILITIES

- The Credit Committee allocates credit lines as per the Banking Law and related regulations and within the framework of the authority granted by the Board of Directors.

MEMBERS

Murat ULUS, Chairman (CEO)
Güzide Meltem KÖKDEN (Board Member)
Reşat KARABIYIK (Board Member)

MEETING FREQUENCY

-

INFORMATION ABOUT PARTICIPATION IN MEETINGS

As per the Board Resolution No. 250 of April 11, 2013, Murat ULUS is elected as Chairman of Credit Committee; Güzide Meltem KÖKDEN and Reşat KARABIYIK as full members; Ekrem Kerem KORUR and Selim INCE as substitute members.

Takasbank Credit Committee did not convene in 2013 and all cash and non-cash credit lines were determined by the Board of Directors.

Corporate Governance Committee

DUTIES AND LIABILITIES

- The Corporate Governance Committee gives assistance to the Bank's Board of Directors in establishing mission and vision of the Bank and oversees the operations of the Bank which are conducted in compliance with such mission and vision
- The Corporate Governance Committee acts as a leader in the formation of the corporate values and ethical rules and gives support to the operations in this matter
- The Corporate Governance Committee determines any conflicts of interest arising from failure to provide full compliance to the corporate governance principles and ensures formulation of necessary policies to manage such conflicts of interest
- The Corporate Governance Committee monitors development and update process of the standards, policies, instructions and implementing procedures concerning the activities and operations of the Bank
- The Corporate Governance Committee assesses social responsibility projects, and
- The Corporate Governance Committee reviews significant complaints and requests concerning the corporate governance practices and presents its comments and suggestions to the Board of Directors.

MEMBERS

Birol Aydemir (Vice Chairman)
Selim İnce (Board Member)

MEETING FREQUENCY

Semi-annually

INFORMATION ABOUT PARTICIPATION IN MEETINGS

Corporate Governance Committee convenes once in six months regularly and held one meeting in 2013 with full attendance,

Strategic Coordination Committee

DUTIES AND LIABILITIES

- The Strategic Coordination Committee considers and approves strategic targets to achieve vision of the Bank on the basis of the mission, vision and basic values of the Bank as well as the initiatives to put them into effect; monitor progressive steps periodically and decides on necessary changes
- The Strategic Coordination Committee considers and approves applicability of the feasibility analysis of the improving actions of the company in accordance with the Continuous Service Improvement Process; evaluates the progressive steps of the improving actions of the company in the portfolio and decides on necessary changes.

MEMBERS

Murat ULUS (CEO)
Executive Vice Presidents
Directors
Managers of Internal System Teams



Manager of Strategic Planning and Corporate Communications Team

MEETING FREQUENCY

Quarterly

INFORMATION ABOUT PARTICIPATION IN MEETINGS

Strategic Coordination Committee convenes quarterly and convened 4 times in 2013.

Asset-Liability Committee

DUTIES AND LIABILITIES

- The Asset-Liability Committee discusses and evaluates the Bank's balance sheet, income statement, revenue and cost accounts, its budget and fund management strategy, as well as the implications of local and global developments in money and capital markets for the Bank;

- The Asset-Liability Committee designs prospective policies for the Bank based on the current data.

MEMBERS

Murat ULUS (CEO)
 Executive Vice Presidents
 Director, Banking Services
 Director, Clearing& Settlement Operations
 Director, Central Risk and Collateral Management
 Manager, International Markets Department
 Manager, Accounting and Financial Reporting Department
 Manager, Markets Department
 Manager, Risk Management Team

FREQUENCY OF CONVENTION

Monthly

INFORMATION ABOUT PARTICIPATION IN MEETINGS

The number of members who participated in the meetings held in 2013 are as follows:

MONTH	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
NUMBER OF PARTICIPATING MEMBERS	12	13	11	13	13	11	13	11	12	11	12	13

Information Technologies Committee

DUTIES AND LIABILITIES

- Analyses and ensures prioritization of the benefit-cost analysis of the project portfolio in accordance with the information technologies strategic plan made in accordance with the Bank's strategic plan

- Evaluates status of the projects and monitors efficiency and effectiveness of use of the information systems and human resources of the Bank

MEMBERS

Murat ULUS (CEO)
 Executive Vice Presidents
 Directors

INFORMATION ABOUT PARTICIPATION IN MEETINGS

Information Technologies Committee convenes bimonthly and convened 6 times in 2013.



Takasbank Related Party Transactions

Within the scope of related-party transactions of Takasbank, the transactions performed by Borsa Istanbul A.Ş. (BIAS)- which is Takasbank's primary shareholder and the holder of its qualifying shares- and the transactions performed by the members of the Board of Directors of the Bank with other corporations, of which they are a Board member or General Manager, are taken into account. Takasbank is responsible for the settlement of trades in the Equities, Debt Securities and Futures and Options Markets at BIAS.

In the event that members who trade in the Equities Market, Debt Securities Market and Futures and Options Market operating at BIAS do not fulfill their settlement obligations on time, default provisions are applied and a default penalty is collected from members for these transactions. The default penalties collected from members are transferred to BIAS's guarantee account or guarantee funds in the respective market. Furthermore, BIAS Equities and Debt Securities Guarantee Account

and Futures and Options Guarantee Fund were established to ensure that settlement obligations are fulfilled on time in transactions performed in any of the markets operating under BIAS and to prevent the members to be aggrieved in any way in the event of default. On Takasbank's balance sheet, under the account item of Other Debts/Obligations, a balance of TL 48.158.000 in the Equities Market guarantee account and TL 25,265,000 in the Debt Securities Market guarantee account as of December 31st, 2013.

The balance in the BIAS Equities and Debt Securities Guarantee Account is invested by Takasbank in the interbank secondary money market within the scope of a protocol signed between Takasbank and BIAS. The Bank earns interest income in return as a result of these transactions. The Bank gained interest and commission revenues of TL 3,016,000 from related-party transactions in 2013.



- CORPORATE GOVERNANCE COMPLIANCE REPORT
- SUPPORT SERVICES

Tuzla Port:

Accommodates the biggest shipyard in Turkey and hosts the academic schooling of sea captains. It is heart of the district decorating this southernmost point of Istanbul with its 13-km shoreline.

Corporate Governance Compliance Report



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1. Corporate Governance Principles Compliance Statement

Article 36 of Capital Markets Law No. 6362 provides that the first and second paragraphs of the article 17 in the Law concerning corporate governance will also apply to capital market organizations by analogy. As Istanbul Takas ve Saklama Bankası A.Ş. (Bank) is the central clearing & settlement agency pursuant to the Provisional Article 8 of the Law and the central clearing & settlement organizations are listed among the capital market organizations in the Article 35 of the Law, the present Corporate Governance Principles Compliance Statement is drawn up on the basis of the Report format attached to the Corporate Governance Communiqué No. II-17,1 issued by the Capital Markets Board (CMB).

The articles of association, updated according to the New Law, provide that the Bank will comply with the corporate governance principles set forth in the first and second paragraphs of the Article 17 of the Law with respect to all its activities. Based upon the amendment made in

the article 11 “Committees Reporting to the Board of Directors” in the articles of association, “Corporate Governance Committee” (Committee) was set up in the meeting of the Bank’s Board of Directors, No. 250 dated April 11, 2013; and, in the meeting, No. 251 dated April 29, 2013, “Regulation on the Principles of Takasbank Corporate Governance Principles” drawn up for implementation of the corporate governance principles and the working procedures and principles of the corporate governance committee was approved and put into effect.

The Bank adopts equality, transparency, accountability and responsibility concepts of the Corporate Governance Principles published by CMB and set it as a target to comply with these principles during its operations to the greatest extent.

As mentioned above, it is provided that the capital market organizations, including companies publicly traded companies or deemed so should comply with the Communiqué issued by CMB by analogy. The Bank shall comply with all the principles set forth in the “Regulation on the Principles of Takasbank Corporate Governance” (Regulation) unless it is identified by CMB as to which principles in the Communiqué can be obligatorily complied by.

Yours truly,

Selim İNCE
Member,
Corporate Governance Committee

Birol AYDEMİR
Chairman,
Corporate Governance Committee

Section I – Shareholders

2. INVESTOR RELATIONS DEPARTMENT

The Investor Relations has not yet been set up at the Bank. The relations with the shareholders are jointly managed by the Strategic Planning and Corporate Communications Team and Accounting and Reporting Department and the Assistant General Manager in charge of these departments is continuously in contact with the Corporate Governance Committee (Committee).

With respect to relations with the shareholders during the period, the below activities were carried out by the related units:

- 1) To ensure that the records related to the shareholders are kept properly, safely and updated;
- 2) To return in writing to the requests of the shareholders about the Bank, except any confidential business information not disclosed publicly;
- 3) To ensure that the general assembly meeting is held as per the applicable legislation, articles of association and other internal by-laws of the Bank;
- 4) To prepare the Annual Report for the ending year for the use of the shareholders in the general assembly meeting;
- 5) To ensure the voting results are recorded and the reports on the results are sent to the shareholders;
- 6) To oversee and follow up any matter related to public disclosure as per the applicable legislation and the information policy of the Bank.

Information request received from the shareholders in 2013 for information about their shareholder structure in the Bank were responded by the respective units.

The Accounting and Reporting Department has responded to the information requests about the reasons and details of the amendments in the articles of association and capital increase of the Bank, calculation of the share value and subscription right exercise price. In addition, information requests of the shareholders who desire to sell or buy shares with respect to these matters, payment of share prices after capital increase and delivery of the share warrants were responded.

3. EXERCISE OF THE RIGHT TO INFORMATION BY SHAREHOLDERS

The Bank is responsive to grant right to information to the shareholders as specified in the provisions of the Turkish Commercial Code and Banking Law (related legislation). No discrimination is made among the shareholders with respect to exercise of the right to information. To this end, the Bank keeps open all communication channels to respond to the requests of the shareholders for information.

The committee plays an effective role for protection and facilitation of exercise of the rights arising from being shareholder, including the right to information and examination. The committee is responsible for presentation of the information and explanation that may affect exercise of the rights to the shareholders.

General letters containing developments and financial information and news about the Bank are posted on the Bank's website www.takasbank.com.tr.

The appointment of a special auditor is not arranged as a right in the articles of association. The Bank management avoids acts to complicate special audit. Pursuant to the Turkish Commercial Code no. 6102 and the mandatory provisions of the Bank's Regulation on the Principles of Corporate Governance, the shareholders may request

special audit for inspection of some events provided that the right to information and inspection is exercised in advance. The shareholders may request these rights severally in the general assembly even if the matter is not included in the meeting agenda.

The Bank did not receive any request for appointment of a special auditor during the period.

4. GENERAL ASSEMBLY MEETINGS

The procedures and principles of attendance at the general assembly meetings are publicly disclosed in the document "Internal Directive on Working Principles and Procedures of the General Assembly Meetings" in the section "Legal Framework" of the Bank's website.

The Bank's general assembly meetings are held as per the provisions of the related legislation. The general assembly meeting, where the operating results for the year 2012 were discussed, was held on March 29, 2013. The meeting quorum was 94.08%.

The general assembly meeting was held at the premises of Borsa Istanbul A.Ş. in such a way not to cause any inequality among the shareholders and with minimum cost for the shareholders as far as possible.

The invitation and agenda including venue and date of the meeting and other information and documents for attendance of our shareholders at the general assembly meeting were sent timely and published in the Turkish Registry Gazette No. 8276 dated March 12, 2013, in the daily newspaper, Hürses, on March 8, 2013 and on the website of Takasbank.

The Bank's Annual Report for 2012, containing Balance Sheet, Income Statement and Independent Audit Report

for the accounting period of January 01, 2012 – December 31, 2012 as well as the amended articles of association, "Internal Directive on the Working Principles and Procedures of the General Assembly Meeting" and "General Assembly Meeting Briefing Document" were sent to the shareholders two weeks prior to the date of the ordinary general assembly meeting and posted on the company's website.

The questions received from the shareholders after announcement of the date of the ordinary general assembly meeting were answered by the Accounting and Reporting Department. As it has been described in the first section of the report, we have received requests from the shareholders especially concentrating on the item 13 of the agenda of 18th ordinary general assembly meeting concerning the draft amendment in the articles of association. With respect to the draft amendment of the articles of association, particularly the article on the increase of the paid-in capital from TL 60 million to TL 420 million, the shareholders have requested information on the calculation of the shareholding amount and calculation of the price for use of subscription rights, things required to be done by the shareholders that desire to sell or buy shares.

In the general assembly, the matters laid down in the agenda were communicated impartially and in detail by a straightforward and understandable way and opportunity of commenting and questioning was given to the shareholders under equal conditions.

In the ordinary general assembly meeting, the shareholders communicated their requests about the agenda to the council of the meeting by means of motions. 8 motions submitted by the shareholders concerning the items 8, 9, 10, 11, 15 and 16 of the meeting agenda were voted and accepted in the general assembly meeting. The shareholders that took the floor in the general assembly meeting did not raise any

additional question to the meeting council and they expressed their gratitude to the senior management and employees of the Bank.

The poll was held openly by show of hands in the general assembly meeting.

The minutes of the general assembly meeting was sent by fax and/or e-mail to the shareholders upon request, and, subsequently, posted on the company's website.

The shareholders, members of the Board of Directors and members of the Audit Committee, officers responsible for preparation of the financial statements, authorized officer of the independent audit firm and other related Bank personnel attended the general assembly meeting; whereas the media organizations did not attend.

5. VOTING RIGHTS AND MINORITY RIGHTS

The Shareholders of the Bank are comprised of Borsa İstanbul A.Ş., banks and brokerage houses.

The shareholders exercise their right of voting in proportion to the total nominal price of the shares they hold. Each share vests one voting right. There is no voting privilege granted to any group of shareholders.

The share of each shareholder, except from Borsa İstanbul A.Ş., cannot, directly or indirectly, exceed 5%. The in-paid capital of Takasbank is structured in such a way that 52.06% of the bank's capital is owned by Borsa İstanbul A.Ş., 24.75% by 14 banks and 23.19% by 46 brokerage houses.

There is no specific provision in the Bank's articles of association on the exercise of the minority rights or cumulative voting.

6. DIVIDEND RIGHTS

The distribution of dividend is carried out according to the resolutions taken in the general assembly meetings. The recommendations prepared on the basis of the Dividend Policy specified by the Board of Directors are included in the agenda of the general assembly meeting and the Dividend Policy is not posted on the Bank's website.

No privilege among the shareholders has been specified for distribution of dividend. Each shareholder is entitled to receive a pro-rata dividend.

In order to fulfill our commitments resulting from new functions, especially the role of central counterparty, no dividend has been issued to shareholders in order to enhance the robustness of our capital and financial structure.

7. TRANSFER OF SHARES

Pursuant to the Bank's articles of association and in accordance with the Article 493 of Turkish Commercial Code, the shares may be allocated only among the exchanges established as per the Capital Markets Law and their members, investment organizations, collective investment institutions, portfolio management companies, mortgage finance organizations, central clearing & settlement agencies, central depository agencies, public corporations with their stocks traded in the organized markets and private pension companies established as per the Private Pension Saving and Investment System provided that it does not conflict with the capital market regulations.

The share of each shareholder, except from Borsa İstanbul A.Ş., cannot, directly or indirectly, exceed 5%.

The shares representing Class-A shares are only owned by Borsa İstanbul A.Ş. No Class-A shares may be issued by capital increase.

Section II - Public Disclosure And Transparency

8. DISCLOSURE POLICY

Although the Bank has no written Disclosure Policy, easy to access information about the past performance and future expectations of the Bank is presented to the shareholders and stakeholders in a fair, timely, accurate, complete and clear manner.

The Bank responds to the information request received from the shareholders to the extent specified in the related regulations in accordance with the principles of equality, integrity, impartiality and consistency.

9. COMPANY WEBSITE AND ITS CONTENTS

Bank's website, www.takasbank.com.tr designed in Turkish and English, is actively used.

On the Bank's website, compliance with the values specified in the Corporate Governance Principles is targeted as appropriate.

The website contains general information about the bank as well as information about the articles of association, general assembly meetings, Bank regulations, unconsolidated financial statements and reports, independent audit reports, annual and interim operating reports. Furthermore, the section "Information Society Services" contains all information and documents required as per the mandatory provisions of the Regulation Regarding the Websites to be created by the Companies as published by the Ministry of Customs and Trade in the Official Gazette of May 31, 2013.

10. ANNUAL REPORT

The Corporate Governance Principles Compliance Statement, prepared on the basis of the report format specified by the CMB as per the Corporate Governance Communiqué No, II-17,1, Article 8 by the Capital Markets Board, is included in the Bank's Annual Report.

Section III – Stakeholders

11. INFORMING THE STAKEHOLDERS

The stakeholders have access to information about the Bank through the meetings, presentations and news shared with the print and visual media and via company's website. Furthermore, an intranet service is available solely used by the personnel for information and communication purposes.

Notification of the personnel about overall activities and applications of the Bank is carried out by e-mail, Bank's intranet and internal bulletins.

12. PARTICIPATION OF THE STAKEHOLDERS IN THE MANAGEMENT

The Bank is regularly in contact with the stakeholders and considers, develops and proposes suggestions for any requests received from them.

The receipt of proposals from the personnel is conducted via periodical meetings, surveys and evaluation of the notices made via the Bank's intranet.

In order to establish communication channels through which the bank personnel may communicate to the related management levels and departments about problems they encounter and matters they have any doubt and hesitation,

a "Procedure for Notification of any Irregularity, Problem or Suspicious Items in the Bank" was generated and openly posted on the intranet of the Bank for access by all personnel.

The requests and suggestions made by the members and clients concerning services of the Bank are enquired regularly via service satisfaction surveys; and client visits and all such requests are evaluated.

The Banks sets among its priority targets to ensure client satisfaction which refers to satisfaction of members and market participants, in all the services offered. To this end, customer satisfaction is measured by methods such as surveys, meetings and collection of requests; and all requests are duly considered.

In addition to the client visits made in 2013, "Takasbank Service Satisfaction Survey" was conducted, containing three main section where considerations, comments, criticism and requests on basis of service and systems were collected. In total, 394 organizations including brokerage houses, banks, pension companies, investment trusts, portfolio management companies and electricity companies participated in the survey. According to the results, the level of overall satisfaction about Takasbank services was 83%. The survey results and comments and suggestions made by the customers were considered by the Executive Management and necessary actions have been taken for each suggestion made by the customers, particularly requests for training, user friendly screens, performance and speed, design of the screens, reporting and various process improvement requests.

The Bank adopts it as a mission to continuously improve and develop the services through Continuous Service Improvement Program.

The complaints, suggestions and requests made by the public are considered

provided that they are communicated to Bank via the e-mail addresses provided on the Bank's website.

13. HUMAN RESOURCES POLICY

The human resources policy of the Bank is public and available at the website www.takasbank.com.tr.

It is the responsibility of the related Executive Vice President at first level and then the CEO for the implementation of the human resources policy in the bank.

The human resources policy of the Bank is implementing fair and transparent policies to recruit highly qualified personnel with the most appropriate skills in order to provide clearing, settlement and custody services at the highest national and international standards. The personnel is appointed in appropriate roles, where they may deliver performance to the maximum extent and show their creativity and dynamic working spirit while improving their personal and professional skills.

The job descriptions of the Bank personnel were prepared and communicated to them. The performance assessment criteria for 2014 will be implemented after notification to the personnel.

No discrimination related complaint was received from the personnel.

The foundation of the personnel policy is based on our main values of quality and customer orientation, analytical approach, team spirit, constant improvement, devoted working, trust, impartiality and confidentiality.

With respect to the human resources management, the bank has received consultancy service from an international firm regarding the organization structure, title structure, performance

management system, compensation management, competency management, training planning, and career and skills management. The human resources transition project conducted by the Bank's Human Resources Department in coordination with the consultancy company has lasted about 6 months and, upon completion of the project, the consulting company presented its findings, recommendations and assessment through written reports.

In the framework of consultancy service we received under the human resources transition project:

- The title structure has been simplified. In this context, the existing 56 titles in total were reduced to 25 at the Bank. The title structure was classified under four groups, namely, "Executive Group", "Specialist Group", "Supplementary Service Group" and "Other". The Executive Group includes titles of CEO, Executive Vice President, Director, Manager and Assistant Manager; Specialist Group includes Senior Specialist and titles granted to the equivalent personnel, Specialist and titles granted to the equivalent personnel, Assistant Specialist and titles granted to the equivalent personnel, Supplementary Services group includes titles of Senior Officer, Officer and Assistant Officer and the Other Group is comprised of the titles of Consultant, Executive Assistant, Driver, Clerk, Switchboard Operator, Security Officer and Security Chief.
- The salary ranges have been generated. The salary ranges indicating minimum and maximum salaries were formulated on the basis of each title by taking into account the contributions made by the units of the Bank, comparable salary levels in the industry, personnel recruitment difficulties and fairness in the working conditions.
- Training and performance management system has been revised. In line with the

recommendations of the consultancy firm, the performance management system is comprised of two levels, corporate and individual. The corporate performance management system will ensure that the vision and strategies of the Bank are shared with the Bank personnel via Key Performance Indicators (KPI).

- Upon the analysis performed by the consulting firm, a number of general principles were proposed for the organization structure of the Bank and in accordance with the general principles formulated for the organization structure:
 - > A 4-level unit structure reporting to the CEO was created at the Bank.
 - > A team has been defined as the lowest organizational unit, managed by a single executive, consisting minimum 3 persons, including the executive. The executives in the team may include Director, Manager or Assistant Manager.
 - > A department is considered as a unit managed by a Manager or Director, consisting of minimum two teams; and a Group is designed as a unit managed by Director, consisting of 2 units, at least one of them being a department.
 - > It is essential that a single executive will be appointed for each unit.

14. CODE OF ETHICS AND SOCIAL RESPONSIBILITY

The Bank either creates or gives support to the projects that contribute to the social development of the society, drawing attention to the social problems, particularly to education.

The Bank commissioned construction of Takasbank Fine Arts and Sports High School in the city of Siirt and still continues to give support to meet the requirements of the high school. Thanks to its institutionalized structure and personnel with high social sensitivity, the Bank conducts social

responsibility projects by taking into account the demands and contribution of the organizations/agencies and their personnel with which it has connections. The Code of Ethics applicable in the operations of the Bank has been approved by the Takasbank Board of Directors and shared with all personnel of the Bank but not disclosed to the public.

Section IV – Board Of Directors

15. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

As per the provisions of the Bank, the general assembly meeting selects members of the Board of Directors, consisting of 4 (four) members to be nominated by Borsa Istanbul Anonim Şirketi, Class-A Shareholder, 2 (two) members nominated by the banks as Group-B shareholders and 2 (two) nominated by the brokerage houses as Class-B shareholders, CEO is the natural member pursuant to the Banking Law.

Three of the Board Members to be selected among the candidates, nominated by Class-A shareholder will act as Independent Board Members. At least two of Class-A shareholders among the persons take office as Independent Board Members should not have, directly or indirectly, any employment relationship with the Class-A shareholder.

The qualifications required to be met by the Board Members are determined by the Bank as per the provisions of the applicable legislation.

The office term of the Board Members is 3 years. They may be reselected or reappointed.

The number of Board Members is 9 (nine) pursuant to the provisions of the Bank's articles of association. The full names of the board directors are given below while Birol Aydemir, Ali Çöplü and Selim İnce are Independent Board Members. The resumes of the board members are regularly updated and posted on the "Information Society Services" section of the website and Annual Report of the Bank.

Mustafa İbrahim TURHAN
Chairman

Birol AYDEMİR
Vice Chairman – Head of Corporate
Governance Committee

Murat ULUS
CEO and Board Member – Head of Credit
Committee

Ali ÇÖPLÜ
Board Member – Member of Audit Committee

Selim İNCE
Board Member – Member of Corporate
Governance Committee

Ekrem Kerem KORUR
Board Member

Reşat KARABIYIK
Board Member – Member of Credit
Committee

Güzide Meltem KÖKDEN
Board Member – Member of Credit Committee

Serhad SATOĞLU
Board Member – Head of Audit Committee

16. ACTING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors convenes at least once in a month and it may convene more frequently if deemed necessary. The Chairman, or Vice Chairman in absence of the former, is authorized to call a meeting of Board of Directors and determine the agenda. However, any one of the board members is entitled to request the Chairman to call a meeting of Board of Directors or inclusion of an item in the agenda.

The Board of Directors convenes upon the presence of absolute majority of the board members and resolutions are taken by majority of those present in the meeting. The activities of the Board of Directors and practice and fundamental principles of Board Meetings are stated in the Bank's articles of association.

The Board of Directors convened 18 times in 2013. One each board director did not attend at the meetings held on February 27, 2013, April 29, 2013, June 6, 2013, June 18, 2013, June 21, 2013, August 21, 2013, August 27, 2013 and September 25, 2013 and three board members did not attend at the meeting held on March 7, 2013. Full attendance occurred in the other meetings.

17. NUMBER, STRUCTURE AND INDEPENDENCY OF THE COMMITTEES SET UP UNDER THE BOARD OF DIRECTORS

In accordance with the liabilities laid down in the applicable legislation, the Audit Committee, the Credit Committee and the Corporate Governance Committee were set up by the Board of Directors of Takasbank to give the Executive Board assistance in the works and operations.

The Credit Committee is comprised of two members selected among the members having the qualifications specified by the applicable legislation and CEO or his/her deputy to perform the tasks set forth in the Banking Law.

The Audit Committee is comprised of two members bearing the qualifications specified in the applicable legislation and selected from the Board Members to give assistance to the Board of Directors in performing the audit and supervisory activities and perform the tasks written in the Banking Law and the tasks allocated to it by the Capital Markets Board.

The Corporate Governance Committee is comprised of two members selected from the

Board Members to regulate relationship of the Bank with the shareholders, stakeholders, regulatory and supervisory authorities, executives and employees in accordance with the principles of honesty, reliability, impartiality, confidentiality and equality and perform the responsibilities of the Bank concerning environment and social life.

The procedures and principles related to selection, tasks and operations of the member of the Committee are set forth in the Bank's articles of association.

18. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The Bank has established appropriate and effective risk management and internal control mechanism compliant with the scope and structure of its operations in order to monitor and control the risks it is exposed to.

The said mechanisms are executed by Internal Control and Compliance Team and Risk Management Team, independent from each other in terms of administration and organized as reporting to the Board of Directors via the Audit Committee in accordance with the provisions of the Regulation on Internal Systems of the Banks. The efficacy and effectiveness of the internal control and risk management systems is audited by means of periodical and risk-based audits in accordance with the applicable legislation, internal strategy, policy, principles and targets of the Bank and, in this context, assurance is given to the Top Management.

The Risk Management Team which manages and coordinates the operations for monitoring and audit of the risks to which the Bank is exposed, performs its activities in compliance with the banking legislation, reporting to the Audit Committee and in accordance with the internal regulations approved by the Board of Directors. The risk management operations of the Bank focus on the credit, market, liquidity and operational

risks as identified in the banking legislation. In this respect, Risk Management Team, in coordination with the units of the Bank, continues its operations for identification, measurement and consideration of the risks. The risk assessment of new products and services the Bank intends to provide is conducted by the Risk Management Team and reported to the Audit Committee. Furthermore, operations concerning risks of the clearing, settlement and collateral management services provided by the Bank are performed by the Central Risk and Collateral Management Group and the operations concerning risks of Information security and information technologies are performed by the Information Security and Information Technologies Risk Management Team. The Risk Management Team monitors such operations according to the banking regulations and report its assessment of the said risks periodically and/or when required to the Committee. In this respect, Risk Management Team issued and delivered 24 reports totally to the Audit Committee in 2013.

The objectives of the internal audit system includes protection of the Bank's assets; execution of the activities efficiently and effectively pursuant to the Law and other applicable legislation, internal policies and guidelines of the Bank and banking customs; assurance of the reliability and integrity of the accounting and financial reporting system and availability of the information on timely basis, and the operations to this end are executed by the Internal Control and Compliance Team at the bank. Internal audit operations are prepared by the respective team annually and performed in accordance with the Internal Control Program approved by the Board of Directors. 40 discrete services/processes pertaining to the Bank as specified by the Internal Control Program were audited and examined in 2013. The operations subject to audit are audited in the periods determined depending on the risk level attributed to them and presented to the Board of Directors via the Audit Committee quarterly. Furthermore, monitoring of the changes in the legislation

concerning the Bank and evaluation of the products and services for compliance with the applicable legislation is performed by the Internal Control and Compliance Team. In 2013, 6 reports in total were prepared and delivered to the Audit Committee with 4 of them issued quarterly and 2 in connection with the consideration of the new products and services intended to be provided by the Bank for compliance with the applicable legislation.

The assessment regarding to efficiency, efficacy and compliance of the internal controls with respect to the information systems and banking processes were jointly performed by the Internal Control and Compliance Team and Internal Audit Team in the second half of 2013 and 2 reports issued on the these processes were delivered to the Board of Directors and the independent audit company that audits the information systems and banking process of the Bank.

The procedures and principles related to functionality, effectiveness and supervision of effectiveness of the risk management and internal audit mechanism of the Bank are set forth in the Regulation on Internal Systems of the Banks and the internal regulations regarding to the respective teams in the Bank.

In order to assure that the activities of the Bank are executed in accordance with the Law and other applicable legislation and internal regulations and targets and efficiency and efficacy of the internal audit and risk management systems, the Internal Audit Team of the Bank performs operations for review and audit of the activities of the Bank periodically on risk basis and detection of any errors and misconducts.

The internal control operations include confirmation of the assets indicated in the financial statements of the Bank for compliance with the records, determination of any misconduct, examination of the financial accounts, records and documents, identification of the risks and control points

in the business processes and test of the effectiveness of the controls and control tests of the information systems and processes using financial and managerial data in the framework of operations performed to provide integrity, accuracy and reliability of the accounting records and financial reporting.

Internal Audit Team has issued 19 audit reports covering team and process audited in 2013 and delivered to Board of Directors upon approval of Audit Committee.

19. STRATEGIC TARGETS OF THE COMPANY

The vision and mission, corporate values and strategic targets of the Bank are generated by the Board of Directors by the help of the Corporate Governance Committee and disclosed to the public via the company's website. The vision of the bank is "To be a trustworthy, effective and innovative institution which provides clearing & settlement, banking and central risk management services at global quality standards, preferred both in domestic and international market".

The mission of the Bank is expressed as "Takasbank is an institution contributing to the development of markets with its reliable and effective post-trade services".

"Trust", "Stability", "Market Orientation", "Effectiveness", "Robust Financial Structure" and "Transparency" are corporate values of the Bank.

Strategic targets of the Bank are determined by the Board of Directors and necessary monitoring and control mechanisms are set up.

The targets of the Bank are stated in the strategic plans prepared for a period of 3 years. The actions taken to achieve the specified targets are evaluated by the Strategic Coordination Committee quarterly. The progress related to the strategic plan is

monitored by the Board of Directors via the reports presented to the Board of Directors annually.

The strategic targets of the Bank for 2013 are categorized under 4 main topics: "Finance", "Customer", "Process" and "Organization/HR".

It is seen that the targets of Return on Equity, Return on Assets, Leverage Ratio and Capital Adequacy Ratio specified for the objective "to increase financial power and shareholder value of the Bank" incorporated in the "Finance" group have been achieved successfully. In this context:

- The return on equity target of the Bank was specified as above 11% for 2013, and the return on equity was realized as 13.86%, that is, above the target rate.
- The return on assets of the bank was 1.5% by the end of 2013. This value shows that 3-year target of the Bank was achieved at 1.5 %.
- As our bank is an operations bank, non-interest revenue is specified to be higher than non-interest expense and the non-interest revenues was realized as 17% more than the non-interest expense in 2013.
- The target was set as adequate equity with leverage ratio not less than 5% and capital adequacy ratio not less than 14%. The realized leverage ratio of the bank was recorded as 5.42% and capital adequacy ratio was recorded as 25.79%, consequently above the targets, at the end of 2013.
- It was intended to increase the credit volume by 6%, and it turned out that the credit volume grew by 32%, reaching to TL 168.6 million.

As per the "Client" aspect, phone calls, SLM insertions and limited client visits were realized as advertising and marketing activities in order to increase the trading volume and customer diversity of Cash Credit, Securities Lending Market and Takasbank Money Market services for the ultimate aim of "Increasing financial diversity and liquidity of the capital market

instruments". The improvements were carried out to enhance the attractiveness of these services. Additionally, the initiative of acting as central counterparty in the Securities Lending Market has been performed successfully. In accordance with the initiatives specified for the target "to position Takasbank as the regional clearing centre/leader", account infrastructures were built in 2013 to provide access to the markets of Middle East, North Africa, Balkan countries, Middle East and Far East. Our processes were identified by the process improvements operations performed at the Bank with respect to improvement of business continuity and operations were executed for identification of the roles and responsibilities in this respect. And in line with the target "to spread the products and services in the existing and new markets", infrastructural adaptation of the activities for the markets gathered in the body of Borsa Istanbul A.Ş. was carried out successfully and these services are pursued. With respect to "Sustainable Customer Satisfaction", survey on satisfaction was conducted via web by high attendance of the members in 2013 and all our services were rated by the organizations receiving such services and proposals were received. These proposals have been evaluated by the related service owners and accordingly action plans were prepared.

In the "Process" aspect, with respect to "providing effective, uninterrupted and reliable service at the international standards", the database infrastructure of the Bank was replaced with an uninterrupted and accessible database infrastructure having a better performance, and the services we started to provide as being central counterparty further enhanced confidence in the Bank.

In the "Organization/Human Resources" aspect, participation of the personnel in the training programs was supported; more effective individual performance system was built and put into effect to include competencies for 2013. The surveys oriented towards the satisfaction of the Bank's

personnel were conducted and all proposals were duly considered. Additionally, all office space of the Bank were improved and renovated in terms of physical conditions, comfort, functionality and aesthetics to provide more ergonomic and modern working conditions for the personnel.

When the strategic plan for the period of 2013-2015 is reviewed in general by taking into account the operational results of the year 2013, it is seen that the progress towards the strategic targets and objectives of the Bank is at the specified level.

20. FINANCIAL RIGHTS

The financial rights provided to the Board Members, such as remuneration package and dividend bonus are determined at the general assembly meeting in accordance with the provisions of the Turkish Commercial Code. The rights granted to the senior management of the Bank, such as remuneration package, bonus are determined according to the Bank Personnel Regulation and the general remuneration increase is put into effect upon approval by the Board of Directors.

Other rights granted to the Board of Directors and senior management such as vehicle allowance, insurance are determined according to the Personnel Regulation, and the fees and expenses payable for travels are determined as per the Travel Expense Regulation of the Bank.

No borrowing/lending and guarantor and security relationship has been built with any Board Member and senior management in 2013.



Support Services

Within the scope of Regulation on Bank's Procurement of Support Services, the Banks receives:

- Server Hosting Service for the Emergency Centre from the Turkish Telecommunications, Inc.;
- Interface software maintenance and support service for Electronic Fund Transfer and Electronic Securities Transfer Systems from Mor Teknoloji Yazılım İletişim Bilişim Danışmanlık ve Enerji San. ve Tic. Ltd. Şti.; and

- Connection, maintenance and support service for SWIFT server located at the Disaster Recovery Center is provided by Fineksus Bilişim Çözümleri Tic. A.Ş.



EVALUATION OF THE OPERATIONS FOR 2013

- **CENTRAL COUNTERPARTY**
- **MARKET OPERATION AND CASH CREDIT**
- **CLEARING, SETTLEMENT AND CUSTODY**
- **OTHER SERVICES**

Alanya Port:

It is the meeting place of the roads and travelers carrying traces of the ancient Mediterranean civilizations. Ships sail from this port having enjoyed the comfort provided by Alanya Port.

Evaluation of the Operations for 2013

We have left behind a year during which the foundation was reinforced and actions were taken for future projects. Each unit of Takasbank carried out applications and operations to fulfill its mission to become a reliable address for the markets.

a) CENTRAL COUNTERPARTY

For Takasbank, the year 2013 was both a year of vigorous efforts made for the introduction of the central counterparty service and preparation of its infrastructure and as well as the launch of this service for the first time in Turkey.

In order to discuss the possible effects of the central counterparty practice on the market and raise awareness in connection with it, Takasbank, together with Economic Studies Foundation, organized an international conference titled "Central Counterparty Practice in the Turkish Capital Markets" in May. The conference was followed by a separate workshop specific to Takasbank personnel, which was organized with the attendance of the representatives of the clearing houses as well as academicians, and the topic was discussed in the light of international experience.

In compliance with the European Union regulations, "Istanbul Settlement and Custody Bank Inc. Central Counterparty Regulation" entered into force after its publication in the Official Gazette No. 28735 of August 14, 2013 and established an infrastructure for CCP services in line with international standards. The CPSS/IOSCO principles are taken into consideration for the central counterparty services to be provided by Takasbank in compliance with the international standards for CCP mechanism.

In order to start providing CCP service in any market pursuant to the Central Counterparty Regulation, the related Market Directive prepared by Takasbank should be approved by the CMB. The approval of the Directive grants necessary authority to Takasbank for the implementation of the central counterparty services in the respective market. Upon such approval, both directive and Code of Practice prepared by Takasbank are published.

In this context, undertaking of the central counterparty role in the Securities Lending Market by Takasbank, was approved by CMB and Takasbank Securities Lending Market Directive and Code of Practice related to this Directive were published. The central counterparty service has started to be provided in the market since September 2, 2013. The efforts for providing central counterparty service in the Istanbul Futures and Options Market, reached its latest stage and the Directive concerning the market was approved by the Capital Markets Board on December 13, 2013. Takasbank will start to provide central counterparty service at Borsa Istanbul Futures and Options Market in the first quarter of 2014. In this framework, methods and principles with respect to calculation of the transaction collaterals and guarantee fund contributions for both Borsa Istanbul Futures and Options and Takasbank Securities Lending Market were determined and explained in the respective directives and procedures.

The scheduling with respect to acting as central counterparty in Borsa Istanbul Equity and Debt Securities Markets was made in parallel with the timing of the project on renewal of the clearing infrastructure, which is developed together with Nasdaq OMX. According to the schedule, central counterparty service will be provided in the Equity and Debt Securities Markets in 2015 and 2016, respectively. Furthermore, efforts are continued for providing central counterparty service in Takasbank Money Market in 2014.

In accordance with the G20 commitments made by Turkey, a comprehensive report was prepared and presented to the Capital

Markets Board, including proposals of Takasbank on the clearing of the over the counter derivatives contracts in the capacity of central counterparty.

The common haircuts for collaterals in all CCP markets which ensures the effective management of the risks were computed. Additionally, allocated and underwritten capital amounts to cover the losses in the CCP markets have been determined by Board of Directors resolution.

The developments of stress back-testing and risk collateral monitoring system to effectively measure the risks which Takasbank will undertake especially in the listed derivatives market have been completed and started to be used early in 2014.





Financial Analysis Service

Within the framework of central counterparty service and banking transactions, financial analysis, intelligence and analytical studies are performed with respect to the banks and brokerage houses with which the Bank has or will have membership and/or credit relations. For credit rating assessments, Internal Credit Rating System is being used.

With Takasbank internal credit rating system:

- Financial standing of the banks and brokerage houses are identified in terms of credit rating grades,
- Maximum nominal or value at risk based credit or position limits that can be allocated are determined with respect to the banking or central counterparty operations; and

- Types of membership of the banks and brokerage houses to the central counterparty services are determined.

Takasbank Internal Credit Rating system was reviewed in 2013 in accordance with the provisions of the Central Counterparty Regulation and changes were made in its structure with outlines of the methodologies used in this respect were posted on the website.

Upon completion of the internal credit rating operations, all credit lines allocated to banks and brokerage houses were revised. The credit lines of 33 banks and brokerage houses were increased by 38 times in total. The maximum credit and position limits of members for Securities Lending Market and Borsa Istanbul Futures and Options Market were determined.

The risk of institutions and credit and position risks taken for central counterparty solutions are monitored and reported periodically.

b) MARKET OPERATION and CASH CREDIT

Securities Lending Market (SLM)

- By the end of 2013, a total of 75 intermediary institutions were entitled to trade in the Securities Lending Market with a total of 221 representatives. In 2013, a total of 23.023 lending contracts were undertaken by 75 intermediary institutions from 2.785 customer accounts, 33 mutual funds and 119 intermediary institutions' proprietary accounts. In 2013, a daily average of 272 orders and 92 contracts were recorded.
- Trading volume in the Securities Lending Market, reached to TL 3.04 billion and the traded number of shares subject to the lending was TL 556 million in 2013.
- In the total lending volume in 2013, the share of the mutual fund and investment trust was 30%, the share of the lending from the customer accounts of the intermediary institutions was 34% and share of the lending made from their portfolios was 36%.
- Examining the lending transactions in 2013 in terms of the borrowers, 69% of the total lending operations is comprised of the borrowing transactions made by the intermediary institutions for the account of their customers, 26% of the total borrowing transactions is comprised of borrowing made for the proprietary accounts of the intermediary institutions and 5% for the mutual funds and investment trusts.

Istanbul International Finance Centre Strategy and Action Plan, Article 24 specifies the development of securities lending

mechanisms and the activities related to the Action Plan was completed in 2013. The most important part of these activities was to become a central counterparty in the Securities Lending Market. The operations on the regulations completed after the Capital Markets Law 6362 entered into effect at the end of December 2012 and the Securities Lending Market Directive was revised in accordance with Takasbank Central Clearing Regulation and Takasbank Central Counterparty Regulation. The revised SLM Directive entered into effect on September 2, 2013 upon approval by the Capital Markets Board.

As the Bank is appointed as the central counterparty, the lending transactions are considered as non-cash credit and SLM limits are allocated by Takasbank on intermediary institution basis.

Takasbank has assumed to act as a central counterparty in SLM transactions by the method of open offer since September 2, 2013 and became to act as the borrower against the lender and as the lender against the borrower. Transactions performed in the Securities Lending Market, from this date have been under the guarantee of Takasbank.

Intermediary institutions have signed the revised Securities Lending Market Contract in accordance with the central counterparty provisions and started to trade within the SLM limits since September 2, 2013.

Takasbank performs operations to launch a guarantee fund consisting of the contributions of the members in order to use for losses in excess of the collaterals of the members in case such members default. The guarantee fund is scheduled to be operational in the first quarter of 2014.

On the other hand, a new type of maturity, "Open Order" was introduced, giving the borrower the right of early fulfilling obligations and the lender the right of recalling its shares, upon acting as the

central counterparty. This order type is the practice of having no fixed maturity in the SLM system, as commonly used both in the lending-borrowing operations in over-the-counter markets and similar lending markets or mechanisms abroad.

The calculation method of the transaction commission fees has been changed since September, 2013 in the market where it acts as central counterparty and the trading commission is now calculated daily based on the weighted average price of the last trading session, which is added to the commission fee of the previous day.

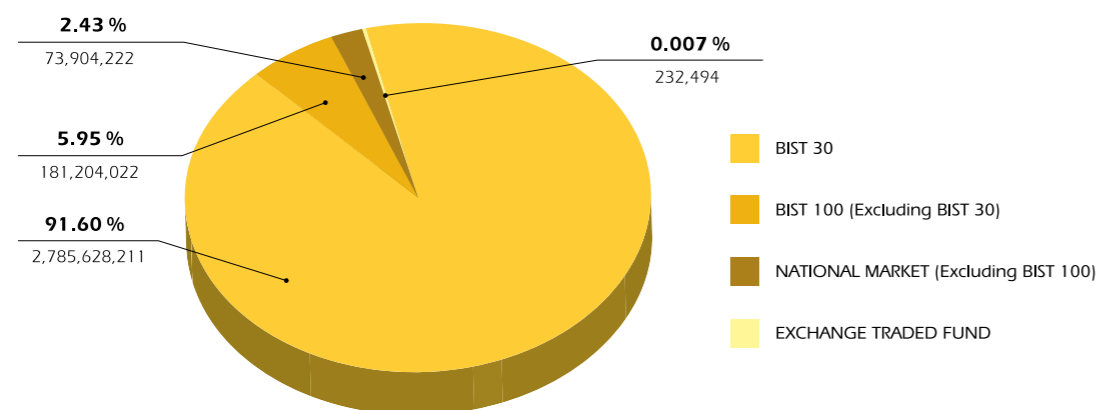
While Group-A shares and the exchange traded funds traded in the National and Collective Products Market were previously subject to lending, now, for diversification of the securities subject to trading, all Group-A shares and exchange traded funds traded in Borsa İstanbul markets have been subject to transactions in the SLM since September 2, 2013.

While the cash collaterals up to the amount required by the risk is accreted in SLM, all cash collateral gains interest accrual since September 2, 2013.

The commission tariff of Takasbank, considering the market development and demands, was modified. Non-cash credit risk and the market risk taken by SLM were taken into account in parallel to the central counterparty service provided by Takasbank. On the other hand, the client demands on a review of the short-term commission rates and the commission limit of minimum TL 5 were considered. Accordingly, the commission rates of the transactions with maturity up to 1 week and transactions with maturity of 1 week were reduced by 50% and the commission rate of the transactions with maturity up to 2 weeks was reduced by 20% and the minimum commission rate of TRY 5 was repealed. The goal has been to prevent unnecessarily high trading commission rates for small volume in order for the trading commission of the lender not to remain below the commission of Takasbank.

SECURITIES LENDING MARKET, 2013 DATA		
	TOTAL	DAILY AVERAGE
Number of Orders	68,121	272
Number of Contracts	23,023	92
Number of Transactions	555,804,662	2,223,219
Transaction Volume (TL)	3,040,968,949	12,163,876

TRANSACTION VOLUME (TL)



2013 / MONTHS	SLM TRANSACTION VOLUME (TL)	SLM NUMBER OF TRANSACTIONS	NUMBER OF TRADING MEMBERS
January	352,247,666	59,727,587	54
February	216,862,194	43,979,787	53
March	323,983,060	62,720,117	56
April	336,570,340	58,758,365	61
May	290,185,663	47,761,586	61
June	217,441,466	36,145,770	62
July	233,012,548	45,306,433	63
August	170,647,607	33,196,917	59
September	239,461,342	41,966,486	58
October	178,376,892	34,373,011	56
November	212,429,314	40,110,913	60
December	269,750,856	51,757,690	55

2013 / MONTHS	NUMBER OF TRADED SECURITIES ON SLM	MONTHLY NUMBER OF CONTRACTS
January	112	2,027
February	103	1,513
March	117	2,409
April	122	2,220
May	132	2,227
June	146	1,722
July	114	1,805
August	101	1,306
September	109	2,082
October	112	1,465
November	139	2,005
December	120	2,242

MEMBERS AND SUB-MEMBERS OF SECURITIES LENDING MARKET		
2013	NUMBER OF BORROWERS	NUMBER OF LENDERS
INTERMEDIARY INSTITUTION	75	53
2013	NUMBER OF BORROWER - SUB MEMBER	NUMBER OF LENDER - SUB MEMBER
PROPRIETARY ACCOUNT	87	63
CUSTOMER ACCOUNT	1,083	1,768
MUTUAL FUND/ INVESTMENT TRUST ACCOUNT	7	30
TOTAL	1,177	1,861

Takasbank Money Market (TMM)

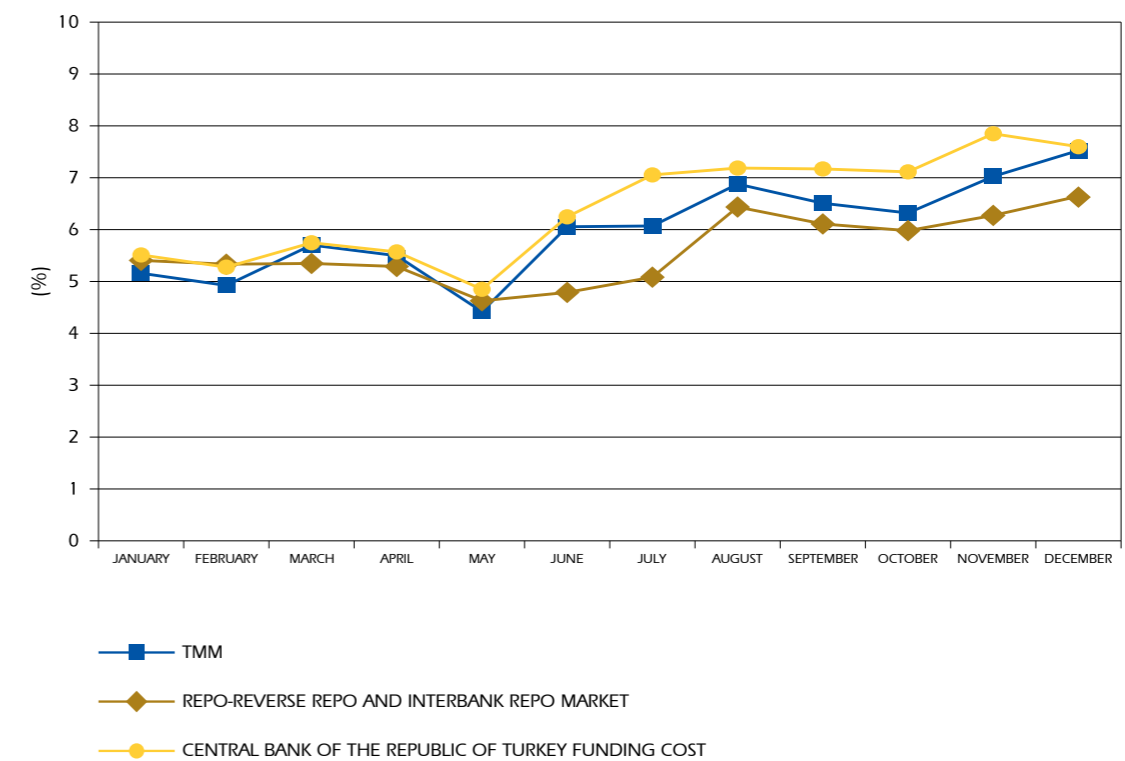
- 80 Institutions comprised of 64 brokerage houses and 11 deposit banks and 5 development and investment banks traded in Takasbank Money Market in 2013.
- The total trading volume has reached to the highest value ever since the start of operations in the market with 234.00 billion with a growth of 29% on TL basis compared to the previous year. Average trading volume increased to TL 1.67 million with an increase by 22% compared to the last year.
- Daily average trading volume was recorded as TL 936 million; the total and daily average numbers of transactions increased by 5.77% reaching 140,396 and 562 respectively.
- Marketing activities were performed to increase the number and transaction volume of the brokerage houses, mutual funds and investment trusts. When compared with 2012, the share of the mutual funds and investment trusts in the total trading volume of the TMM increased from TL 128bio to TL 175bio, by 37.22%. While number of the trading mutual funds and partnerships was 471 in 2012, it increased by 12%, reached 529 in 2013.
- 7 intermediary institutions, which did not trade in 2012, traded in TMM in 2013. Besides in comparison to the year 2012, the share of the mutual funds and investment trusts in the total TMM outstanding transactions increased by 21% in 2013.
- On the selling side of the transactions in TMM in 2013, 75% was performed for the mutual funds and investment trusts, 15% for the proprietary accounts of the intermediary institutions and the remaining 10% for the customers of the intermediary institutions. On the buying side of the total transactions, 96% was executed for the proprietary accounts of the intermediary institutions.

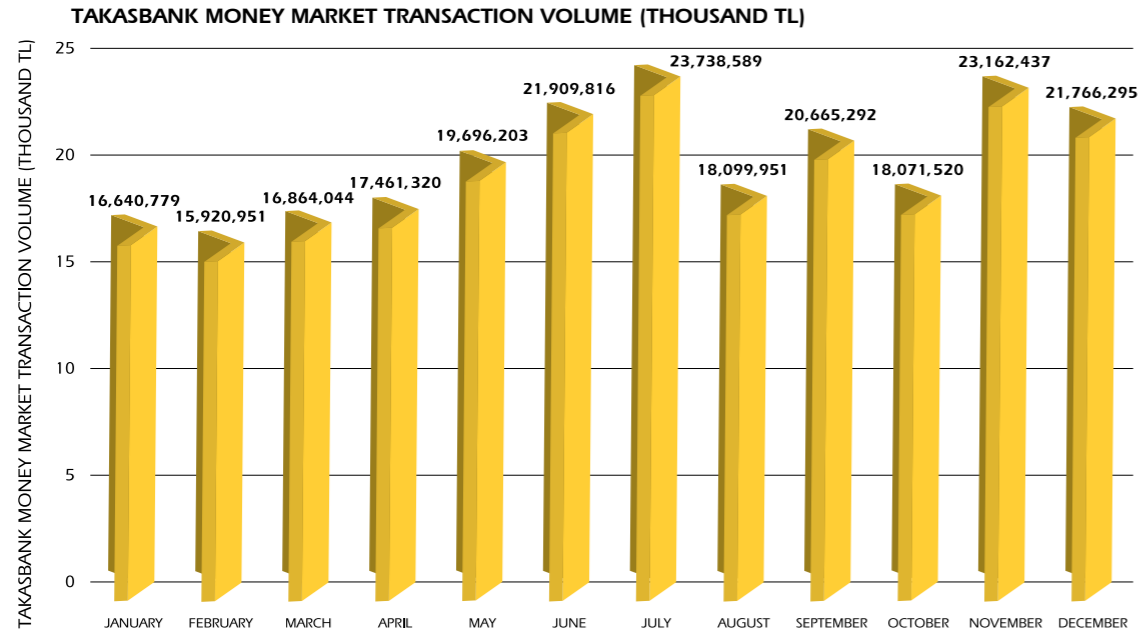
- As the effective risk management in the capital markets is gaining more importance, Takasbank started Maximum Net Debt Amount (MNDA) application in January 2013 in order to increase efficiency in the risk management by spreading the payments across maturities. MNDA refers to the upper limit of the net clearing debt amount that may occur on the trading and maturity dates for each member and, through the systematic control, the clearing debts of the members, excluding interests and legal liabilities, do not exceed MNDA, on the trading and maturity date. Initially applied as TL 200 million, MNDA has been applied as TL 400 million since June 10, 2013.
- With the practice of MNDA in TMM, a new order type, "Blocked Sell Order", started to be implemented in January 2013. The members who cannot sell due to MNDA limitation or do not have enough selling limit due to trading risk and or who have no credit limit as well as the members trading for the funds and/or customers, may benefit from Blocked Sell Order.
- Blocked Sell Order is a special order, in which the order amount is blocked as soon as entered by the member who wants to sell, on the condition that the selling amount is available in member's Takasbank free current account. If blocked sell order is subject to the transaction, the realized amount is withdrawn from member's free current account from Takasbank.
- In TMM, the orders entered by the intermediary institution may be matched with the same intermediary institution's order after a certain waiting period. As the members with intensive trading both on buying and selling side stated that the waiting period started to play restrictive role in performing their trades quickly, effectively and on basis of the best existing market conditions, the waiting time was reduced to 30 seconds from 5 minutes on December 24, 2013 by considering the trading volume and number of orders and contracts increased over years to make the market more effective.

AVERAGE DAILY TRANSACTION VOLUMES IN TAKASBANK MONEY MARKET

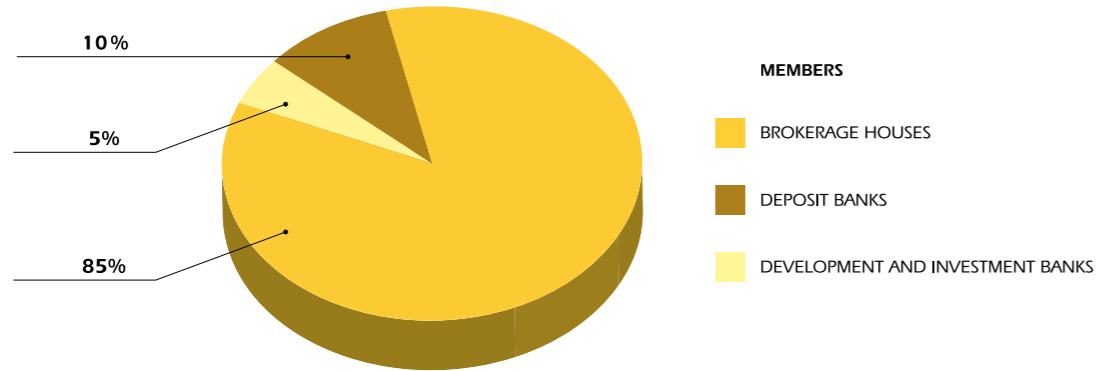
MONTHS	AVERAGE TRANSACTION VOLUME (TL)	AVERAGE NUMBER OF TRANSACTIONS
January	756,399,045	501
February	796,047,550	496
March	803,049,714	526
April	831,491,429	549
May	895,281,955	559
June	1.095,490,800	578
July	1.032,112,565	589
August	952,629,000	582
September	984,061,524	599
October	1,003,973,333	573
November	1,102,973,190	623
December	989,377,045	567

DAILY INTEREST WEIGHTED AVERAGES (%)





BREAKDOWN OF TAKASBANK MONEY MARKET TRANSACTION VOLUME (%)



Cash Credit

- In 2013, the credit line was allocated to 7 brokerage houses for the first time. The credit line was reviewed for 52 intermediaries in total, i.e. 37 brokerage houses and 15 banks.
- Since Takasbank became central counterparty in the Securities Lending Market in 2013 and SLM trades constitute non-cash credit risk for Takasbank, SLM limits were allocated for 81 brokerage houses and 23 banks.
- While daily average Takasbank cash credits was TL 127.9 million in 2012, it grew by 32% in 2013, reaching to TL 168.6 million as a result of utilization by 25 brokerage houses due to competitive interest rates offered.
- In comparison to 2012, Takasbank cash credit interest revenues rose from TL 11,477,000 to TL 12,007,000 due to increased placement, despite 25% fall in the average credit interest rate. The maturities of the cash credits made available by Takasbank is mainly overnight.
- In 2013, the number of the customers of the brokerage houses that signed pledge contract to transfer asset to the cash credit collateral account increased from 684 to 740.
- With the objective to provide credit service to more brokerage houses, we will concentrate upon marketing operations on the basis of brokerage houses in 2014.

AVERAGE CASH CREDIT PLACEMENTS AND LOAN INTEREST REVENUES IN 2013

MONTHS	AVERAGE PLACEMENT (TL)	INTEREST REVENUES (TL)
January	125,390,226	633,277
February	113,984,464	550,043
March	116,990,677	621,519
April	128,036,033	680,236
May	239,608,419	1,090,876
June	247,890,100	1,285,182
July	172,464,065	1,221,389
August	107,517,935	703,115
September	199,798,983	1,096,504
October	248,789,032	1,842,799
November	213,233,733	1,401,959
December	108,423,226	879,780
TOTAL	168,643,895	12,006,678

c) CLEARING, SETTLEMENT AND CUSTODY

Clearing and Settlement Services

EQUITIES AND OTHER EQUITY-LIKE INSTRUMENTS CLEARING AND SETTLEMENT SERVICE

Clearing and settlement of the trades executed at the Borsa Istanbul Equity Market and Emerging Companies Market are conducted on the second business day following the trade day (T+2) in book-entry form by netting buy and sell transactions in

accordance with the principle of Delivery versus Payment (DvP).

In 2013, the total trading volume of 86 brokerage houses in the Equity Market and Emerging Companies Market reached TL 814.99 billion. After the netting procedure, Takasbank executed cash settlement of TL 58.70 billion (7.20%) and equities settlement with a total market value of TL 188.45 billion (23.12%).

In 2013, gross settlement was applied to the equities of 28 companies for shares traded on the Free Trade Platform and to equities for which the netting process had been removed by the BİAŞ Automatic Session Suspension System. In the system which can also be operated on investor basis, gross settlement was applied to one investor in 2013.

DAILY AVERAGE TRADING VOLUMES IN THE BIST EQUITY MARKET (MILLION TL)

MONTHS	STOCK EXCHANGE TRADING VOLUME	NET SETTLED CASH	NET SETTLED EQUITIES	BIST 100 INDEX
January	3,598	235	886	78,783
February	3,283	213	729	79,334
March	2,937	203	730	85,899
April	2,895	235	760	86,046
May	3,500	255	864	85,990
June	3,857	320	881	76,295
July	3,205	238	672	73,377
August	2,784	214	643	66,394
September	3,558	251	748	74,487
October	3,440	239	813	77,620
November	3,472	236	766	75,748
December	3,050	213	666	67,802

DEBT SECURITIES MARKET CLEARING AND SETTLEMENT SERVICE

In 2013, the total trading volume in the Outright Purchases and Sales Market and Repo-Reverse Repo Market stood at TL 6,897.64 billion. The total volume of debt securities issued by the corporate sector was recorded as TL 15.13 billion.

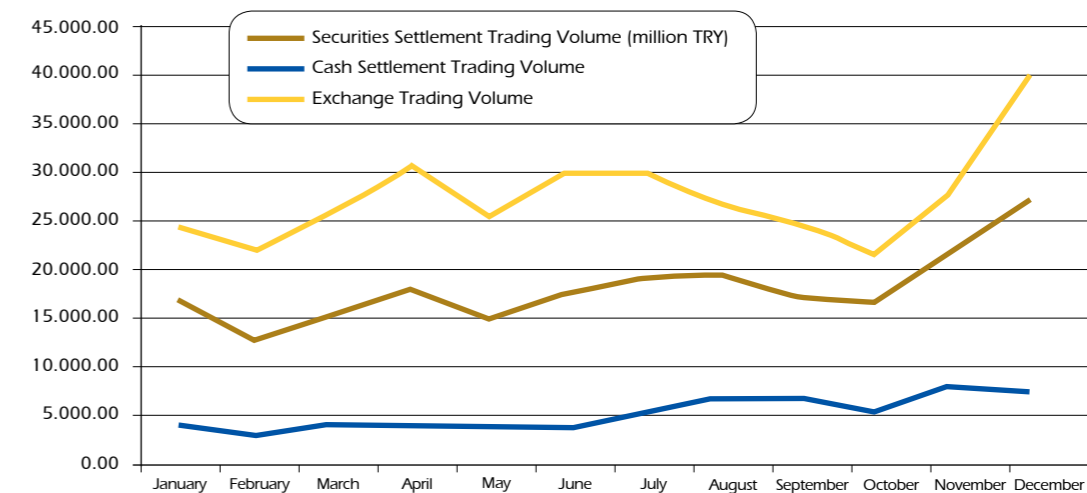
As a result of the multilateral netting process,

Takasbank executed cash settlement transactions with a volume of TL 1,298.84 billion, which accounts for 18.83% of the total trading volume and securities settlement transactions with a volume of TL 4,541.33 billion, which accounts for 65.84% of the total trading volume.

Record levels in the trading volume of Borsa Istanbul in 2013 was reached and the trading volume reached to the highest level of TL 52,057.7 million on December 31, 2013.

MONTHLY AVERAGE TRADING VOLUME, BİAŞ DEBT SECURITIES (MILLION TL)

MONTHS	SECURITIES SETTLEMENT VOLUME	CASH SETTLEMENT VOLUME	STOCK EXCHANGE TRADING VOLUME
January	16,669.14	4,009.81	24,462.11
February	12,935.46	3,239.43	22,290.90
March	15,649.25	3,900.19	25,866.86
April	18,345.66	3,938.45	30,679.40
May	15,160.34	4,023.15	25,436.40
June	17,684.59	3,899.26	29,837.57
July	19,193.45	5,107.98	29,982.80
August	19,407.68	6,591.67	26,481.69
September	17,275.74	6,809.55	24,651.35
October	16,775.34	5,572.23	21,822.63
November	21,295.57	7,903.47	28,039.68
December	26,938.31	7,396.64	39,898.04



DERIVATIVES MARKET CLEARING & SETTLEMENT SERVICE

Clearing & settlement, risk management and collateral management services for the trades executed at Borsa Istanbul Futures and Options Market (VIOP) started to be provided by Takasbank on December 2012.

Turkish Derivatives Exchange (TURKDEX) and Borsa Istanbul Futures and Options Market merged on August 5, 2013 under

the roof of Borsa Istanbul. Thus the total number of members in the Borsa Istanbul Futures and Options Market (VIOP) reached to 89 by the end of 2013.

The open interest volume in VIOP reached to 317,715 and market value to TL 1.782 million by December 31, 2013. Additionally, the trading volume was recorded as TL 143,096 million by December 31, 2013. The total number of open accounts in VIOP reached 88,228 by the year's end.

	2012	2013
BIAS VIOP		
Trade Collateral Value (Million TL)	5.6	1,673.70
Guarantee Fund Collateral Value (Million TL)	14.4	115.4
Trading Volume (Million TL)	7.4	143,096.40
Profit/Loss (Million TL)	0.7	2,642.70
TURKDEX		
- Trade Collateral Value (BillionTL)	1.3	*-
- Guarantee Fund Collateral Value (Million TL)	107.4	*-
- Trading Value (BillionTL)	403.9	**269.6
- Profit/Loss (Million TL)	4	4.6

(*) Merged with BIAS on 05.08.2013
 (**) Period of 01.01.2013- 02.08.2013

ELECTRICITY MARKET CLEARING & SETTLEMENT SERVICE

Authorized as the central settlement bank for the trades executed at Electricity Market after December 2011, Takasbank has

provided 765 members with cash clearing and collateral management services in 2013. The transaction volume data in 2013 is presented below.



MONTHLY TOTAL SETTLEMENT TRANSACTION VOLUMES OF DAY-AHEAD MARKET (ADVANCE) AND NON-SETTLEMENT MARKET (INVOICE) (2013)		
MONTHS	DAY-AHEAD MARKET (ADVANCE) (TL)	NON-SETTLEMENT MARKET (INVOICE) (TL)
January	1,663,585,081.80	1,159,076,893.12
February	1,117,962,471.78	755,494,761.48
March	1,151,698,733.16	848,561,220.92
April	1,245,374,089.74	964,609,477.46
May	1,062,865,751.18	840,560,206.12
June	1,139,767,538.36	951,570,122.68
July	2,251,552,434.58	1,540,065,290.18
August	1,912,142,807.46	1,500,047,729.48
September	1,836,822,905.30	1,145,304,955.86
October	1,518,776,050.26	1,227,646,171.78
November	1,447,855,572.04	1,075,990,864.70
December	2,762,593,811.18	2,581,202,277.34
Yearly Total	19,110,997,246.84	14,590,129,971.12

PRECIOUS METALS MARKET CLEARING & SETTLEMENT SERVICE

Cash clearing, settlement and collateral transactions of the precious metals trading performed in Borsa İstanbul A.Ş. Precious Metals and Diamond Markets are also executed by Takasbank and these trades have been performed since February 4, 2013 through the accounts opened with Kuveyt Türk Katılım Bankası A.Ş. designated as the correspondent bank.

Cash clearing, settlement and collateral transactions are conducted through connection to Borsa İstanbul A.Ş. via web service, allowing 91 market members to have access to Takasbank screens via internet.

Cash clearing and settlement executed by Takasbank in 2013 was USD 18.35 billion for Gold/Dollar transactions; TL 2.32 billion for Gold/TL transactions; EUR 73.04 million for Gold/EUR transactions. Similarly, in the

same period again, cash clearing in the silver markets was USD 204.17 million for Silver/Dollar transactions; TL 25.90 million for Silver/TL transactions.

Furthermore, collateral amounts of USD 2 million, EUR 202 million and TL 1.5 million were held with our correspondent bank, Kuveyt Türk Katılım Bankası A.Ş. as of December 31, 2013.

TURKEY ELECTRONIC FUND DISTRIBUTION PLATFORM

In order to contribute to the development of the fund industry and thus to the capital markets, the Turkish Electronic Fund Distribution Platform was launched which enables for trading and settlement of mutual funds participation certificates. In 2013, a total amount of TL 225.56 million worth of funds were traded on the Platform. The total number of member brokerage houses on this platform increased to 55 while the number of traded funds reached to 129.

Common operations were completed to enable order transmission to the Platform via Borsa Istanbul ExAPI (Electronic Order Transmission) system as well to improve effectiveness of the Platform and the system and put into effect in 2013.

ELECTRONIC PRODUCT CERTIFICATES (EPC) CLEARING & SETTLEMENT SERVICE

Clearing & settlement of Electronic Product Certificates traded on Electronic Product Trading Platforms within Commodity Exchanges are also executed by Takasbank via method of Real Time Gross Settlement DvP transfer. Registration, compensation and warehouse fees are calculated at the time of Real Time Gross Settlement DvP transfer and the registration and compensation amount are transferred to the Commodity Exchange and the depository fee is transferred to the licensed warehouse account.

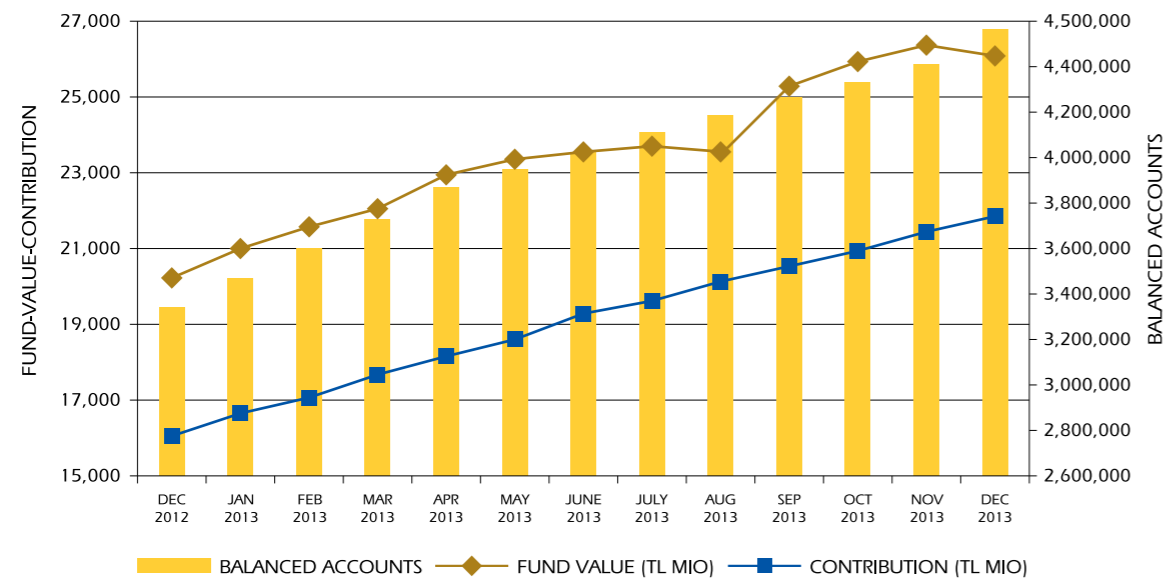
Custody Services

MANAGEMENT AND INFORMATION SERVICE FOR PRIVATE PENSION (BES) FUND UNIT SHARES

Takasbank has been providing custody services as a custodian to the private pension companies since 2003 in accordance with the Private Pension Saving and Investment System Law, Article 17, and Regulation on Principles of Establishment and Activities of the Pension Mutual Funds, Articles 28, 29 and 31.

The number of accounts containing private pension funds held with the private pension companies increased by 1,216,067 as of December 31, 2013 and reached to 4,566,619 in number in comparison to the last year. The fund size owned by the participants increased by TL 6 billion, reaching to TL 26,282 million. In 2013, a new pension company started to operate and 18 pension companies had 237 pension funds held with Takasbank as of December 31, 2013.

THE NUMBER OF PRIVATE PENSION ACCOUNTS WITH BALANCE AND DEVELOPMENT OF THE FUNDS SIZE OWNED BY THE PARTICIPANTS



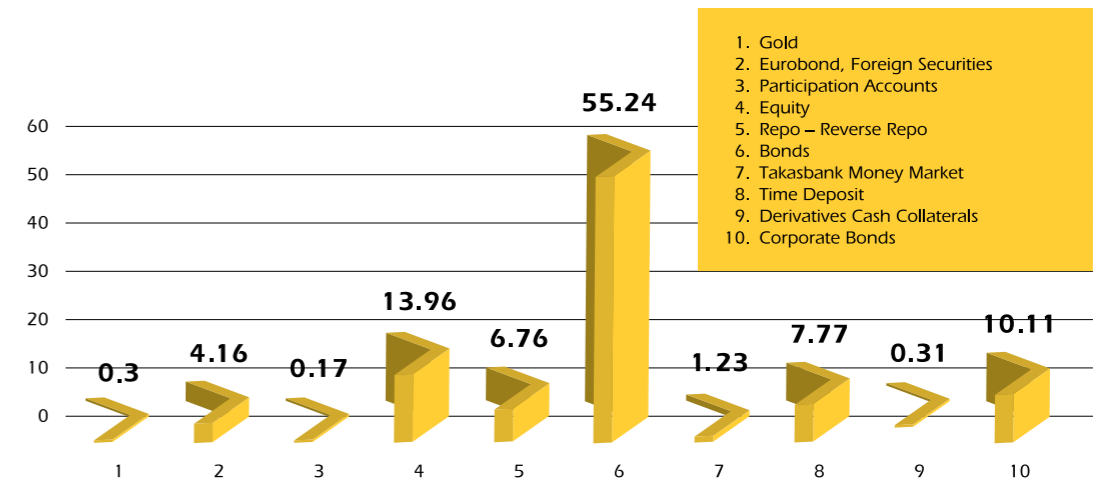
BOOK - ENTRY CUSTODY SERVICE

In accordance with the related legislation and authorized by the Capital Markets Board, Takasbank continued to provide custody service to the undertakings for collective investment institutions in 2013. For this, the necessary system has been put in place for collecting information on the assets under custody held outside Takasbank and for the control of the unit share values entered into the Takasbank system by these organizations. Moreover, Takasbank

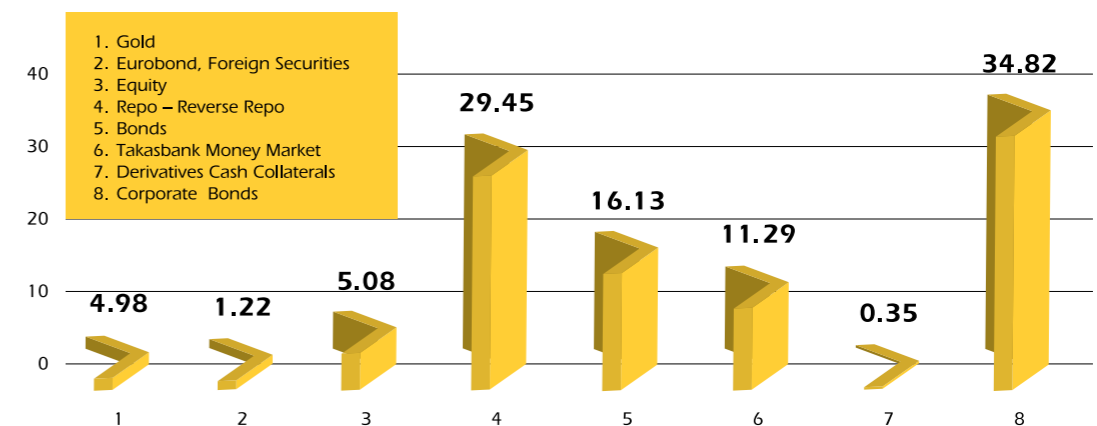
monitors the number of shares in circulation and fund portfolio value and in case of any discrepancy necessary corrections are required and such information is reported daily to the CMB.

As of December 31, 2013, the assets under custody consist of 1,372 million shares, exchange traded funds of 50,392 million, mutual fund participation certificates of 1,950 million, foreign shares of 23,566, warrants of 155,001, 8.153 kg gold and 8,890 kg silver are under custody for the undertakings for collective investment institutions.

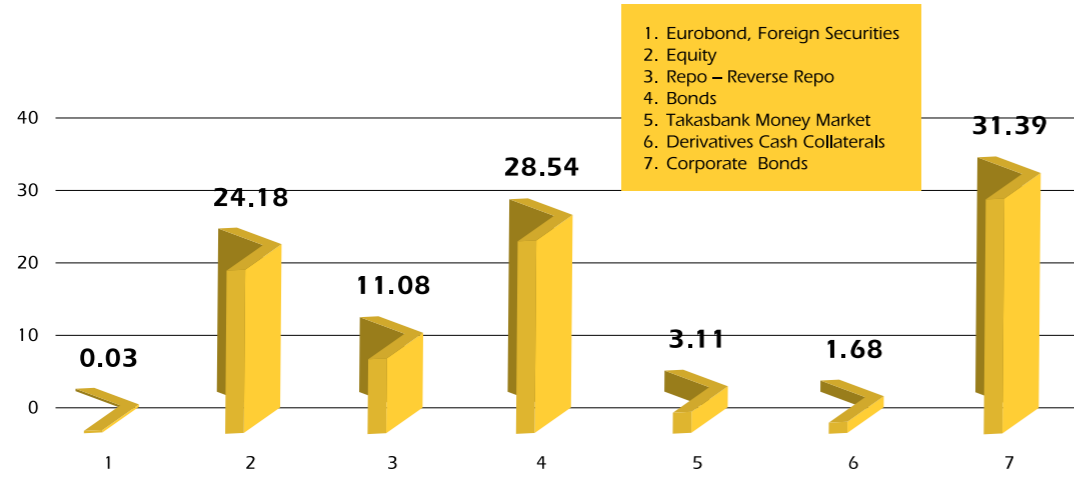
BREAKDOWN OF PRIVATE PENSION FUNDS PORTFOLIO (%) 31.12.2013



BREAKDOWN OF MUTUAL FUND PORTFOLIOS (%) 31.12.2013



BREAKDOWN OF INVESTMENT TRUSTS PORTFOLIO (%)
31.12.2013



EQUITY CORPORATE ACTION SERVICE

For the shares under custody accounts for the undertakings for collective investments, corporate action rights, such as capital increase and dividend distribution are executed by Takasbank.

In 2013, 14 issuers executed capital increase through rights issues; 43 issuers conducted capital increase through bonus issues and 158 issuers affected dividend distribution.

DEBT SECURITIES CORPORATE ACTION SERVICE

Takasbank provides custody service for government debt securities (GDS) to the banks, brokerage houses, investment funds and private pension funds, investment trusts, real-estate investment trusts, insurance and private pension companies and portfolio management companies.

GOVERNMENT DEBT SECURITIES YEARLY CUSTODY BALANCES			
YEARS	(MILLION TL)		(MILLION USD)
	AVERAGE NOMINAL	AVERAGE MARKET VALUE	AVERAGE MARKET VALUE
2006	39,725.88	33,188.07	23,486.00
2007	36,796.28	32,217.53	27,661.66
2008	38,908.52	34,173.06	22,596.75
2009	42,795.09	39,459.17	26,206.53
2010	41,072.65	40,126.52	25,955.06
2011	48,650.41	48,541.25	25,460.93
2012	49,818.44	50,686.38	28,433.96
2013	50,605.89	52,728.55	24,705.31



Balances of the corporate debt securities (CDS) owned by the investment and private pension funds, investment trusts, real-estate investment trusts, insurance and private pension companies are monitored in the accounts of Takasbank held with Merkezi

Kayıt Kuruluşu A.Ş. (Central Registry Agency). In recent years, a noticeable increase has been observed in the issuance of corporate debt securities and yearly CDS depository balances of Takasbank are presented in the following table

YEARLY CDS DEPOSITORY BALANCES		
YEARS	CDS (MILLION TL) DAILY AVERAGE NOMINAL	CHANGE (%)
2009	9.21	
2010	244.11	2550
2011	3,538.99	1350
2012	7,086.38	100
2013	12,228.42	73

Takasbank also intermediates the corporate action rights execution transactions for Government Debt Securities (GDS) and Corporate Debt Securities (CDS) for which custody services is provided. The tables showing distribution of GDS and CDS under custody at Takasbank and redemption/coupon payments made are presented below.

	GDS (MILLION TL)	CDS (MILLION TL)
REDEMPTION	14,180.34	20,616.32
COUPON	2,671.63	321.47

GLOBAL CUSTODY

Global custody services include transactions for clearing and settlement, custody, corporate action services for the capital market instruments traded in international markets. Cash operations for settlement purposes are also carried out.

The average market value of the international capital market instruments under custody was recorded as Eur 1.5 billion in 2013. In total, a number of 3,755 Free of Payment and Real Time Gross DvP Settlement transfers, a number of 1,722 corporate actions and a number of 2,018 cash transfer operations were executed. Takasbank has been providing global custody service for 115 member accounts as of December 2013.

MEMBER	NUMBER OF ACCOUNTS
Private Pension Company Funds	53
Investment Funds	24
Banks	18
Brokerage Houses	14
Investment Trusts	1
Real Estate Investment Trusts	1
Exchange Traded Funds	2
Portfolio Management Company	1
Holding Company	1
Total	115

THE CENTRAL CUSTODY & SETTLEMENT SERVICE FOR PRIVATE PENSION COMPANIES ON FOREIGN ASSETS

International assets in the fund's portfolio of the private pension companies are to be safekept at Takasbank as per the "Regulation Regarding to Principles of the Establishment and Activities of the Pension Investment Funds", revised by the Capital Markets Board and entered into effect after publication in the Official Gazette No, 28586 on March 13, 2013.

LOCAL CUSTODY SERVICE

Takasbank offers international institutions with clearing, settlement and custody services for their transactions in Turkish capital markets. Within this context, international institutions may open a custody account at Takasbank and benefit from clearing and settlement services, including money transfer,

corporate action and reporting transactions for the securities under custody.

PHYSICAL CUSTODY SERVICE

With respect to the shares and investment fund participation certificates traded on Borsa Istanbul with their provisions monitored by Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency – CRA) in book-entry form, the physical delivery operations were executed till January 4, 2013.

In 2013, 68.502 shares with nominal value of TL 18,628,861.61 and 6 investment fund participation certificates were physically received to be dematerialized. Elimination of 28,144,653 shares and 6,506,258 investment fund participation certificates with lapse of time on December 31, 2012 was started on January 14, 2013 and completed on February 26, 2013. 489,112 shares and 2,284,152 mutual fund participation certificates are safekept at the vaults of Takasbank as of December 31, 2013.

d) OTHER SERVICES

Collateral Management Services

DEBT SECURITIES COLLATERAL MONITORING (BIAS) SERVICE

BIAS Debt Securities Market trading limit provisions and International Bond Market Collaterals are monitored with Takasbank and the amount of "Trading Limit Provision" was TL 6.245 million and collateral amount was USD 1,2 million as of December 31, 2013. The breakdown of collaterals is presented in the following table:

BREAKDOWN OF TRADE LIMIT PROVISIONS BY COLLATERAL TYPE		
COLLATERAL	NOMINAL/AMOUNT	MARKET VALUE (TL)
Cash	256,003.89	540,713.19
Letter of Guarantee	571,712,448.25	839,208,745.75
Government Bond	5,162,377,326.00	5,317,024,668.82
Time Deposit	43,253,285.18	88,629,021.19
Total		6,245,403,148.95

INTERNATIONAL BOND MARKET COLLATERALS			
COLLATERAL	FOREIGN EXCHANGE CODE	NOMINAL/AMOUNT	MARKET VALUE (USD)
Letter of Guarantee	USD	100,000.00	100,000.00
Government Bond	TL	2,602,000.00	1,170,478.52
Total			1,270,478.52

DERIVATIVES MARKETS COLLATERAL MANAGEMENT SERVICE

In accordance with the Istanbul Finance Centre Strategy and Action Plan, Action 28 concerning development of derivative instruments, Takasbank started to provide clearing, settlement, risk management and collateral management services in December 2012 for Futures and Options Market (VIOP) pursuant to Derivatives and Options Market Regulation published in Official Gazette 28470 of November 17, 2012 and resolution taken by CMB.

In this context, it was resolved that real

time risk monitoring is made by use of SPAN (Standard Portfolio Analysis of Risk, an internationally recognized and commonly used risk calculation algorithm) and, to this end, operations of SPAN parameter identification and SPAN parameter file generation have been completed and applications were put into effect on December 2012.

Takasbank, the Clearing & Settlement Centre for Borsa Istanbul VIOP, provides services including opening of the trade accounts at Borsa Istanbul, management of the trading and guarantee fund collaterals, interest accrual of cash collaterals, real time post-trading risk management through



SPAN, real time pre-order risk management by SPAN for risky accounts, position making, profit/loss calculation, collateral margin calls, physical delivery for stock options, physical delivery default and accrual operations and collateral default and accrual services.

In the second half of 2013, operations of Takasbank for acting as central counterparty at VIOP as per the Capital Markets Law, Articles 77 and 78, were accelerated and the principles, directives and procedures started to be prepared.

The valued amount of VIOP trading collaterals managed by Takasbank was recorded as TL 1,673,752,283 by the end of 2013 and TRY 1,577,622,978 of these collaterals comprised of collaterals in Turkish Lira.

GUARANTEE FUND COLLATERAL MANAGEMENT SERVICE

Takasbank executes management of the guarantee fund established for VIOP transactions and total guarantee fund contribution of VIOP clearing members was

recorded as TL 115,519,498 by the end of the year. Cash contributions in Turkish Lira correspond to TL 52,528,027 of the fund.

ELECTRICITY MARKET COLLATERAL MANAGEMENT SERVICE

The total market value of the collateral safekept at Takasbank for Electricity Market trading was TL 361,943,937.88 as of December 31, 2013. The collateral safekept with the bank is comprised of cash collateral in the amount of TL 360,389,749.15, EUR 54.500 and USD 341.393,09 and Government Debt Securities with a market value of TL 665,514.20.

LEVERAGED TRANSACTIONS COLLATERAL MANAGEMENT AND REPORTING SERVICE TO CMB

In the aftermath of the global financial crisis, regulations were put in place for transfer of over the counter derivatives transactions to the organized platforms and central clearing of these transactions in order to eliminate the counterparty risk while reporting was to be made to the

trade repository institutions. In parallel to these practices in the international markets, the Capital Markets Board of Turkey has for the first time regulated the leveraged F/X transactions that constitutes an important part of the over the counter derivatives market with the "Communiqué on Principles of Leveraged Trading (LT) and Organizations to Perform Such Trading", which was effective on August 31, 2011. Thus, conditions were imposed on intermediary institutions for registration and reporting in Turkey.

With these regulations, it has become obligatory to report all leveraged transactions in customer accounts, asset transfers, realized profit and loss generated in the closed positions, potential profit

and loss amounts for open positions, any commissions, fees and taxes accrued on the accounts as well as collateral status in the accounts to Takasbank, which is authorized as a trade repository institution for leveraged derivatives transactions by the CMB.

In this context, further improvement of leveraged trading practices were completed and made operational in 2011 for the members of Takasbank. This continued in 2013 and new regulations were commissioned to enable effective and efficient development of the process. By the end of 2013, the market, consisting of 33 institutions, safekept collateral with a value of TL 280,5 million in 29.581 accounts while the number of open accounts was 43.194.

	YEARLY ANNUAL DATA ON LEVERAGED TRANSACTIONS OPERATIONS (MILLION TL)		
	*2011/12	2012/12	2013/12
Number of Accounts	2,920	16.67	43,194
Collateral Value	36.1	139	280.5
Value of Open interest	465.93	2,851.06	5,151.40
Trading Volume	825.21	10,107.92	10,996.60
Annual Total Trading Volume	0.26	1,102.364.09	2,952,793.22
Daily Average Trading Volume	0.001	4,223.62	11,313.38

(*) Since September 2011

Asset Transfer

EQUITIES AND OTHER EQUITY-LIKE INSTRUMENTS TRANSFER

The RTGS DvP transfer system allowing simultaneous securities and cash transfer executed transfer of securities with market value of TL 385.36 billion and equivalent cash transfer in 2013. Of these operations, TL 4.43 billion was settlement-defined RTGS DvP transfers. Furthermore, undertakings of collective investments executed free of payment transactions with a market value of TL 35.10 billion in total.

Due to the integration of the Real Time Gross Settlement DvP transfer system with

SWIFT system, SWIFT member organizations can transmit their orders of Real Time Gross DvP Settlement transfers via SWIFT and SWIFT transactions are directly input into Takasbank Real Time Gross Settlement DvP System. In 2013, 61.30 % of the Real Time Gross Settlement DvP orders have been submitted through SWIFT system.

Real Time Gross Settlement DvP System also allows the organizations to execute pre-matching electronically. The ratio of the orders of Real Time Gross Settlement DvP transfers with forward value date entered in the system for pre-matching via Takasbank screens or SWIFT, was recorded as 73.16 % in the same period.

FOP AND RTGS DVP SETTLEMENTS IN 2013 (BILLION TL)			
MONTHS	FREE OF PAYMENT	REAL TIME GROSS SETTLEMENT DVP	TOTAL TRANSACTIONS
January-February	5.81	64.32	70.13
March-April	6.11	56.96	63.07
May-June	6.69	74.93	81.62
July-August	5.05	58.39	63.43
September-October	5.36	65.21	70.58
November-December	6.08	65.56	71.63
Total	35.1	385.36	420.46

INCOMING INSTRUCTIONS VIA SWIFT IN 2013 (BILLION TL)			
MONTHS	TOTAL AMOUNT OF ORDERS	TOTAL AMOUNT OF ORDERS SUBMITTED VIA SWIFT	SWIFT / TOTAL %
January	69.23	41.19	59.49
February	59.41	35.99	60.58
March	57.15	35.05	61.33
April	56.33	34.85	61.87
May	70.09	43.17	61.6
June	80.69	49.85	61.78
July	68.18	41.89	61.44
August	49.09	31.17	63.49
September	73.05	45.2	61.87
October	55.97	34.99	62.52
November	74.24	43.48	58.57
December	57.6	35.82	62.19
Total	771.02	472.65	61.3

REAL TIME GROSS SETTLEMENT DVP TRANSACTIONS WITH FORWARD VALUE DATE IN 2013 (THOUSAND)			
MONTHS	TOTAL AMOUNT OF ORDERS	NUMBER OF ORDERS WITH A FORWARD VALUE DATE	ORDERS WITH A FORWARD VALUE DATE/TOTAL NUMBER OF ORDERS %
January	107.01	78.78	73.62
February	101.95	75.42	73.98
March	104.63	74.23	70.95
April	98.38	67.44	68.54
May	101.94	74.65	73.23
June	123.18	91	73.88
July	105.83	80.63	76.19
August	83.76	64.75	77.31
September	112.6	82.74	73.48
October	94.75	66.07	69.73
November	109.13	78.92	72.31
December	105.92	79.26	74.83
Total	1,249.08	913.88	73.16

DEBT SECURITIES TRANSFER SERVICE

The members of Takasbank carried out transfer services in total TL 783,876.1.

The value of Real Time Gross settlement DvP transfers was TL 780,514.7 and the value of free of payment transfers was TL 3,361 million.

TYPE	QUANTITY	NOMINAL (MILLION TL)
Real Time Gross DVP	2,081	3,361.37
Free Transfer	154,501	780,514.75
EMKT	40,968	1,434,658.61
Total	197,550	2,218,534.73

EXCHANGE TRADED FUNDS SERVICE

In 2013, fund share creation and redemption transactions in total amount of TL 8,319.32 were executed in the exchange traded funds based on the share certificates, precious metals, government debt securities and foreign securities.

The fund share creation and redemption transactions were made possible in 2012, by inclusion of silver in the exchange traded funds, which had started with gold in 2006 and with inclusion of the US treasury bonds in the exchange traded funds based on government debt certificates, which originally started with the government bonds and treasury bills in 2007.

LOCAL CURRENCY PAYMENT AND TRANSFER SERVICE

Takasbank ranked the 4th bank with the highest volume in the outgoing EFT volume in 2013.

With respect to local currency payment and transfer services, Takasbank provides the services via CBRT Payment Systems (EFT, EMKT, POS, HIS) for use by its members and also uses these systems in the services it provides.

Takasbank has enabled the brokerage houses to connect to EFT and EMKT systems through Takasbank Electronic Transfer System and has an important place in EFT system with the synergy generated by other services and TETS. Takasbank ranked the 5th bank among the banks with the highest total volume of all EFT transactions (except for CBRT) in Turkey in 2013.

TOTAL QUANTITY AND VALUE OF INCOMING/OUTGOING CASH MESSAGES IN THE PERIOD OF 2011-2013			
YEAR	INCOMING/OUTGOING	TOTAL QUANTITY	TOTAL VALUE (MILLION TL)
2011	OUTCOMING	326,199	1,376,393
	INCOMING	187,570	1,402,426
2012	OUTCOMING	378,786	1,935,127
	INCOMING	211,143	1,963,963
2013	OUTCOMING	357,775	2,379,558
	INCOMING	223,816	2,462,261

BID OFFERS VIA TAKASBANK ELECTRONIC TRANSFER SYSTEM IN THE PERIOD OF 2011-2013		
YEAR	NUMBER OF BIDDING OFFERS	NOMINAL VALUE OF BIDDING OFFERS (MILLION TL)
2011	134	364
2012	64	187
2013	129	606

FOREIGN CURRENCY PAYMENT AND TRANSFER

Takasbank members can use USD or EUR cash amounts they transfer to Takasbank cash correspondents for their collateral and settlement transactions. Moreover, they can transfer the amounts in their cash accounts held with Takasbank to any other member's account at Takasbank or they can transfer to any other bank's account via SWIFT system.

Foreign currency payment and transfer operations are executed as part of the collateral operations executed by Takasbank.

Intermediary institutions can transfer USD or EUR amounts held with their Takasbank accounts to other bank accounts via their own terminals or through SWIFT system by upon a written instruction.

Numbering Service

SECURITIES NUMBERING

In 1995, Takasbank was authorized by the Capital Markets Board as the "National Numbering Agency" of Turkey to allocate

international securities identification code (ISIN-ISO 6166) and financial institution classification code (CFI – ISO 10962) to the securities and other financial instruments issued nationwide.

ISIN CODES ALLOCATED BY TAKASBANK IN 2013	
TYPE OF SECURITIES	QUANTITY
VIOP Options	2,784
Domestic Warrants	345
Government Debt Securities	214
Bank Bills	192
VIOP Futures	154
Corporate Bonds	131
Mutual Funds	93
TurkDEX Products	59
Pension Funds	52
Equity Shares	39
Asset-Backed Securities	34
Electronic Commodity Certificates	33
Commercial Papers	29
ISINs in Other Categories	25
Index	20
Stock Rights	17
Sukuk	11
Asset-Guaranteed Securities	7
Receipt	2
Total	4.241

LEGAL ENTITY NUMBERING

Takasbank was endorsed by Regulatory Oversight Committee (ROC) as the authorized pre-local operating unit (pre-LOU) since July 31, 2013. Moreover, Takasbank has the technical and legal infrastructure necessary to allocate legal entity Identifier (p-LEI) to all financial

organizations not only in Turkey, but worldwide.

In this respect, Takasbank started to provide services both to the local and international institutions and will start to provide this service at <https://www.leiturkey.com> as of the first quarter of 2014.

Member Information Management Service

MEMBER ACCOUNTS

Within the framework of Capital Market transactions, membership and account opening operations of the financial

institutions have continued to rise in the operating year of 2013. In 2013, Precious Metal Brokerage Houses, Commodity Exchanges and Licensed Warehouses were included in the types of members. The agreements were signed and accounts opened for 392 institutions, as presented in the following table.

MEMBERSHIP TYPE	QUANTITY
Brokerage Houses	2
Electricity Market Member	158
Pension Funds	61
Pension Companies	1
Real Estate Investment Trusts	4
Venture Capital Trusts	2
Participation Banks	1
Precious Metals Brokerage Houses	68
Portfolio Management Company	7
Mercantile Exchanges and Licenced Warehouses	5
Asset Finance Funds	2
Mutual Funds	81
Total	392

In 2013, accounts and agreements with Takasbank of the organizations given below

were terminated as per their request.

MEMBERSHIP TYPE	QUANTITY
Brokerage Houses	3
Banks	1
Electricity Market Members	6
Venture Capital Trust	1
Institutional Investors	3
Portfolio Management Company	2
Investment Trust	3
Mutual Funds	152
Total	171



AUTHORIZATION OPERATIONS IN THE MEMBER PROGRAMS

Takasbank completed the infrastructure work for the system of authorization on function basis in member practices, which are designed in line with the needs and requests of the market in 2012. The new authorization system, started with the project code "Hisse" on function basis, started to be used in all projects codes, except for KMD, VIOP and Electricity Market project codes, as of September 25, 2013.

Data Vending Service

PERIODICAL INFORMATION TRANSFER SERVICE TO THE DATA VENDORING COMPANIES

Within the scope of Periodical Information Transfer Service to the Data Vending Companies, information was provided to the data vendors in 2013 about the consolidated securities balances of the investment trusts, pension funds and investment funds, fund portfolio

distribution, fund company information, fund analyses and funds traded at the Turkey Electronic Fund Distribution Platform.

Collateral Agency Service to Mortgage Financing Firms

For funding the housing loans granted by Şeker Mortgage Finansman A.Ş., Takasbank has provided collateral and account management service for the loan to be used by Şeker Finans under the loan contract signed between Şeker Mortgage Finansman A.Ş. and Overseas Private Investment Corporation (OPIC).

The reception, review and storage of the mortgage documents delivered by the housing finance organization to which service has been given under the agreement made in 2011 continued throughout 2013. In 2013, 1,171 loan files were received with the total number of files reaching to 3,021 as of December 31, 2013. The average loan amount per file was recorded as TL 88,000.



Brokerage Houses Capital Requirements Collateral Safekeeping Service

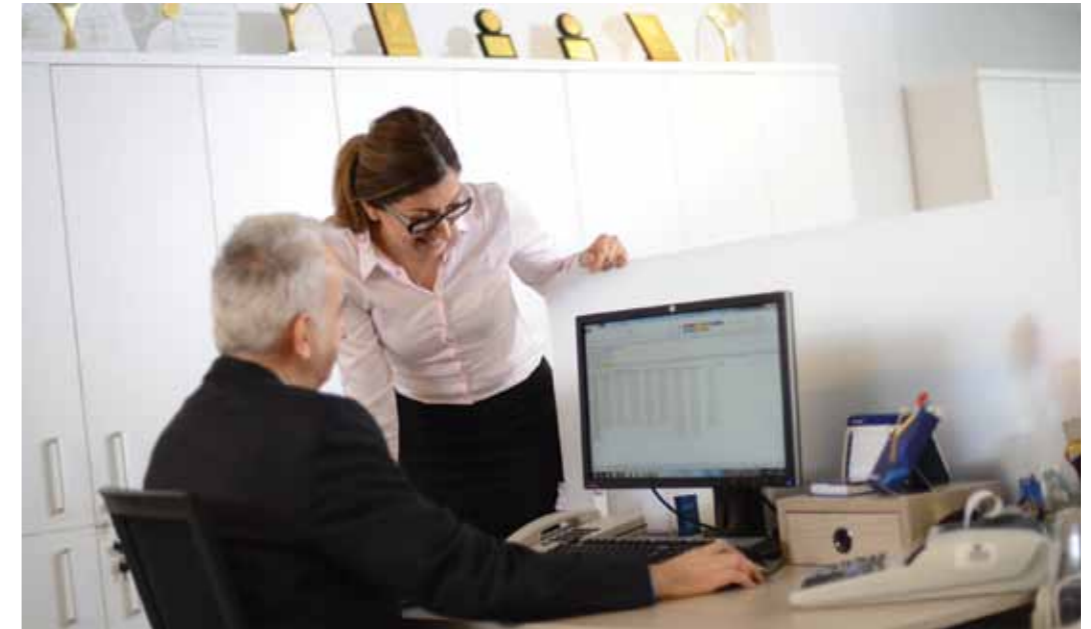
Total amount of the collaterals monitored by Takasbank on behalf of the Capital Markets Board is TL 89.7 million and its breakdown on the basis of collateral type is presented in the following table.

TYPE OF COLLATERAL	MARKET VALUE
TL	2,508,380.11
Government Bond	34,812,719.00
Letter Of Guarantee	52,378,093.00
Total	89,699,192.11

Repo-Reverse Repo Transactions and Monitoring and Reporting Service

In accordance with the Repo Circular issued by CBRT, repo and reverse repo operations

and transactions with breached maturity executed by the brokerage houses and banks outside Borsa Istanbul should be reported to Takasbank. Moreover, securities subject to such transactions should be safekept at Takasbank. In this respect, the following table shows monthly breakdown of securities of the brokerage houses and banks kept by Takasbank for repo blockage in 2013.



MONTHLY REPO BLOCKAGE IN 2013	
MONTHS	NOMINAL VALUE (MILLION TL)
January	50,106.50
February	41,979.40
March	46,062.48
April	40,605.24
May	46,194.06
June	42,962.24
July	46,169.53
August	42,041.34
September	42,083.60
October	33,042.02
November	38,001.12
December	37,666.75

FINANCIAL INFORMATION AND RISK MANAGEMENT

- **EVALUATION OF THE FINANCIAL SITUATION
PROFITABILITY AND SOLVENCY**
- **EVALUATION OF THE AUDIT COMMITTEE**

Marmaris Port:

It is a natural port, always beautiful in history, with its strategic, commercial and military advantages ... Today it is one of the most favorite stops during Blue Voyage with three marinas, each having capacity of 1,100 boats, 9 yacht boatyards with capacity of 1,200 yachts.

Evaluation of the Financial Situation, Profitability and Solvency

The account group of Banks increased by 47% from TL 3.2 billion to TL 4.7 billion.

As of December 31st, 2013, total assets of Takasbank increased by 52.41% from TL 3,671,623 thousand to TL 5,596,026 thousand.

- The primary reasons for the change in the Bank's total assets during the current period are; - 47 % increase in bank accounts group ,
- 163 % increase in loans and receivables group,
- 100% increase in held to maturity investments group,

As the largest item on the Bank's balance sheet, the account group of Banks increased by 47% from TL 3,190,024 thousand to TL 4,683,410 thousand. Meanwhile, the loans & receivables portfolio of the Bank has increased from TL 107,306 thousand to TL 282,291 thousand with an increase of 163%. While there was no investment in the account group of held to maturity investments by the end of 2012, an investment of TL 239,826,000 was recorded by the end of 2013.

By the end of 2013, Takasbank borrowed TL 2,033,250,000 from domestic resources. However, the Bank did not receive any loans from overseas resources in the past two consecutive years. The capital of the Bank was increased from TL 60 million to TL 420 million. The capital increase amount of TL 180 million was funded by the internal resources and TL 180 million was funded by the contributions of the shareholders in cash.

The disbursements, assets and liabilities of the Bank are compatible with interest rates. Since there is no discrepancy between the ratios, it is not necessary to measure their possible impact on profitability. The short-term liquidity obligations of Takasbank are funded with its internal resources.

The Bank manages liquidity risk by ensuring that sufficient cash and cash-equivalent resources are kept to meet the current and future liabilities, open market positions can be closed and loan obligations can be funded



Evaluation Of The Audit Committee

Istanbul Takas ve Saklama Bankası A.Ş. Evaluation of the Audit Committee on Internal Audit, Internal Control and Compliance, and Risk Management Units

Takasbank's activities under the scope of internal control, internal audit and risk management are conducted by the Board of Directors, Executive Management, and the personnel on all levels as well as the Internal Audit, the Internal Control and Compliance and the Risk Management teams, in compliance with the relevant legislation and the Bank's internal regulation.

In 2013, Internal Auditor Team performed a periodical and risk-based audit of all the activities of the Bank and assured the Executive Management that all activities were in compliance with the relevant legislation in effect and the Bank's strategies, policies, principles and goals, and concluded that the internal audit and risk management systems were effective and satisfactory.

The risk evaluations, internal audit plans, internal audit reports, internal audit activity reports, internal control program, risk management program and other documentation submitted to the Audit Committee in 2013 by the Internal Audit Team, the Internal Control and Compliance Team and the Risk Management Team, established in line with the provisions of the Regulation on Internal Systems of Banks as administratively independent control units reporting to the Board of Directors

via the Audit Committee, were evaluated in meetings, and the Committee's resolutions and relevant reports were submitted to the Board of Directors thereby providing information to Takasbank's Board of Directors and General Manager's Office.

The general risk level of Takasbank's operations relates not only to individuals and institutions operating on a domestic level, but also to international investors making portfolio investments in Turkey's capital markets. Accordingly Takasbank has embraced the mission of delivering its services at international standards and thus to create and operate efficient internal audit, internal control and risk management mechanisms.

Committed to sustaining a high quality of service in view of developments in financial markets, Takasbank has adopted a global risk policy for its operations involving risk minimization and prudent management. Besides, for those risks that must be taken or carried, an optimum balance is sought between any potential loss or damage to be incurred in the event of risk occurrence, and the cost of limiting, mitigating and controlling such risk.

Since Takasbank considers the internal audit and control processes as an integral part of its operations, reporting modules that enable effective monitoring and control of transactions conducted almost entirely in electronic format are integrated with software applications. Moreover, necessary controls are carried out during the execution of transactions by way of various techniques such as, separation of powers and duties for critical transactions, application of approval-authorization

mechanisms during the performance of operations, examination of limits in an electronic environment, inquiry and reconciliation and other methods for the control of material components. In addition to the control functions performed by our respective management units within Takasbank's hierarchical management structure, the activities of our departments were audited on a regular basis by our Internal Audit Team that reports to the Board of Directors and performs analyses and audits on behalf of the Board, and by our Internal Control and Compliance Team in specific periods.

Moreover, the Internal Control and Compliance Team is responsible for monitoring and announcing legislative changes concerning our Bank and evaluating the compliance of new products and services with the related regulations; the Risk Management Team is responsible for the risk evaluation for new products and services; and the Internal System Units are jointly responsible for evaluating the compliance of analysis documents related to new products and services with the criteria set forth in the Bank's internal regulations.


The work in progress that will provide a basis for the Management Statement have

been undertaken jointly by Internal Audit and Internal Control and Compliance teams, according to the calendar determined by the Audit Committee. The Bank's Clearing & Settlement, Custody, Cash Loans, Market Operation, Accounting, Financial Analysis, Fund Management and Treasury/Securities, Cash Transfers and Payment Systems, Collateral Management, ISIN Allocation, Member Affairs have been placed under the scope of "Banking processes audit", whereas the audit of the Bank's IT processes was performed in line with the provisions of "Communique on Principles Governing IT Management in Banks" and the COBIT framework. The results of the process audits were reported to relevant units and management levels so as to ensure that the necessary actions were planned and taken.

Takasbank carries out its operations in conformity with the applicable legislation, adhering to the Bank's general policies and internal regulations, Takasbank's Internal Audit, the Internal Control and Compliance and the Risk Management units are structured to operate in accordance with the Regulation on Internal Systems of Banks and generate significant added value in line with the major objectives and policies of Takasbank.

Ali ÇÖPLÜ

Member of Audit Committee
Board Member



Serhad SATOĞLU

Chairman of the Audit Committee
Board Member



A large industrial port at dusk, featuring multiple cranes and ships. The sky is a mix of purple and pink, and the water is dark blue. The port is illuminated by various lights, including tall poles and lights on the cranes. The cranes are silhouetted against the sky, and the ships are visible in the water. The overall scene is a busy port at the end of the day.

▪ **INDEPENDENT AUDITOR'S REPORT FOR
THE YEAR ENDED 31 DECEMBER 2013**

Mersin Port:

As the leading port in Turkey and in The East Mediterranean region, Mersin Port serves as a window opening to the Middle East. Harboring the ships and vessels in its 48 docks, Mersin Port offers easy access to multimodal connections with domestic and international destinations.



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

To the Board of Directors of İstanbul Takas ve Saklama Bankası A.Ş.

1. We have audited the accompanying unconsolidated balance sheet of İstanbul Takas ve Saklama Bankası A.Ş. (previously "İMKB Takas ve Saklama Bankası A.Ş.") ("the Bank") at 31 December 2013 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

2. 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 unconsolidated financial statements; and for selecting and applying appropriate accounting policies in compliance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published or declared by the Banking Regulation and Supervision Agency ("the BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

3. Our responsibility, as independent auditors, is to express an opinion on these unconsolidated financial statements based on our audit. Our independent audit has been implemented in accordance with the "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

Independent Auditor's Opinion:

4. In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of İstanbul Takas ve Saklama Bankası A.Ş. (previously "İMKB Takas ve Saklama Bankası A.Ş.") at 31 December 2013 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

5. As explained in detail in Note "I. Basis of Presentation" of Section 3, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalçın
Partner

İstanbul, 20 February 2014

THE YEAR END UNCONSOLIDATED FINANCIAL REPORT OF İMKB TAKAS VE SAKLAMA BANKASI A.Ş. AS OF 31 DECEMBER 2013

Address of the Bank's Headquarters : Şişli Merkez Mahallesi, Merkez Caddesi, Takasbank Genel Müdürlüğü No:6, İstanbul

Telephone of the Bank : (0 212) 315 25 25

Fax of the Bank : (0 212) 315 25 26

Web site of the Bank : www.takasbank.com.tr

E-mail for correspondence : rap@takasbank.com.tr

The unconsolidated year end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- INDEPENDENT AUDITOR'S REPORT

The accompanying year end unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited.

M. İbrahim Turhan
Chairman of The Board of Directors



Serhad Satoğlu
Chairman of Audit Committee



Ali Çöplü
Member of Audit Committee



Murat Ulus
CEO



Cengiz Özübek
Executive Vice President



Murat Görgün
Manager



Contact information of the personnel in charge of the addressing of questions about this financial report:
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Telephone Number : (0 212) 315 22 29
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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. (previously "İMKB Takas ve Saklama Bankası A.Ş.") NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013 (Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE GENERAL INFORMATION

I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute:

The Bank was originally set up as a department of the Istanbul Stock Exchange ("ISE") and reorganized under a separate company named İMKB Takas ve Saklama A.Ş. (ISE Settlement and Custody Company Inc.) on 12 July 1991, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.) (Hereinafter referred to as "Takasbank" or the "Bank"), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551.

II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to:

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

No	Name of shareholders	Current Period		Prior Period	
		Paid in Capital	%	Paid in Capital	%
1	Borsa İstanbul A.Ş. (*)	218.638	52,06	21.992	36,65
2	Tacirler Yatırım Menkul Değerler Kıymetler A.Ş.	21.000	5,00	3.000	5,00
3	T. Sınai Kalkınma Bankası A.Ş.	21.000	5,00	3.000	5,00
4	Phillip Capital Menkul Değerler A.Ş..	21.000	5,00	3.000	5,00
5	Yapı Kredi Yatırım Menkul Değerler A.Ş.	20.405	4,86	2.915	4,86
6	T.C. Ziraat Bankası A.Ş.	-	-	2.915	4,86
7	T.Garanti Bankası A.Ş.	20.405	4,86	2.915	4,86
8	Türkiye İş Bankası A.Ş.	20.405	4,86	2.915	4,86
9	Türkiye Vakıflar Bankası T.A.O.	20.405	4,86	2.915	4,86
10	Other (53 Items) (31 December 2012: 71 Items)	56.742	13,50	14.433	24,05
	Total	420.000	100,00	60.000	100,00

(*) Previous firm name "İstanbul Stock Exchange" (ISE)

The share of 13,50% in the "Others" line is composed of 43 brokerage houses and 10 banks, with shares of 8,33% and 5,17% respectively. (For the previous period the share of 24,05% in the "Others" line is composed of 60 brokerage houses and 11 banks, with shares of 19,89% and 4,16% respectively.)

52,06% of the Bank's shares are owned by BİAŞ. Capital Markets Board Law no. 6362 went into force after being published in the Official Gazette dated December 30, 2012. Pursuant to article 138 of the Law, Borsa İstanbul A.Ş. was founded on the same date, for the purpose of serving as a securities exchange. In accordance with the provisions of the Law and the related legislation, to ensure that capital markets instruments, foreign currencies, precious metals and gems, and other contracts, documents, and assets approved by the Capital Markets Board of Turkey are traded subject to free trade conditions in a facile and secure manner, in a transparent, efficient, competitive, fair and stable environment; to create, establish and develop markets, sub-markets, platforms, systems and other organized market places for the purpose of matching or facilitating the matching of the buy and sell orders for the above mentioned assets and to determine and announce the

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. (previously "İMKB Takas ve Saklama Bankası A.Ş.")
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

discovered prices; to manage and/or operate the aforementioned or other exchanges or markets of other exchanges; and to carry out the other activities listed in its Articles of Association." Established on the basis of Capital Markets Law no. 6362, Borsa İstanbul is an internal entity under private law. Borsa İstanbul is a self-regulatory entity.

The changes in shareholders in the current period are shown below:

Old Shareholder	New Shareholder(*)	Capital (TL)(**)	Ratio (%)
Güven Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	957.500	1,5958
Global Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	953.667	1,5894
Öner Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	583.000	0,9717
Alkhair Capital Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	100.000	0,1667
Güney Menkul Değerler Ticaret A.Ş.	Borsa İstanbul A.Ş.	75.877	0,1265
Sardis Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	64.363	0,1073
Bahar Menkul Değerler Ticaret A.Ş.	Borsa İstanbul A.Ş.	54.000	0,0900
Prim Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	50.000	0,0833
Sanko Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	29.150	0,0486
T.Ticaret Bankası A.Ş.	Borsa İstanbul A.Ş.	29.150	0,0486
Toros Menkul Kıymetler Ticaret A.Ş.	Borsa İstanbul A.Ş.	27.150	0,0453
Boyut Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	20.000	0,0033
Egemen Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	20.000	0,0333
Nurol Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	10.000	0,0167
Ulus Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	10.000	0,0167
Eti Yatırım A.Ş.	Borsa İstanbul A.Ş.	5.000	0,0083
Morgan Stanley Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	5.000	0,0083
Renaissance Capital Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	5.000	0,0083
Ata Yatırım Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	4.395.400	1,0465
Eczacıbaşı Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	4.200.000	1,0000
AKS Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	2.000	0,0033
Acar Yatırım Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	1.912.000	0,5552
Oki Yatırım ve Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	1.000	0,0017
İnfo Yatırım A.Ş.	Borsa İstanbul A.Ş.	800	0,0013
Boğaziçi Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	346	0,0006
Ataonline Menkul Kıymetler A.Ş.	Borsa İstanbul A.Ş.	233.200	0,0555
T.C. Ziraat Bankası A.Ş.	Borsa İstanbul A.Ş.	20.405.000	4,8600

(*) Indicates the bank's shares acquired by the existing shareholder Borsa İstanbul A.Ş. as of 31 December 2013.

(**) Full TL.

Dividend payment:

In accordance with the Ordinary General Meeting dated 29 March 2013, dividend amounting to TL3.695 has been paid to shareholders and employees at 6 April 2013. In accordance with the Ordinary General Meeting dated 29 March 2013, the capital yields tax provision to the personnel, management and audit committee which is TL 700 is taken from provision account and add to the excess reserve account.

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III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess:

Chairman and Members of the Board of Directors

Name Surname	Position	Education
Dr. M. İbrahim Turhan	President	Boğaziçi Uni - Business Administration/BA Marmara Uni - School of Banking and Insurance/MA Marmara Uni - School of Banking and Insurance/PhD
Biröl Aydemir	Member (Vice President)	Ankara Uni - Political Sciences Fac.- Department of Public Finance/MA
Murat Ulus	CEO and Member (President of Credit Committee)	Ankara Uni - Political Sciences Fac. Department of Labour Economics and Industrial Relations/BA Boston University - Financial Economy/MA
Ali Çöplü	Member (Audit Committee Member)	Bilkent Uni - Engineering Faculty Computer Engineering University of Pennsylvania Eng. Fac.- Com. Eng. And Inf. Sci./MA New York Uni - BA Business Management/MA
Selim İnce	Member (Credit Committee Associate Member , Corporate Management Committee Member)	Marmara Uni - Fac. of Eco. and Ad. Sciences - Business Administration/BA Marmara Uni - Social Science Fac - BA - Accounting Finance (With Thesis)
Serhad Satoğlu	Member (Audit Committee Member)	Ankara Uni - Political Sciences Fac.- Finance/BA Marmara Uni - School of Banking and Insurance/BA
Güzide Meltem Kökden	Member (Credit Committee Associate Member)	Ankara Uni - Political Sciences Fac. - International Relations/BA Ankara Uni - Institute of Social Sciences - European Communities Law/MA
Reşat Karabıyık	Member (Credit Committee Associate Member)	Marmara Uni - Faculty of Economic and Administrative Sciences/BA
Ekrem Kerem Korur	Member (Credit Committee Associate Member)	İstanbul Uni - Department of Economics/BA

At the ordinary general assembly meeting dated 29 March 2013, Selim İnce and Ekrem Kerem Korur were elected in place of Ekrem Nevzat Öztangut, Adalet Polat, Hüseyin Keleşoğlu and Mustafa Kemal Yılmaz (as per the amendment made to the governing charter, number of board of directors members was decreased from 11 to 9). According to the decisions taken at Board of Directors Meeting No. 250 dated 11 April 2013, the following positions and memberships were determined: Chairman of the Board of Directors, Vice Chairman of the Board of Directors, Audit Committee, Credit Committee and Corporate Governance Committee.

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Members of Statutory Audit Board

Name	Position	Education
Murat Ulus	CEO and Member of the Board of Directors	Ankara Uni - Political Sciences Faculty, Labour Economics and Industrial Relations/BA Boston University - Financial Economy/MA
Dr. Sezai Bekgöz	Operations Dept., Legal Affairs Dept., Accounting Dept.	Ankara Uni - Political Sciences Faculty, Economics/BA İstanbul Uni - Social Sciences Institute, Capital Markets And Stock Exch./MA Marmara Uni - School of Banking and Insurance Inst./PhD
Dr. Cengiz Özübek	Support Services Department	METU - Faculty of Economic and Administrative Sciences, Business Admin./BA Marmara Uni - School of Banking and Insurance/MA Marmara Uni - Capital Market and Stock Market/MA Marmara Uni - School of Banking and Insurance Banking/PhD
Galip Karagöz	Information Technologies Department	Boğaziçi Uni - Faculty of Engineering, Computer Engineering/BA

IV. Information on the Bank's Qualified Shareholders

Shareholding in the Bank's shares, except BİAŞ, does not exceed 5% as stated in the Articles of Association of the Bank. 52,06% of the Bank belongs to ISE. The Bank has nominal TL 200 preferred shares as of 31 December 2013. The preferred shares belonging to ISE, provides the shareholder to be represented with more members in the Board of Directors.

V. Information on the Bank's function and areas of activity:

Takasbank performs its operating activities as a non-deposit taking bank since 2 January 1996. Takasbank carries out clearing, settlement, custody and other necessary transactions related with marketable securities on behalf of brokerage houses. Takasbank also renders customer name based custody services. Head office of Takasbank is located in Istanbul and the Bank has no branches.

Operating areas as stated in the Articles of Association of the Bank are as follows:

- Performing custodianship, transport and transfers of the marketable securities, precious metals and other securities and settlement of cash and security commitments arising from the purchases and sales in stock exchanges, undertaking every kind of legal, financial and administrative transactions for conceding and receiving these securities to/from the related parties,
- To give custody services to stock exchanges, Central Registry Agency, intermediaries, issuers, private pension companies, local and foreign corporate investors and other capital market institutions and their clients, open accounts for the related transactions, performing money orders, transfers, clearing and offsetting between these accounts, to conduct other transactions in order to fulfill clearing liabilities timely and in line with procedures and principals, to mediate in exercising the financial rights of capital market instruments and to perform other similar financial services,
- To provide settlement and custody services to local and foreign customers abroad; to establish international cooperation for clearing and custody of securities and other precious metals traded outside the borders of Turkey (including free trade zones) and to establish relationships with settlement and custody institutions in other countries with this purpose; to fill funding needs by establishing or participating in syndications or consortiums with local or foreign banks or credit institutions; to establish or participate in continual or temporary partnerships of all kinds with local and foreign banks and other institutions in its business area,
- To place loans and advances in Turkish Lira or other currencies with or without guarantees such as gold, securities, bills, time deposits and documents; to lend securities and cash to members of stock exchanges in order the settlement transactions to be timely finalized; to discount or purchase securities and other capital market instruments and to lend or borrow these when needed; to issue, in Turkish Lira or any other currency, suretyship, letter of guarantee and a bill of Exchange,
- To establish and manage capital markets in which the ISE members and - if assigned - other exchange market members, including the Central Bank of the Republic of Turkey can participate,
- To establish and manage Securities Lending Market and mechanisms for borrowing and lending securities where the clients and corporate investors may become party to not only the settlement gaps but also short-selling in order the settlement transactions to be timely finalized in ISE and - if assigned - any other stock exchanges,
- To follow and manage assets that have been committed as collateral by stock and securities exchange members due to their obligations and commitments, in accordance with legal arrangements,
- Being the National Identification Agency, to assign and declare International Securities Identification Code for capital market instruments.

VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None

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**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENT****I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

	Note (Section Five-I)	Current Period 31/12/2013			Prior Period 31/12/2012		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	I-(1)	48.763	293.233	341.996	124.572	205.066	329.638
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-(2)	1.609	-	1.609	3.958	-	3.958
2.1 Financial Assets held for trading		1.609	-	1.609	3.958	-	3.958
2.1.1 Government Debt Securities		1.609	-	1.609	3.958	-	3.958
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		-	-	-	-	-	-
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	I-(3)	2.978.032	1.705.378	4.683.410	2.063.292	1.126.732	3.190.024
IV. MONEY MARKETS	I-(3)	16.034	-	16.034	14.077	-	14.077
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		16.034	-	16.034	14.077	-	14.077
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-(4)	1.079	339	1.418	1.079	272	1.351
5.1 Share Certificates		1.079	339	1.418	1.079	272	1.351
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	I-(5)	282.291	-	282.291	107.306	-	107.306
6.1 Loans		282.291	-	282.291	107.306	-	107.306
6.1.1 Loans to Bank's Risk Group		222.278	-	222.278	92.649	-	92.649
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		60.013	-	60.013	14.657	-	14.657
6.2 Loans under Follow-up		1.637	-	1.637	1.637	-	1.637
6.3 Specific Provisions (-)		1.637	-	1.637	1.637	-	1.637
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-(6)	239.826	-	239.826	-	-	-
8.1 Government Debt Securities		239.826	-	239.826	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-(7)	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-(8)	4.825	-	4.825	4.825	-	4.825
10.1 Unconsolidated Financial Subsidiaries		4.825	-	4.825	4.825	-	4.825
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (NET) (Net)	I-(9)	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-(10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-(11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	3-VIII, I-(12)	14.413	-	14.413	12.124	-	12.124
XV. INTANGIBLE ASSETS (Net)	I-(13)	884	-	884	1.504	-	1.504
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		884	-	884	1.504	-	1.504
XVI. INVESTMENT PROPERTY (Net)	I-(14)	-	-	-	-	-	-
XVII. TAX ASSET	I-(15)	2.679	-	2.679	2.287	-	2.287
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		2.679	-	2.679	2.287	-	2.287
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-(16)	-	-	-	-	-	-
18.1 Held for Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-(17)	6.641	-	6.641	4.529	-	4.529
TOTAL ASSETS		3.597.076	1.998.950	5.596.026	2.339.553	1.332.070	3.671.623

The accompanying explanations and notes form an integral part of these financial statements.

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III. INCOME STATEMENT

	Note (Section Five III)	Current Period 01/01-31/12/2013	Prior Period 01/01-31/12/2012
I. INTEREST INCOME	IV-(1)	123.670	89.523
1.1 Interest on Loans		12.008	11.498
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks		104.699	75.625
1.4 Interest Received from Money Market Transactions		-	-
1.5 Interest Received from Marketable Securities Portfolio		6.894	2.362
1.5.1 Financial Assets Held for Trading		-	-
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		-	-
1.5.4 Investments Held-to-maturity		6.894	2.362
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		69	38
II. INTEREST EXPENSE (-)	IV-(2)	32.912	13.835
2.1 Interest on Deposits (-)		-	-
2.2 Interest on Funds Borrowed (-)		32.912	13.835
2.3 Interest on Money Market Borrowings (-)		-	-
2.4 Interest on Securities Issued (-)		-	-
2.5 Other Interest Expenses (-)		-	-
III. NET INTEREST INCOME (I - II)		90.758	75.688
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		59.130	43.848
4.1 Fees and Commissions Received		63.334	52.990
4.1.1 Non-cash Loans		15.405	11.835
4.1.2 Other	IV-(11)	47.929	41.155
4.2 Fees and Commissions Paid (-)	IV-(12)	4.204	9.142
4.2.1 Non-cash Loans (-)		-	-
4.2.2 Other (-)		4.204	9.142
V. DIVIDEND INCOME	IV-(3)	7.334	4.691
VI. TRADING INCOME/(LOSS) (Net)	IV-(4)	298	(135)
6.1 Securities trading gains / losses		-	-
6.2 Securities Trading Gains/(Losses) on Derivative Financial Instruments		-	-
6.3 Foreign Exchange Gains/(Losses)		298	(135)
VII. OTHER OPERATING INCOME	IV-(5),(11)	68	168
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		157.588	124.260
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-(6)	3.080	8.585
X. OTHER OPERATING EXPENSES (-)	IV-(7)	53.288	45.739
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		101.220	69.936
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)		101.220	69.936
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-(8)	(19.411)	(14.768)
16.1 Current Tax Provision		(19.792)	(15.974)
16.2 Deferred Tax Provision		381	1.206
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)	IV-(9)	81.809	55.168
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-Current Assets Held for Sale		-	-
18.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3 Other Income from Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expense from Non-Current Assets Held for Sale		-	-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other Expenses from Discontinued Operations		-	-
XX. INCOME/(LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. NET INCOME/(LOSS) (XVII+XXII)	IV-(10)	81.809	55.168
Earnings/(Loss) per share		0,16718	0,22987

The accompanying explanations and notes form an integral part of these financial statements.

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IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY

	Current Period 01/01-31/12/2013	Prior Period 01/01-31/12/2012
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	-	-
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	(52)	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	10	-
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	-	-
XI. CURRENT PERIOD INCOME/LOSS	-	-
1.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	-	-
1.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
1.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
1.4 Other	-	-
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	(42)	-

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V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Before Minority Shares	Minority Shares	Total Equity
Prior Period – 01.01 – 31.12.2012																			
I.	Prior Period End Balance	60.000	96.788	-	-	20.146	-	90.700	3.269	-	36.613	-	-	-	-	-	307.516	-	307.516
	Changes in the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Reserves (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of the Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Income or Loss	-	-	-	-	-	-	-	-	55.168	-	-	-	-	-	-	55.168	-	55.168
XVIII.	Profit Distribution	II-(15)	-	-	-	2.888	-	803	-	-	(34.770)	-	-	-	-	-	(31.079)	-	(31.079)
18.1	Dividend Paid	-	-	-	-	-	-	-	-	-	(31.882)	-	-	-	-	-	(31.882)	-	(31.882)
18.2	Transfers to Reserves	-	-	-	-	2.888	-	803	-	-	(2.888)	-	-	-	-	-	803	-	803
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+II+III+...+XVI+XVII+XVIII)	60.000	96.788	-	-	23.034	-	91.503	3.269	55.168	1.843	-	-	-	-	-	331.605	-	331.605

The accompanying explanations and notes form an integral part of these financial statements

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V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Before Minority Shares	Minority Shares	Total Equity
Prior Period – 01.01 – 31.12.2012																			
I.	Prior Period End Balance	60.000	96.788	-	-	23.034	-	91.503	3.269	-	57.011	-	-	-	-	-	331.605	-	331.605
Changes in the Period																			
II.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Reserves (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of the Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	360.000	(92.700)	-	-	-	-	(87.300)	-	-	-	-	-	-	-	-	180.000	-	180.000
12.1	Cash	180.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180.000	-	180.000
12.2	Internal Resources	180.000	(92.700)	-	-	-	-	(87.300)	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	19	-	19
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	(42)	-	-	-	-	-	(42)	-	(42)
XVII.	Current Year Income or Loss	-	-	-	-	-	-	-	-	81.809	-	-	-	-	-	-	81.809	-	81.809
XVIII.	Profit Distribution	II-(15)	-	-	-	369	-	51.804	-	-	(55.168)	-	-	-	-	-	(2.995)	-	(3.037)
18.1	Dividend Paid	-	-	-	-	-	-	-	-	-	(3.695)	-	-	-	-	-	(3.695)	-	(3.695)
18.2	Transfers to Reserves	-	-	-	-	369	-	51.804	-	-	(51.473)	-	-	-	-	-	700	-	700
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		420.000	4.088	19	-	23.403	-	56.007	3.269	81.809	1.801	-	-	-	-	-	590.396	-	590.396

Actuarial losses that emerged after the accounting standard "Communique on Turkish Accounting Standard (TAS) on Employee Benefits" was promulgated in Official Gazette No. 28585 dated 12 March 2013 by the Public Oversight, Accounting and Auditing Standards Authority was implemented in the periods after 31 December 2012 and was recognized under equities.

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VI. STATEMENT OF CASH FLOWS

	Note (Section Five III)	Current Period 31/12/2013	Prior Period 31/12/2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	48.631	157.950
1.1.1	Interest Received	119.521	83.369
1.1.2	Interest Paid	(32.771)	(13.835)
1.1.3	Dividend Received	7.334	4.691
1.1.4	Fees and Commissions Received	63.332	52.990
1.1.5	Other Income	68	60
1.1.6	Collections from Previously Written-off Loans and Other Receivables	-	-
1.1.7	Payments to Personnel and Service Suppliers	(30.962)	(27.047)
1.1.8	Taxes Paid	(12.993)	(16)
1.1.9	Other	(64.898)	57.738
1.2	Changes in Operating Assets and Liabilities	1.421.664	1.089.469
1.2.1	Net (Increase)/Decrease in Trading Securities	2.344	(323)
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets	-	-
1.2.3	Net (Increase)/Decrease in Due from Banks	-	-
1.2.4	Net (Increase)/Decrease in Loans	(174.927)	(25.934)
1.2.5	Net (Increase)/Decrease in Other Assets	(222.894)	(137.005)
1.2.6	Net Increase/(Decrease) in Bank Deposits	-	-
1.2.7	Net Increase/(Decrease) in Other Deposits	-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed	1.183.608	609.194
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	633.533	643.537
I.	Net Cash Provided from Banking Operations	1.470.295	1.247.419
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities	(242.182)	44.738
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries	-	-
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries	-	-
2.3	Purchases of Property and Equipment	(3.921)	(3.969)
2.4	Disposals of Property and Equipment	294	148
2.5	Cash Paid for Purchase of Investments Available-for-Sale	-	-
2.6	Cash Obtained from Sale of Investments Available-for-Sale	-	-
2.7	Cash Paid for Purchase of Investment Securities	(236.992)	-
2.8	Cash Obtained from Sale of Investment Securities	2.099	12.827
2.9	Other	(3.662)	35.732
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities	(3.695)	(28.048)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	(3.695)	(28.048)
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	39.241	(73.468)
V.	Net Increase/(Decrease) in Cash and Cash Equivalents	1.263.659	1.190.641
VI.	Cash and Cash Equivalents at the Beginning of the Period	3.466.367	2.138.151
VII.	Cash and Cash Equivalents at the End of the Period	4.730.026	3.328.792

The accompanying explanations and notes form an integral part of these financial statements.

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VII. PROFIT DISTRIBUTION TABLE

	(*)Cari Dönem 31/12/2013	Önceki Dönem 31/12/2012	
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1	CURRENT YEAR INCOME (**)	101.220	69.936
1.2	TAXES AND DUTIES PAYABLE (-)	(19.411)	(14.768)
1.2.1	Corporate Tax (Income tax)	(19.792)	(15.974)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	381	1.206
A.	NET INCOME FOR THE YEAR (1.1-1.2)	81.809	55.168
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-) (***)	(381)	(1.206)
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	81.428	53.962
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	2.638
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	1.057
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	369
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	51.804
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES			
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and (loss) sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE			
3.1	TO OWNERS OF ORDINARY SHARES	0.22987	0.16718
3.2	TO OWNERS OF ORDINARY SHARES (%)	22.98	16.17
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE			
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
(*)	Due to the fact that The Bank General Assembly Meeting has not been achieved by the report date, the decision regarding to profit distribution has not been taken.		
(**)	The amount that must be kept on the bank and presented on the mandatory legal funds is deferred tax income of the related period		

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SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of Presentation

Presentation of financial statements

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents", "Turkish Accounting Standards" and "Turkish Financial Reporting Standards" issued by the Turkish Accounting Standards Board and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA.

The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated 10 February 2007. The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act") which is effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement

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Preparation of financial statements at the current purchasing power

The indicators which are explained in the BRSA resolution dated 21 April 2005 and numbered 1623 and 28 April 2005 dated circular and 5th Article of Number 14 Communiqué of Accounting Application Regulations - "Preparation of Financial Statements in Hyperinflationary Periods", which is revoked on 1 November 2006, are no longer valid and banks' obligation to prepare their financial statements according to this regulation is no longer in effect.

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II to XXVI below.

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

The Bank has placed its funds in domestic and foreign banks, in interbank money markets, and treasury bills and government bonds. These instruments are assumed to have higher yields compared to other financial instruments and bear lower risk. For the purposes of maintaining sufficient liquidity to meet all claims that might fall due, the Bank makes overnight or weekly placements in interbank money markets.

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The most significant financing resources are guarantees of the members, short term placements and the shareholders' equity of the Bank. In making long-term placements, the high yield principle is considered, and accordingly, the Bank invests in government bonds and treasury bills.

The Bank has no area of operations for which a return is achieved above the average rate of return and off-balance sheet risks.

The Bank carries transactions in securities and money markets. Accordingly, exchange rate and interest rate volatility are managed by matching its assets and liabilities. Related to the transactions in securities and money markets, transaction limits are established as risk limits.

Income and expenses which arise from foreign currency translation are accounted for at the period when transaction takes place. At period ends, balances of foreign currency asset and liability accounts are translated into TL by using period end T.R. Central Bank. Foreign exchange purchase rates. Exchange rate differences are accounted for as foreign currency gains and losses.

The Bank has available for sale instruments in foreign currencies amounting to TL 339. In order to hedge interest rate risks arising from fixed or floating rate instruments, the Bank prefers short-term transactions.

The Bank hedges exchange rate risk arising from foreign currency denominated transactions by matching foreign currency liabilities with foreign currency assets.

The Bank has EUR 71.215 (SASE) share in Sarajevo Stock Exchange EUR 44.345 share in S.W.I.F.T.SCRL .

III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures

As it is explained on the 8. Footnote of the first part of fifth section, the Bank doesn't have the control or significant efficiency of Central Registration Entity, although the Bank owns 65% of it. Since the fair value measurement has not been properly realized in the financial statements, the related association has been measured with the historical cost after the deduction of impairment provision.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank has no derivative instruments used for hedging purposes as of the balance sheet date.

V. Explanations on interest Income and Expenses

Interest income and expenses are recognized at fair value and accounted for on accrual basis by effective interest rate method (the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability) by taking into account principle amount.

In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

VI. Explanations on fees and Commission Income and Expenses

The Bank performs custody and settlement services for marketable securities, precious metals and other

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securities arising from purchases and sales of those assets.

Additionally, the Bank opens custody accounts for its customers, corporate investors and companies quoted on the ISE and on other stock exchange markets, performs transfers, settlements and offsets between the accounts of securities intermediary companies and investors; performs procedures related to obtaining of bonus shares, use of pre-emptive rights, timely collection of dividends, principal and interest, exchange of certificates representing marketable and other securities and additional financial services.

On the above operations, the Bank receives custody and service commission income from its customers. These fees and commissions are accrued on a monthly basis under other operating income.

VII. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets and financial liabilities. Financial instruments constitute the basis of Bank's trading activities and operations. The risks related with these instruments comprise a major part of the total risk taken by the Bank. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects.

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

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

Fair value differences are not accounted for assets carried at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders' equity.

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value through Profit and Loss

These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale and buying back in a near future. (ii) The financial assets which are classified as financial assets at fair value through profit or loss by the Bank at inception. The Bank use such classification

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above when permitted or for the purposes of providing a more proper disclosure.

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

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to interest income or diminution in value of marketable securities accounts. As explained in detail in Section VI: "Other Explanations and Notes", the realized gains and losses and related interest income/expense accruals of these securities are recorded in related income statement accounts, unless the securities belong to Problematic securities intermediary members.

Held to Maturity Investments

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Interest income gained from held to maturity investments are accounted for as interest income in income statement.

Available for Sale Financial Assets

Available for sale financial assets comprise from all of the securities except originated loans and receivables, held to maturity investments and trading assets. These assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. At the disposal of available for sale financial assets, value increase/decrease that are recorded in the securities value increase fund under equity are transferred to income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

Loans and Specific Provisions

Loans are financial assets which have fixed payment terms and are not traded in an active market.

Loans are initially recognized at cost and measured at amortized cost by using effective interest rate. The duties, charges and other expenses paid for the collaterals obtained against loans are accepted as transaction costs and reflected to customers.

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In case of the evidences regarding the uncollectability of the loans given, the Bank classifies these and allocates provision in accordance with the regulations and accounts them in the related period's profit/loss accounts. The collections made related to loans for which provision is made in the current period are offset in "Provision for Loans and Other Receivables" and "Interest Received from Non-performing Loans" account. As per the Bank management's evaluation of the loan book, there is a provision set for the loans and other receivables that may be doubtful or uncollectible in accordance with the related regulations.

VIII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the initial recognition of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses for future events are not recognized. The explanations on impairment of loans and receivables have been disclosed in Section three, VII.

IX. Explanations on Assets Held for Sale and Discontinued Operations

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, no offsetting is made with respect to financial assets and liabilities.

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

Repurchase agreements are classified as their purposes on the securities portfolio and evaluated by the principals of the portfolio which they belong to. The bank has no repurchase transaction as of the balance sheet date.

Receivables from reverse repurchase agreements are accounted for under "Receivables from Reverse Repurchase Agreements" account in the balance sheet. The difference between purchase and Sale price determined by these agreements is accrued over the life of agreements according to effective interest rate method. The interest income accrual calculated is disclosed under other liabilities as a liability when reverse repurchase agreements are related to problematic securities intermediary members, as described in detail in Section Six: "Other Explanations and Notes". The Bank does not have any marketable securities lending transaction.

XI. Explanations on Assets Held for Sale and Discontinued Operations

Assets which satisfy to be classified as held for sale are measured by the lower of carrying value and fair value less costs to sell and these assets are not amortized; and are separately presented in the financial statements. For an asset (or else the group of assets) to be classified as held for sale; the asset should be ready for immediate sale in frequently seen and accustomed terms and the probability of sale should be high. For the probability of sale to be high, appropriate level of management should have made a plan for the sale of the asset (or else the group of assets) and a program should have been initiated in order to

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determine buyers as well as complete the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low. Certain events and conditions may extend the duration of completion of sale to more than one year.

If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

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

The Bank has no discontinued operations during the period.

XII. Explanations on Goodwill and Other Intangible Assets

As of the balance sheet date, there is no goodwill in the accompanying non-consolidated financial statements of the Bank.

The intangible assets which have been bought before 1 January 2005 are amortized based on historical cost which has been revised according to inflation effects dated 31 December 2004 and the items which have been bought in the following dates are amortized based on purchase cost with the allocation of accumulated depreciation and impairments. The intangible assets are amortized based on straight line amortization regarding useful life periods. The amortization method and period are revised periodically every year.

Intangible assets of the Bank are basically software license costs. There is no criteria applied for determination of amortization period of those assets, but Turkish Tax Legislations have been taken into consideration. Economic useful life of assets acquired before 2004 is determined as 5 years, and the assets acquired in 2004 and in the following periods is determined as 3 years. Economic useful lives determined are in accordance with the criteria stated in the Turkish Accounting Standards- that is TAS 38-Intangible Assets. Computer programs widely used in the Bank are generated within the Bank by the personnel of the Bank, and the expenses related to those assets are not capitalized. Computer software is only purchased in case of urgent need and special projects.

XIII. Explanations on Tangible Fixed Assets

Tangible fixed assets are initially recognized at acquisition cost and any other cost incurred so as to get the fixed asset ready for use.

Tangible fixed assets are depreciated with straight-line method. Tangible fixed assets are depreciated with the rates determined by the Ministry of Finance based on useful lives. These useful lives are in line with the criteria stated in "TAS 16 - Tangible Assets" released by Turkish Accounting Standards Board. Depreciation Rates for Tangible Fixed Assets are as following:

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	Useful Life (Year)	Depreciation Rate
Buildings	50	%2
Furniture, Fixture and Office Equipment	4-15	%6,67 - 25
Other Tangible Fixed Assets	2-16	%6,25 - 50

Tangible fixed assets are accounted for at cost less accumulated depreciation and impairment, if any. Along with the statement of the property and equipment, the effects of any revaluation according to related regulations are eliminated.

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

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

XIV. Explanations on Leasing Transactions

The Bank as Lessor

The Bank does not have any leasing transactions as lessor.

The Bank as Lessee

The Bank does not have any assets which are acquired by financial leasing as of the balance sheet date.

XV. Explanations on Provisions and Contingent Liabilities

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

XVI. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

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

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In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are audited annually. The carrying value of provision for employee termination benefits as of 31 December 2013 is TL4.416 (31 December 2012: TL3.476).

Communiqué on "Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 31 December 2013, actuarial profit after deferred tax effect amounting to TL42 was classified as "Retained Earnings".

XVII. Explanations on Taxation

Income tax expense represents the sum of the current tax payable and deferred tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit at enacted tax rates, and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of the reporting period. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled is recognized in income statement as income or expense. Deferred tax that relates to items that are recognized directly in equity, in the same or a different period, is recognized directly in equity. Deferred tax assets and liabilities are netted of.

The current taxes payable and advance taxes are offset since they relate to each other.

The Bank has adjusted its statutory financial statements with inflation accounting as of 1 January 2004 in accordance with Law No. 298.

Some modifications have been made in the tax legislation with Law 4842 published in the Official Gazette number 25088 on 24 April 2003. Under these modifications, investment and development banks, which are not allowed to accept deposit, are allowed to deduct loan loss provisions from the tax base in accordance with item 2 of the article 20 of Banking Law and the amendment introduced by the article 35 of the Law numbered 4842.

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XVIII. Additional Explanations on Funds borrowed

The Bank has not issued any convertible bonds

The Bank has not also issued any borrowing instruments.

BİAŞ Guarantee Fund, VİOP, Electricity Market, Leveraged Purchase and Sale Transactions Cash Warant

The BİAŞ Guarantee Fund is created from the sources of BİAŞ in order to prevent possible delays in the settlement of marketable securities. The Fund assures that members with receivable balances are not affected by delays in payments by members for balances due. The BİAŞ Guarantee Fund is recorded in the Interbank Money Market Placements in assets and Other Liabilities components of the balance sheet.

Turkish Derivative Exchange Cash Guarantees

Exchange of contracts, which are bought and sold in Turkish Derivative Exchange ("TDE"), and other operations related to the exchange such as transfer of guarantees to related accounts, valuation, and administration and transaction monitoring are followed by the Bank in the way compatible with related current law. TDE cash guarantees obtained have been classified in Interbank Money Market Placements and in Other External Resources on the financial statements. The amount that is hold as reserve requirements at CBT are followed at cash reserves and CBT accounts.

XIX. Turkish Derivative Exchange Cash Guarantees

The Bank does not have any shares issued in the current period.

XX. Explanations on Acceptances

The Bank performs acceptances with its customers simultaneously and follows them in off balance sheet liabilities.

The Bank has no acceptances that have been included as a liability against an asset.

XXI. Explanations on Government Incentives

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

XXII. Explanations on Segment Reporting

Operational field is distinguishable section of the Bank that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note VIII in Section Four. The Bank operates mainly in clearing-operation, custody, loans and treasury.

XXIII. Explanations on Related Parties

For the purpose of these financial statements, key management personnel and board members are referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" in the Article 49 of the Banking Act No: 5411. The transactions with related parties are disclosed in detail in Note V of Section Five.

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XXIV Explanations on Cash and Cash Equivalents

For the purposes of the preparation of statement of cash flows, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXV. Reclassifications

None.

XXVI. Explanations on Other Matters

None.

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**SECTION FOUR
INFORMATION ON FINANCIAL STRUCTURE****I. Explanations Related to the Capital Adequacy Standard Ratio**

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on 28 June 2012 in the Official Gazette numbered 28337. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 25,79 % (31 December 2012: 14,95%).

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

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

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

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

According to the Clause 7 of the "Communique on Measurement and Assessment of Capital Adequacy of Banks" presented in the article 5 of the regulation, "counterparty credit risk" is calculated for repurchase transactions, marketable securities and commodity market transactions.

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Information related to the capital adequacy ratio: (TL, %)

Amount subject to credit risk	Risk Weights						
	Bank						
	%0	%10	%20	%50	%100	%150	%200
Risk Categories:							
Conditional and unconditional receivables from Central Governments or Central Banks	597.479	-	20.664	-	-	-	-
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	13.077	-	5.600.482	1.998.205	-	-	-
Conditional and unconditional corporate receivables	-	-	-	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	-	-	-	-	-	-
Non-performing receivables	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-	-	-
Other receivables	13.091	-	262.715	-	17.528	-	-
Total Value at Risk							
Total Value at Weighted Risk	623.647	-	5.883.861	1.998.205	17.528	-	-

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	175.472	174.393
Capital Requirement for Market Risk (CRMR)	119	92
Capital Requirement for Operational Risk (CROR)	12.893	10.279
Equity	607.667	345.180
Equity(CRCR+CRMR+CROR)*12,5*100)	25,79	14,95

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Information related to the components of shareholders' equity:

CORE CAPITAL	31 Dec. 2013	31 Dec. 2012
Paid-in capital	420.000	60.000
Nominal capital	420.000	60.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	4.088	96.788
Share premium	19	-
Share cancellation profits	-	-
Legal reserves	82.679	117.806
Inflation adjustment of legal reserves	-	-
Profit	83.610	57.011
Current period profit	81.809	55.168
Prior period profit	1.801	1.843
Provisions for possible risks (up to 25% of core capital)	-	-
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	-	-
Primary subordinated loans	-	-
Uncovered portion of loss with reserves (-)	-	-
Current period loss (net)	-	-
Prior period loss	-	-
Cost of Leasehold Improvements (-)	-	-
Intangible assets (-)	884	1.504
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Limit exceeding amount regarding the third clause of article 56 of the Law (-)	-	-
Total Core Capital	589.512	330.101
SUPPLEMENTARY CAPITAL		
General provisions	22.980	19.904
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures acquired as a free and unrecognized In profit	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans	-	-
45% of from available-for-sale financial assets and investments in associates and subsidiaries valuation reserve	-	-
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (Except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-	-
Total Supplementary Capital	22.980	19.904
CAPITAL	612.492	350.005

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	Current Period	Prior Period
DEDUCTIONS FROM THE CAPITAL	4.825	4.825
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	4.825	4.825
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Bankalara, Finansal Kuruluşlara (Yurt İçi, Yurt Dışı) veya Nitelikli Pay Sahiplerine Kullanılan İkincil Sermaye Benzeri Borç Niteliğini Haiz Krediler ile Bunlardan Satın Alınan Birincil veya İkincil Sermaye Benzeri Borç Niteliğini Haiz Borçlanma Araçları	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed of according to banking law article 57 as they have been held for more than five years from the acquisition date	-	-
Securitization positions deducted from equity preferred	-	-
Özkaynaktan Düşülmesi Tercih Edilen Menkul Kıymetleştirme Pozisyonları	-	-
Other Deduction Items	-	-
TOTAL SHAREHOLDERS' EQUITY	607.667	345.180

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

In Takasbank, studies are continuing to determine the capital necessary to cover the risks incurred/to be incurred; to create an internal capital adequacy assessment process to ensure that the capital requirement is assessed with a risk-oriented and prudential point of view in parallel with strategic purposes; and to establish capital adequacy policies and maintain capital adequacy in line with the Bank's risk profile and risk appetite. It is essential that the capital plans take into consideration factors such as credit change expectations in balance sheet items, future resources and use of funds, and change of capital adequacy with profit distribution depending on economic cycle. The capital plans should also consider market, credit and operational risks that directly affect legal capital adequacy ratio as well as liquidity risk and interest rate risk arising from banking accounts.

As specified in Article 45 of "Regulation on Internal Systems of Banks," the Risk Management Team is responsible for the design and execution of the assessment process. The bank's top management is responsible for integrating capital planning and management into general risk management culture and approach.

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II. Explanations Related to Credit Risk

The debtors of the cash and non-cash loans extended by the Bank are financial sector companies.

The credit limits are determined according to the types of the loans of the Bank. The credit limits are determined as cash and non-cash limits by taking into consideration the types of loans. The loans given are classified as (1-12) month, (12-24) month or (24+) month maturities. However, the Bank extends shortterm loans for a maximum of 6 months, maturity of transactions are 30-40 days frequently. The loans of the Bank aim to fund the liquidity needs of securities intermediary institutions in shares, bonds and bills markets. Since the Bank guarantees securities lending operations when a security is not returned by the borrower, and guarantees payments and collections in the Takasbank money market, which is similar to interbank money market; these transactions are followed under non-cash loan items. In addition, the Bank also extends loans to its employees in accordance with the regulations.

The risk limits and allocations determined for daily transactions and concentrations related to off-balance sheet risks are monitored daily.

As per the Securities Lending Market Directive that was accepted at the Bank's Board of Directors meeting no. 257 dated 14 August 2013, approved at Capital Markets Board meeting no. 28 dated 15 August 2013 and entered into force on 02 September 2013, the Bank started to operate as a central counterparty in the securities lending market. Based on the relevant practice, in the event that the parties borrowing the securities do not return (default) the borrowed securities to the lending party within the term of the lending agreement, the Bank is liable to return the securities to the lender and pay a transaction commission for the period up until the date of the return. The relevant transactions are evaluated as non-cash credits by the Bank.

The credit worthiness of borrowers is monitored regularly in accordance with the related legislation. Independently audited financial statements of the borrowers prepared as per the regulation of Capital Markets Board are examined for the loans extended. The credit limits are amended according to the financial positions of the companies and collaterals against loans are taken in accordance with the application principles for lending operations. After the financial analysis, investigation and other examinations performed on the companies applying for loans, loan limits are proposed to the Board of Directors for approval. Loan limits become effective after approved by the Board of Directors. Limit change requests are revised on a six monthly basis unless substantive changes occur in the financial positions of customers.

The Bank has no forward and option contracts or any other similar agreements.

The Bank has not been exposed to credit risk since the risk is minimized by receiving collaterals and determining loan limits according to the financial strength of the companies. Therefore, in the short term, there is no specific need to enter into any transaction to decrease or terminate its credit exposure.

The Bank has no liquidated non-cash loans, restructured loans or long-term commitments.

The Bank has no lending and banking transactions in foreign countries.

The Bank calculates general provisions for credit risk and receives cash and/or cash equivalent collaterals.

As of the balance sheet date;

Number of Customers - Cash Loan	5
Number of Customers - Non-Cash Loan	61
General Loan Loss Reserves (TL)	22.980
Specific Provision for Non Performing Loans (TL)	1.637

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Credits, collection of principal or interest payments which are deferred for more than thirty days after their maturity date or payment date for various reasons, but which do not fulfil the delay time condition necessary for classification as "Third Class" as specified in "Regulation on Principles and Procedures in Respect of Qualifying Loans and Other Receivables by Banks and Equivalents to Be Allocated for the Same" published on the Official Gazette No. 26333, dated 1 November 2006, and amended with the regulation published on the Official Gazette No. 27119, dated 23 January 2009, are qualified as "non-performing loans" in the accounting application, and all receivables under third, fourth and fifth groups in the same Regulation are accepted as "depreciated loans" in the application of this Regulation. They are accepted as such regardless of whether accrued interests and quasi-profit liabilities of the borrower are added to the capital or refinanced.

The Bank allocates equivalents for III, IV. and V. group credits pursuant to "Regulation on Principles and Procedures in Respect of Qualifying Loans and Other Receivables by Banks and Equivalents to Be Allocated for the Same."

Total amount of incurred risks after offsetting transactions (before credit risk reduction), regardless of the credit risk reduction, and average amount of risks separated according to different risk classes and types for the related period:

Exposure classifications	Current Period Risk Amount	Average Risk Amount
Conditional and unconditional receivables from central governments or central banks	597.479	424.943
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	10.816.693	9.385.242
Conditional and unconditional corporate receivables	-	-
Conditional and unconditional retail receivables	-	-
Conditional and unconditional secured mortgage receivables	-	-
Past due receivables	-	-
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	17.542	16.776

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Profile of significant exposures in major regions:

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Other receivables	Total
Current Period																	
1. Domestic	597.479	-	-	-	-	7.896.079	-	-	-	-	-	-	-	-	-	17.542	8.511.100
2. European Union (EU)	-	-	-	-	-	11.560	-	-	-	-	-	-	-	-	-	-	11.560
3. Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. USD, Canada	-	-	-	-	-	581	-	-	-	-	-	-	-	-	-	-	581
6. Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.Total	597.479	-	-	-	-	7.908.220	-	-	-	-	-	-	-	-	-	17.542	8.523.241

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

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

Risk profile by Sectors or Counterparties:

Sektörler/Karşı Taraflar	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Other receivables	TL	FC	Total
Agriculture																			
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing																			
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction																			
Services																			
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Telecom.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	597.479	-	-	-	-	7.908.220	-	-	-	-	-	-	-	-	-	17.542	6.524.291	1.998.950	8.523.241
Total	597.479	-	-	-	-	7.908.220	-	-	-	-	-	-	-	-	-	17.542	6.524.291	1.998.950	8.523.241

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Analysis of maturity-bearing exposures according to remaining maturities:

Exposure classifications	Up To	1-3	3-6	6-12	Over
	1 Month	Months	Months	Months	1 Year
1 Conditional and unconditional exposures to central governments or central banks	597.479	-	-	-	-
2 Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
3 Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
4 Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
5 Conditional and unconditional exposures to international organisations	-	-	-	-	-
6 Conditional and unconditional exposures to banks and brokerage houses	7.486.606	421.614	-	-	-
7 Conditional and unconditional exposures to corporates	-	-	-	-	-
8 Conditional and unconditional retail exposures	-	-	-	-	-
9 Conditional and unconditional exposures secured by real estate property	-	-	-	-	-
10 Past due receivables	-	-	-	-	-
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Exposures in the form of bonds secured by mortgages	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-
14 Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
15 Exposures in the form of collective investment undertakings	-	-	-	-	-
16 Other receivables	17.542	-	-	-	-
Total	8.101.627	421.614	-	-	-

Information about the risk exposure categories:

The Bank's credit rating system for assessing the client's credit rating was revised and restructured in 2011. Studies are carried out twice, and the allocable upper limit is determined for each organization in 2012, using financial statements and company introductory information form, the company general information form, protested bill records, transaction volumes in equity securities-bonds-bills-futures markets, the TL custody balance, the final situation of customer-based accounts, default and intelligence data as well as printed and visual media news. Therefore, a limit increase or allocation requests from intermediary firms are assessed within a certain system and creditworthiness is determined.

The Takasbank Internal Credit Rating system was reviewed and its structure was changed in 2013 in accordance with the Central Counterparty Directive. Credit ratings of banks and intermediary firms are examined through the internal credit rating system and credit or position limits are determined based on the maximum nominal value which can be a collected value or a value-at-risk within the banking or central counterparty activities. The membership types of the banks and intermediary firms to perform transactions in the market and capital market instruments, for which central counterparty service is provided, are also determined through this system.

There are no financial assets, the maturity or contract conditions of which are revised again (31 December 2012: None).

Details on the Bank's overdue depreciated financial assets are provided in the fifth chapter, first part, footnote No. 5 of the report.

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Exposures by risk weights:

Risk Weights	%0	%10	%20	%50	%75	%100	%150	Deductions from Equity
Exposures before Credit Risk Mitigation	597.493	-	5.910.015	1.998.205	-	17.528	-	-
Exposures after Credit Risk Mitigation	623.647	-	5.883.861	1.998.205	-	17.528	-	-

Information in terms of major sectors and type of counterparties:

None.

Information about Value Adjustment and Change in Provisions

	31.12.2012 Balance	Provision for Period	Provision Reversals	Other Adjustments	31.12.2013 Balance
Specific Provisions	1.637	-	-	-	1.637
General Provisions	19.904	3.076	-	-	22.980

III. Explanations Related to Market Risk

The Bank's risk management operations, applied in accordance with Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" and "Regulations about Bank's Internal Systems" are conducted by The Board of Directors.

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

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Besides the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and results are reported daily to the management.

Information Related to Market Risk:

	Current Period	Prior Period
(I) Capital Requirement against General Market Risk - Standard Method	6	8
(II) Capital Requirement against Specific Risks - Standard Method	-	-
Capital requirement against Specific Risks of Securitization Positions- Standard Method	-	-
(III) Capital Requirement against Currency Exchange Risk - Standard Method	113	-
(IV) Capital Requirement against Commodity Risks - Standard Method	-	-
(V) Capital Requirement against Exchange Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	-	-
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	-	-
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	119	8
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	1.488	100

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	110	238	50	116	200	50
Common Stock Risk	-	-	-	-	-	-
Currency Risk	953	1.625	300	456	472	440
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	1.063	1.863	350	572	672	490

Information on Counterparty Credit Risk

Bank has no counterparty credit risk as of 31 December 2013 (31 December 2012: None).

IV. Explanations Related to Operational Risk

Operational risk has been calculated using the Basic Indicator Approach. Balance subject to operational risk is calculated by considering gross income of prior three fiscal years 2012, 2011 and 2010 in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on 28 June 2012 in the Official Gazette numbered 28337 and the fortythird part of the Communiqué - The Calculation of Balance Subject to Operational Risk". The amount subject to Operational Risk for the current period is TL 161.158 (31 December 2012: TL128.482).

	31.12.2011	31.12.2012	31.12.2013	Total/Positive Year	Rate (%)	Total
GROSS Income	61.472	76.916	119.465	85.951	15	12.893
Amount subject to Operational Risk (Total*12,5)						161.158

	31.12.2011	31.12.2012	31.12.2013	Total/Positive Year	Rate (%)	Total
GROSS Income	67.183	61.472	76.916	68.524	15	10.279
Amount subject to Operational Risk (Total*12,5)						128.482

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V. Explanations Related to Currency Risk

The Bank is subject to the reserve requirements in relation to the foreign currency guarantees received for the Stock Exchange Money Market, Derivatives Market, collaterals obtained for cash loans and non-cash loans and foreign currency amounts deposited in the Bank's accounts as guarantee and the foreign currency amounts left in the unrestricted accounts of customers consisting of banks and brokerage firms except the foreign settlement transaction commissions and foreign currency amounts kept for its own transactions in accordance with the agreements made in foreign currencies. Therefore, the Bank performs its obligations in two-weekly periods in ratios designated in blocked accounts of the Central Bank of Turkey. The foreign currency amounts, kept due to the reserve requirements, are creating an excess amount of assets with regard to the ratio of assets to liabilities.

The Bank calculated foreign exchange capital liability of TL1,413 for the net position between assets and liabilities in foreign currency, and recognized it in the amount basis to market risk.

The Bank's foreign currency risk management strategy is to use asset liability management in order to avoid the foreign currency risk of foreign currency denominated assets and liabilities.

The Bank's foreign exchange bid rates as of the date of the financial statements and five working days prior to that date:

Current Period	1 USD	1 EUR	1 GBP	100 JPY
Foreign Currency Rate Considered by the Bank	2,13430	2,93650	3,51140	2,02310
Prior;				
30/12/2013	2,16040	2,98440	3,56010	2,05570
27/12/2013	2,09570	2,86930	3,42860	1,99550
26/12/2013	2,07100	2,83530	3,37350	1,97950
25/12/2013	2,08120	2,84660	3,39780	1,99080
24/12/2013	2,08770	2,85730	3,40910	2,00400
Simple arithmetic averages for last 30 days	2,05784	2,81801	3,36365	1,98538

Foreign currency sensitivity:

According to TFRS7, sensitivity of foreign currency assets and liabilities of the Bank to a probable change in exchange rates that might have a substantial effect is analyzed. In the analysis presented below, a 10% change in USD and Euro currencies are anticipated.

Change in currency rate in %	Effects on Profit or Loss		Effects on Equity	
	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
USD % 10 increase	57	12	57	12
USD % 10 decrease	(57)	(12)	(57)	(12)
EURO % 10 increase	84	35	84	35
EURO % 10 decrease	(84)	(35)	(84)	(35)

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Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	GBP	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	293.233	-	293.233
Due From Other Banks	812.308	893.040	30	1.705.378
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	339	-	-	339
Loans	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-To-Maturity Investments	-	-	-	-
Riskten Korunma Amaçlı Türev Finansal Varlıklar	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	-	-	-
Total Assets	812.647	1.186.273	30	1.998.950
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial	809.335	764.781	-	1.574.116
Securities Issued	-	-	-	-
Sundry Creditors	2.474	420.920	28	423.422
Derivative Financial Liabilities for Hedging	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	811.809	1.185.701	28	1.997.538
Net Balance Sheet Position	838	572	2	1.412
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	550.906	781.048	116	1.332.070
Total Liabilities	550.552	780.929	115	1.331.596
Net Balance Sheet Position	354	119	1	474
Net Off-Balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

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VI. Explanations Related to Interest Rate Risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank.

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analyzes. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

To evaluate its funding resources, the Bank enters into foreign currency and TL depot transactions, repurchase agreements, time and demand deposit transactions and foreign exchange transactions with the Central Bank of Turkey or other banks. The related transactions undertaken by the Fund Management Department are made with the banks having transaction limits designated by the Board of Directors under the regulations set out in "Treasury Transaction Limits".

Other than securities guaranteed or issued by the Turkish Treasury, the Bank does not include any debt instruments in its portfolio during the year 2012. The Bank does not undertake any liability due to using derivative financial instruments attributable to its transactions in evaluating its funding resources.

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

Closing Balances of Current Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Non interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	62.255	-	-	-	-	279.741	341.996
Due From Other Banks	4.247.961	423.178	-	-	-	12.271	4.683.410
Financial Assets at Fair Value Through Profit and Loss	-	-	1.609	-	-	-	1.609
Money Market Placements	16.034	-	-	-	-	-	16.034
Financial Assets Available-For-Sale	-	-	-	-	-	1.418	1.418
Loans	282.291	-	-	-	-	-	282.291
Held-To-Maturity Investments	-	61.914	177.912	-	-	-	239.826
Other Assets (*)	2	-	-	-	-	29.440	29.442
Total Assets	4.608.543	485.092	179.521	-	-	322.870	5.596.026
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	209.469	-	-	-	-	-	209.469
Sundry Creditors	1.703.935	-	-	-	-	887.292	2.591.227
Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	2.129.480	-	-	-	-	28.557	2.158.037
Other Liabilities (*)	-	-	-	-	-	637.293	637.293
Total Liabilities	4.042.884	-	-	-	-	1.553.142	5.596.026
Balance Sheet Long Position	565.659	485.092	179.521	-	-	-	1.230.272
Balance Sheet Short Position	-	-	-	-	-	(1.230.272)	(1.230.272)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	565.659	485.092	179.521	-	-	(1.230.272)	-

(*) Other assets and liabilities in non-interest bearing column are presented below.

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Other Assets	Current Year
-Tangible assets	14.413
-Intangible assets	884
-Subsidiaries	4.825
-Stationary supplies	37
-Deferred tax assets	2.679
-Sundry debtors	4.964
-Temporary accounts	1.638
-Custody Services commission rediscount	2
Total	29.442

Other Liabilities	Current Year
-Provisions	37.473
-Current tax liability	9.424
-Shareholder's equity	590.396
Total	637.293

Average interest rates applied to monetary financial instruments (%):

Current Period	EUR	USD	JPY	TL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks	3,10	2,68	-	7,41
Financial Assets at Fair Value Through Profit and Loss	-	-	-	6,97
Money Market Placements	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	-
Loans	-	-	-	8,29
Investments held to maturity	-	-	-	-
Liabilities				
Bank Deposits	1,02	0,72	-	6,70
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Other creditors	-	-	-	7,63
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-

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

Closing Balances of Prior Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Non Interest Bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	132.896	-	-	-	-	196.742	329.638
Due From Other Banks	2.700.988	202.638	253.028	-	-	33.370	3.190.024
Financial Assets at Fair Value Through Profit and Loss	-	3.887	71	-	-	-	3.958
Money Market Placements	14.077	-	-	-	-	-	14.077
Financial Assets Available-For-Sale	-	-	-	-	-	1.351	1.351
Loans	107.306	-	-	-	-	-	107.306
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	25.269	25.269
Total Assets	2.955.267	206.525	253.099	-	-	256.732	3.671.623
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	-	-	-	-	-	-	-
Sundry Creditors	1.373.496	-	-	-	-	599.872	1.973.368
Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1.307.796	-	-	-	-	21.517	1.329.313
Other Liabilities (*)	-	-	-	-	-	368.942	368.942
Total Liabilities	2.681.292	-	-	-	-	990.331	3.671.623
Balance Sheet Long Position	273.975	206.525	253.099	-	-	-	733.599
Balance Sheet Short Position	-	-	-	-	-	(733.599)	(733.599)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Net Position	273.975	206.525	253.099	-	-	(733.599)	-

(*) Other assets and liabilities in non-interest bearing column are presented below.

Other Assets	Prior Year
-Tangible assets	12.124
-Intangible assets	1.504
-Subsidiaries	4.825
-Stationary supplies	27
-Deferred tax assets	2.287
-Sundry debtors	3.321
-Temporary accounts	1.181
Total	25.269

Other Liabilities	Prior Year
-Provisions	31.421
-Current tax liability	5.916
-Shareholder's equity	331.605
Total	368.942

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Average interest rates applied to monetary financial instruments:

Prior Period	EUR	USD	JPY	TL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks And Financial	2,26	2,25	-	6,21
Financial Assets At Fair Value Through Profit	-	-	-	6,13
Money Market Placements	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	-
Loans	-	-	-	6,20
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,56	0,61	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Other Creditors	-	-	-	5,70
Securities Issued	-	-	-	-
Funds Provided From Other Financial	-	-	-	-

According to TFRS 7 sensitivity of assets and liabilities of the Bank to a probable change in interest rates that might have a substantial effect is not important as Bank's financial instruments are short term and have fixed interest rate. Thus, presentation of financial information related with interest rate sensitivity is not required.

Interest rate risk on banking accounts:

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/Equity
TRY	(+) 100 bp	1.262	0,21
TRY	(-) 100 bp	(1.262)	(0,21)
USD	(+) 40 bp	2	-
USD	(-) 40 bp	(2)	-
EURO	(+) 40 bp	1	-
EURO	(-) 40 bp	(1)	-
Total (of negative shocks)		(1.265)	0,83
Total (of positive shocks)		1.265	(0,83)

Equity share position risk in banking accounts

As of balance sheet date, bank has no equity share position risk.

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VII. Explanations Related to Liquidity Risk

The Bank management takes guarantees for Stock Exchange Money Market and settlement transactions and places TL funds in short-term in order to remain liquid.

The effective management of the risks arising from money market instruments is the fundamental strategy of the management. Even in the most uncertain market conditions, the Bank maintains risk minimization through reducing risks of market instruments, diversifying instruments, matching of maturities, and obtaining optimum liquidity level. For this reason, the Bank is significantly liquid and is a fund provider in the Interbank Money Market and CB Interbank markets. Turkish Lira and foreign currency sales transactions with banks are done within the limits determined by the Board of Directors and monitored by the internal audit and inspection units.

The interest rates of payments, assets and liabilities are matched. Since there is no mismatch, there is no need for the measurement of the effect on profitability.

The Bank's short and long-term liquidity needs are met by its own resources.

The Bank's cash flows are utilized in short term investments and public sector debt securities depending upon its equity and the funds of cash collaterals obtained due to the amounts remaining in the unrestricted accounts of the members, stock exchange money market, derivatives market, securities trading loans and securities lending operations. There is no need for maintaining liquidity by overnight or one-week placements in interbank money market.

The Bank manages its liquidity risk by having enough cash and cash equivalent resources in order to meet present and probable debt obligations, by being able to close short positions and by being able to fund loan requirements.

Liquidity position is assessed and managed considering the market-wide and Bank-specific factors. The most important scenario among these scenarios is to maintain the ratio of net liquid assets/payables to clients in limits.

Ratios throughout the period are as below:

	Current Period (%)	Prior Period (%)
Period average	158	195
Highest	180	236
Lowest	131	131

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Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 year	5 Year and Over	Undis- tributed	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	341.996	-	-	-	-	-	-	341.996
Due From Other Banks and Financial Institutions	12.271	4.247.961	423.178	-	-	-	-	4.683.410
Financial Assets at Fair Value Through Profit and Loss	-	-	-	1.609	-	-	-	1.609
Money Market Placements	-	16.034	-	-	-	-	-	16.034
Financial Assets Available-For-Sale	1.418	-	-	-	-	-	-	1.418
Loans	-	282.291	-	-	-	-	-	282.291
Held-To-Maturity Investments	-	-	61.914	177.912	-	-	-	239.826
Other Assets (*)	-	2	-	-	-	-	29.440	29.442
Total Assets	355.685	4.546.288	485.092	179.521	-	-	29.440	5.596.026
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	2.129.480	-	-	-	-	28.557	2.158.037
Money Market Borrowings	-	209.469	-	-	-	-	-	209.469
Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	887.292	1.703.935	-	-	-	-	-	2.591.227
Other Liabilities	-	3.118	-	18.049	-	-	616.126	637.293
Total Liabilities	887.292	4.046.002	-	18.049	-	-	644.683	5.596.026
Liquidity Gap	(531.607)	500.286	485.092	161.472	-	-	(615.243)	-
Prior Period								
Total Assets	364.359	2.825.569	206.525	253.099	-	-	22.071	3.671.623
Total Liabilities	599.872	2.689.641	3.805	-	-	-	378.305	3.671.623
Liquidity Gap	(235.513)	135.928	202.720	253.099	-	-	(356.234)	-

(*) Accounts that constitute the balance sheet assets such as fixed assets, participation and subsidiaries, prepaid expenses, receivables for follow up those are required to maintain banking operations and are not convertible to cash in short term period are recorded into this account.

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Analysis of financial assets and liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	Total Adjustments	Total
31 December 2013,							
Placements	-	-	-	-	-	-	-
Repo	-	-	-	-	-	-	-
Funds borrowed	-	2.032.726	-	-	-	2.032.726	524
Other	-	124.787	-	-	-	124.787	-
Total	-	2.157.513	-	-	-	2.157.513	524
31 December 2012,							
Placements	-	-	-	-	-	-	-
Repo	-	-	-	-	-	-	-
Funds borrowed	-	1.058.877	-	-	-	1.058.877	93
Other	-	270.343	-	-	-	270.343	-
Toplam	-	1.329.220	-	-	-	1.329.220	93

Securitization positions:

The Bank does not apply securitization as of 31 December 2013.

Credit Risk Mitigation Techniques:

The Bank does not perform in-and off-balance sheet netting. The Bank's cash credit transactions consist of loans extended to intermediary firms. Equity securities, treasury bills, government bonds, a letter of guarantee, investment fund participation certificates and cash blockage collateral may be obtained for extended cash credits. Takasbank Money Market (TPP) transactions are regarded as non-cash credits because of our guarantorship in TPP. Cash, a letter of guarantee, treasury bills, government bonds, investment fund participation certificates, equity securities and Euro bonds are accepted as guarantee in TPP.

Regarding guarantees taken for TPP and cash credit transactions, equity securities are valued according to their weighted average price in the last session on the day of valuation, or, if the transaction is not realised, according to the arithmetic average of best purchase and best sales orders in the last session; Government Bonds and Treasury Bills are valued according to "Current Bond Rates" determined at İMKB (Debt Instruments Market) on the day of valuation; FC cash amounts and FC letters of guarantee are valued according to the currency buying rate announced by Central Bank of the Republic of Turkey for the day following the day of valuation; Investment Fund Participation Certificates are valued according to the prices announced on the day of valuation; and Euro Bonds are valued according to Bloomberg Generic Price (BGN) published at 17:00. In consequence of guarantee valuation carried out every day, in the event that the depreciation of the guarantees exceeds the limits determined by the Bank, a margin call is made to ensure that the guarantees are brought to the level of the initial guarantee.

The Bank performs valuation of collateral and risk at the end of each day. On the other hand, shares and exchange traded funds are also subject to valuation during the day. The method used for day-end and intra-day collateral valuation is as follows:

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- a) Shares and exchange traded funds are valued by taking into account the weighted average price emerging in the last session of the BİAŞ share market on the day of the valuation for day-end valuations, while the weighted average prices of the first session are taken into account for intra-day valuation. If no transaction has been performed in the stock exchange, the arithmetic average of the best purchase and sale orders in the last session is used. If no best purchase or best sale order exists, then the weighted average price of the last session in which a transaction was performed is used.
- b) Government bonds and treasury bonds are valued based on "current bond rates" defined within the BİAŞ, Debt Instruments Market on the day of valuation. If these prices cannot be obtained, then the daily values of government debt securities determined by the Turkish Central Bank are used as indicators.
- c) Cash amounts in foreign currency are valued based on the foreign exchange buying rate determined by the Turkish Central Bank for the day after the valuation

Collaterals in terms of Risk Categories:

Exposure classifications	Financial Amount	Other/Physical Collaterals	Kredi Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	597.479	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	7.908.220	3.203.755	-	-
Conditional and unconditional corporate receivables	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional secured mortgage receivables	-	-	-	-
Past due receivables	-	-	-	-
Receivables in high risk category defined by BRSA	-	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	17.542	-	-	-
Total	8.523.241	3.203.755	-	-

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VIII. Risk Management Objectives and Policies

The purpose of the Bank's risk management system is to ensure that incurred risks are defined, measured, monitored and controlled. This is done by means of policies, implementing procedures and limits determined to monitor, control, and, if necessary, change both the risk-return structure included in the Bank's future cash flows and therefore the quality and level of activities– as well as the internal capital requirement related to risk profiles.

The establishment of an optimum balance between incurred costs has been adopted as the Bank's general risk policy for the purpose of carrying out the Bank's activities prudentially by taking a minimum level of risk, and, in case of risks that are compulsory to take or have, the Bank delimits, manages, reduces and controls damages, loss and risks that may occur in consequence of realizing such risks.

The Risk Management Team carries out its activities under the Board of Directors via the Audit Committee. Risk management activities consist of the measurement, monitoring, control and reporting of risks, and are performed by Risk Management Team personnel.

Within the scope of the risk management system, a reporting system has been established to analyze and assess incurred risks efficiently. Systems that allow extensive reports regarding liquidity, market, credit and operational risks are created in order to be used in risk management, strategy determination and decision-making. Reports are presented to units responsible for the formation and monitoring of risk at regular intervals, together with the Board of Directors and top management.

The Bank's general policy on the management of market risk is to establish and implement an optimum portfolio and maturity structure for the purposes of avoiding liquidity problems, optimizing risk-return balance, making use of resources with the highest efficiency rates by taking a minimum level of risk, and taking precautions to prevent changes in prices and rates in financial markets from affecting the Bank's profitability in a negative way.

Within the scope of its operational risk management policy, the Bank not only regards human resources as the most important source but also adopts business continuity as its basic principle by carrying out system and process-oriented (not person-oriented) activities for the purpose of maintaining organizational structure.

IX. Explanations Related To Presentation of Financial Assets and Liabilities at Fair Value

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

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

The table below shows the book value and the fair value of the financial assets and liabilities.

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	Book Value		Fair Value	
	Current Period 31 Dec. 2013	Prior Period 31 Dec. 2012	Current Period 31 Dec. 2013	Prior Period 31 Dec. 2012
Financial Assets	5.224.588	3.316.716	4.984.762	3.316.716
Financial Assets at Fair Value				
Through profit / (Loss)	1.609	3.958	1.609	3.958
Money Market Placements	16.034	14.077	16.034	14.077
Banks	4.683.410	3.190.024	4.683.410	3.190.024
Available-For-Sale Financial Assets	1.418	1.351	1.418	1.351
Held-To-Maturity Investments	239.826	-	240.611	-
Loans	282.291	107.306	282.291	107.306
Financial Liabilities	4.958.733	3.302.681	4.958.733	3.302.681
Placements on Banks	-	-	-	-
Other Placements	-	-	-	-
Payables to Money Market	209.469	-	209.469	-
Funds Borrowed From Other Financial Institutions	2.158.037	1.329.313	2.158.037	1.329.313
Securities Issued	-	-	-	-
Sundry Creditors	2.591.227	1.973.368	2.591.227	1.973.368

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

Current Period	Quoted Price	Valuation techniques where market value is observable	Valuation techniques where market value is not observable	Fair Value Not Available
Financial Assets	1.609	4.981.735	1.418	-
Money Market Placements	-	16.034	-	-
Banks	-	4.683.410	-	-
Financial Assets Held for Trading	1.609	-	-	-
Available-For-Sale Financial Assets	-	-	1.418	-
Held-to-Maturity Investments	-	-	-	-
Loans	-	282.291	-	-
Financial Liabilities	-	4.749.264	-	-
Funds Borrowed From Other Financial Institutions	-	2.158.037	-	-
Sundry Creditors	-	2.591.227	-	-
Current Period	Quoted Price	Valuation techniques where market value is observable	Valuation techniques where market value is not observable	Fair Value Not Available
Financial Assets	3.958	3.311.407	1.351	-
Money Market Placements	-	14.077	-	-
Banks	-	3.190.024	-	-
Financial Assets Held for Trading	3.958	-	-	-
Available-For-Sale Financial Assets	-	-	1.351	-
Held-to-Maturity Investments	-	-	-	-
Loans	-	107.306	-	-
Financial Liabilities	-	3.302.681	-	-
Funds Borrowed From Other Financial Institutions	-	1.329.313	-	-
Sundry Creditors	-	1.973.368	-	-

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X. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank carries out trading, custody, management and advisory services on others' behalf and account.

TL 8 (31 December 2012: TL 8), in the off balance sheet contingencies and commitments table, consists of sales and securities which are traded on BİAŞ. Under the fiduciary transactions agreement, there are no transactions carried out with other financial institutions and there are no financial services rendered directly in this context.

According to the Articles of Association of the Bank, the services and operations of the Bank are performing the custody of the securities, precious metals and other securities and the clearing and settlement of cash and security commitments arising from the purchases and sales on stock exchanges. The Bank realizes transactions necessary for transfers, settlement, offsetting, and discharge of debts, securities obtained for custody and other marketable securities; obtaining bonus share, use of pre-emptive rights, collection of interest and principle at maturity, dividends, and exchanges of documents representing the securities and other instruments and similar financial services. Also, the Bank provides the clearing and settlement service of guarantees of derivative transactions on Turkish Derivative Exchange. Related to above mentioned transactions, the total amount of guarantees obtained from Bank's customers comprising treasury bills, government bonds, letter of guarantees and stocks are listed below.

XI Explanations on Segment Reporting

The Bank operates mainly in clearing-operation, custody, loans and treasury.

Current Period	Clearing and Operation	Custody	Loans and Money Market	Treasury	Others	Total
Cash and Balances with Central Bank	-	-	-	341.996	-	341.996
Financial Assets At Fair Value Through Profit or Loss (Net)	-	-	-	-	1.609	1.609
Banks	-	-	-	4.683.410	-	4.683.410
Money Markets	-	-	-	-	16.034	16.034
Available-For-Sale Financial Assets (Net)	-	-	-	1.418	-	1.418
Loans	-	-	282.291	-	-	282.291
Held-to-Maturity Securities (Net)	-	-	-	239.826	-	239.826
Subsidiaries	-	-	-	-	-	-
Joint Ventures (Net)	-	-	-	4.825	-	4.825
Property and Equipment (Net)	-	-	-	-	14.413	14.413
Intangible Assets (Net)	-	-	-	-	884	884
Tax Asset	-	-	-	-	2.679	2.679
Other Assets	-	4.945	-	-	1.696	6.641
Total Assets	-	4.945	282.291	5.271.475	37.315	5.596.026
Funds Borrowed	-	-	-	2.033.250	-	2.033.250
Other Miscellaneous Liabilities	-	-	-	209.469	-	209.469
Miscellaneous Payables	2.556.415	1.791	18.679	-	14.342	2.591.227
Other Liabilities	124.787	-	-	-	-	124.787
Provisions	-	-	22.980	-	14.493	37.473
Tax Liability	-	-	-	-	9.424	9.424
Shareholder's Equity	-	-	-	-	590.396	590.396
Total Liabilities	2.681.202	1.791	41.659	2.242.719	628.655	5.596.026

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Current Period	Clearing and Operation		Loans and Money Market	Treasury	Others	Total
	Operation	Custody				
Cash and Balances with Central Bank	-	-	-	329.638	-	329.638
Financial Assets At Fair Value Through Profit or Loss (Net)	-	-	-	-	3.958	3.958
Banks	-	-	-	3.190.024	-	3.190.024
Money Markets	-	-	-	-	14.077	14.077
Available-For-Sale Financial Assets (Net)	-	-	-	1.351	-	1.351
Loans	-	-	107.306	-	-	107.306
Held-to-Maturity Securities (Net)	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-
Joint Ventures (Net)	-	-	-	4.825	-	4.825
Property and Equipment (Net)	-	-	-	-	12.124	12.124
Intangible Assets (Net)	-	-	-	-	1.504	1.504
Tax Asset	-	-	-	-	2.287	2.287
Other Assets	-	3.198	-	-	1.331	4.529
Total Assets	-	3.198	107.306	3.525.838	35.281	3.671.623
Funds Borrowed	-	-	-	1.058.970	-	1.058.970
Miscellaneous Payables	1.946.179	1.605	15.431	-	10.153	1.973.368
Other Liabilities	270.343	-	-	-	-	270.343
Provisions	-	-	19.904	-	-	19.904
Tax Liability	-	-	-	-	5.916	5.916
Shareholders' Equity	-	-	-	-	331.605	331.605
Total Liabilities	2.216.522	1.605	35.335	1.058.970	359.191	3.671.623
Current Period	Clearing and Operation	Custody	Loans and Money Market	Treasury	Others	Total
Net interest income	50	-	12.027	78.681	-	90.758
Net fees and commission income and other operating income	43.460	265	15.405	-	-	59.130
Dividend income	-	-	-	7.334	-	7.334
Net trading income	-	-	-	298	-	298
Other operating income	-	-	-	-	68	68
Provision for loan losses and other receivables	-	-	3.080	-	-	3.080
Other operating expenses	-	-	-	-	53.288	53.288
Profit/loss before tax	43.510	265	24.352	86.313	(53.220)	101.220
Tax provision	-	-	-	-	(19.411)	(19.411)
Net profit/loss	43.510	265	24.352	86.313	(72.631)	81.809

Current Period	Clearing and Operation		Loans and Money Market	Treasury	Others	Total
	Operation	Custody				
Net interest income	26	-	11.510	64.152	-	75.688
Net fees and commission income and other operating income	31.090	923	11.835	-	-	43.848
Dividend income	-	-	-	4.691	-	4.691
Net trading income	-	-	-	(135)	-	(135)
Other operating income	-	-	-	-	168	168
Provision for loan losses and other receivables	-	-	8.585	-	-	8.585
Other operating expenses	-	-	-	-	45.739	45.739
Profit/loss before tax	31.116	923	14.760	68.708	(45.571)	69.936
Tax provision	-	-	-	-	(14.768)	(14.768)
Net profit/loss	31.116	923	14.760	68.708	(60.339)	55.168

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SECTION FIVE
EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets

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

1.a) Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	14	-	16	-
Balances with the Central Bank of Turkey	48.749	293.233	124.556	205.066
Other	-	-	-	-
Total	48.763	293.233	124.572	205.066

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	48.749	13.506	124.556	8.340
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	279.727	-	-
Toplam	48.749	293.233	124.556	8.340

(*) Information related to reserve deposits presented under unrestricted demand deposit:

As of 31 December 2013, the Turkish Lira required reserve ratios are determined to be within the range of 11% and 11,5% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2012: 5%-11% for all Turkish Lira liabilities), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 11,5% and 13% (31 December 2012: %6-%11 for all foreign currency liabilities).

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

- 2.a) i. Information on financial assets at fair value through profit and loss given as collateral or blocked:
The Bank has no financial assets at fair value through profit and loss given as collateral or blocked as of the balance sheet date (31 December 2012: None).
- 2.a) ii. Financial assets at fair value through profit and loss subject to repurchase agreements: The Bank has no financial assets at fair value through profit and loss subject to repurchase agreements as of the balance sheet date (31 December 2012: None).
- 2.b) Positive differences related to derivative financial assets held-for-trading: The Bank has no positive differences related to derivative financial assets held-for-trading as of the balance sheet date (31 December 2012: None).

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3. Information on Banks:

3.a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2.978.032	1.705.378	2.063.292	1.126.732
Domestic	2.978.032	1.693.237	2.062.747	1.091.720
Foreign	-	12.141	545	35.012
Branches and head office abroad	-	-	-	-
Total	2.978.032	1.705.378	2.063.292	1.126.732

3.b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	11.560	33.700	-	-
USA and Canada	581	1.857	-	-
OECD Countries(*)	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	12.141	35.557	-	-

(*) OECD Countries outside U.S., Canada and European Union Countries

3.c) Information on receivables from money markets

The details about the receivables from Money Markets are as below:

	Current Period	Prior Period
Reverse Repo member balance	16.034	14.077
Total	16.034	14.077

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

4.a) i. Information on financial assets available-for-sale given as collateral or blocked: The Bank has no financial assets available-for-sale given as collateral or blocked as of the balance sheet date (31 December 2012: None).

4.a) ii. Information on financial assets available-for-sale subject to repurchase agreements: The Bank has no financial assets available-for-sale subject to repurchase agreements as of the balance sheet date (31 December 2012: None).

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4.b) Information on available for sale assets:

Name	Acquired On	Current Period		Prior Period	
		Amount	Ratio(%)	Amount	Ratio(%)
Borsa İstanbul A.Ş. (VOBAŞ Transfer Shares)	31.05.2013	324	0,15	-	-
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	03.01.2011	555	4,10	555	4,10
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	29.07.2011	200	10,00	200	10,00
S.W.I.F.T SCRL	24.04.2009	130	0,32	105	0,32
SASE-Sarajevo Menkul Kıymetler Borsası	18.05.2011	209	5,00	168	5,00
Total		1.418		1.351	

	Current Period	Prior Period
Debt securities		
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	-	-
Share certificates	1.418	1.351
Quoted on a stock exchange	-	-
Not quoted on a stock exchange(*)	1.418	1.351
Impairment provision(-)	-	-
Total	1.418	1.351

(*) All unquoted available for sale financial investments of the Bank are accounted for at cost.

5. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	222.278	2.138.897	92.649	2.051.242
Corporate shareholders	222.278	2.138.897	92.649	2.051.242
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	-	-
Total	222.278	2.138.897	92.649	2.051.242

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms
Cash Loans				
		Restructured or Rescheduled	Other	Restructured or Rescheduled
				Other
Non-specialized loans	282.291	-	-	-
Working capital loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	282.291	-	-	-
Tüketici Kredileri	-	-	-	-
Credit cards	-	-	-	-
Other	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	282.291	-	-	-

- c) Loans according to their maturity structure:

	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
Cash Loans				
Short-term loans and other receivables	282.291	-	-	-
Non-specialized loans	282.291	-	-	-
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	-	-	-	-
Non-specialized loans	-	-	-	-
Non-specialized loans	-	-	-	-
Other Receivables	-	-	-	-

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

The Bank has no consumer loans, individual credit cards, personnel loans and credit cards as of the balance sheet date (31 December 2012: None).

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

The Bank has no commercial loans with installment and corporate credit cards as of the balance sheet date (31 December 2012: None).

- f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	282.291	107.306
Total	282.291	107.306

- g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	282.291	107.306
Foreign loans	-	-
Total	282.291	107.306

- h) Loans granted to subsidiaries and associates: The Bank has no loans granted to subsidiaries and associates as of the balance sheet date (31 December 2012: None).

- i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	-	-
Loans and receivables with doubtful collectability	-	-
Uncollectable loans and receivables	1.637	1.637
Total	1.637	1.637

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

- j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: The Bank has no loans and other receivables included in non-performing loans which are restructured or rescheduled as of the balance sheet date (31 December 2012: None).

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j.2)

	III.Group Loans and Receivables With Limited Collectability	IV.Group Loans and Receivables With Doubtful Collectability	V.Group Uncollectible Loans And Receivables
Prior period end balance	-	-	1.637
Additions (+)	-	-	-
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	-	-	-
Write-offs (-) (*)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	-	1.637
Specific provision (-)	-	-	1.637
Net Balances on Balance Sheet	-	-	-

j.3) Information on foreign currency non-performing loans and other receivables: The Bank has no foreign currency non-performing loans as of the balance sheet date (31 December 2012: None).

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

	III.Group Loans and Receivables With Limited Collectability	IV.Group Loans and Receivables With Doubtful Collectability	V.Group Uncollectible Loans And Receivables
Current Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	-	-	-
Specific Provision Amount (-)	-	-	1.637
Loans to Real Persons and Legal Entities (Net)	-	-	1.637
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	-	-	-
Specific Provision Amount (-)	-	-	1.637
Loans to Real Persons and Legal Entities (Net)	-	-	1.637
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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- k) Main principles of liquidation policy for uncollectible loans and receivables: The Bank has no uncollectible loans and receivables as of the balance sheet date (31 December 2012: None).
- l) Explanations about the policy for the asset's write-off: The general policy for the receivables write-off under follow-up is to write-off the receivables from asset which cannot be collected in process of a legal enforcement.
- m) Other explanations and disclosures: Collaterals and credit enhancement obtained during the year: The details of the collaterals obtained for cash loans as of 31 December 2013 and 2012 are as follows:

	Current Period	Prior Period
Equity Shares (quoted)	10.754	28.230
Letters of Guarantee	334.570	119.685
Total	345.324	147.915

6. Investments held to maturity:

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

	Current Period	Prior Period
Held-to-maturity investments given as collateral or blocked	234.893	-
Unrealized accrual related to these investments	4.933	-
Total	239.826	-

6.a) ii. Held-to-maturity investments subject to repurchase agreements: As of the balance sheet date, the Bank has TL 245.000-to-maturity investments subject to repurchase agreements (31 December 2012: None).

6.b) Information on held-to-maturity public sector debt instruments:

	Current Period	Prior Period
Government Bond	239.826	-
Treasury Bill	-	-
Other Public Sector Debt Instruments	-	-
Total	239.826	-

6.c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	239.826	-
Quoted on a stock exchange	239.826	-
Not quoted on a stock exchange	-	-
Impairment provision (-)	-	-
Total	239.826	-

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6.d) Movement of held-to-maturity investments

	Current Period	Prior Period
Beginning balance	-	46.638
Foreign currency differences on monetary assets	-	-
Purchases during year	236.992	-
Disposals through sales and redemptions	-	(34.000)
Impairment provision (-)	-	-
Effect of unearned coupon income on cost	2.834	(12.638)
Closing Balance	239.826	-

7. Information on associates (net):

- 7.a) Information on the unconsolidated associates: The Bank has no unconsolidated associates (31 December 2012: None). Information related Central Registry Agency is presented in the disclosure no.8.
- 7.b) Information on the unconsolidated associates: None (31 December 2012: None). The Bank has no consolidated associates (31 December 2012: None).
- 7.c) Explanations of consolidated associates: None (31 December 2012: None).
- 7.d) Information on sector information on consolidated associates: None (31 December 2012: None).
- 7.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2012: None).

8. Information on subsidiaries (Net):

- 8.a) Information on the unconsolidated subsidiaries:

Description	Address (City / Country)	Bank's share percentage- If different voting percentage (%)	Bank risk group's share percentage (%)
Merkezi Kayıt Kuruluşu A.Ş.	İstanbul/Türkiye	28,57	65,00

Bank's share in Merkezi Kayıt Kuruluşu A.Ş. ("Central Securities Registry Agency") is 65% and the Bank's voting right is 28,57% (2/7) according to its Articles of Association. Although the Bank possesses more than 20% of the voting rights of Central Securities Registry Agency. The Bank does not have significant influence over the company. For this reason the associate is not consolidated. This subsidiary is carried at cost amounting to TL 4.825 thousand in the financial statements.

Total Assets (*)	Shareholder's Equity	Total Fixed Asset	Interest Income	Income from marketable securities Portfolio	Current Period Profit/(Loss)	Prior Periods' Profit/(Loss)	Fair Value
83.916	69.194	13.145	4.544	-	19.387	19.921	-

(*) Audited financial statements, prepared as of 31 December 2013, in accordance with the Turkish Accounting Standards.

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	31.12.2013	31.12.2012
Paid-in capital	36.000	6.000
Legal reserves	13.385	23.078
Extraordinary reserves	-	1.310
Other reserves	19.808	26.018
Profit/loss	421	6.933
Prior periods profit/loss	19.387	19.085
Current period net profit/loss	(8.594)	(1.415)
Intangible Assets (-)	60.599	54.991
Total Core Capital	-	-
Supplementary Capital	60.599	54.991
Capital	60.599	54.991
Net Usable Equity	60.599	54.991

There is no assessment of subsidiaries' internal capital adequacy

Paid capital is indicated in the main agreement of the Bank as Turkish Liras and registered in the trade registry.

Legal reserves are the reserve funds which are indicated in the Turkish Trade Act's (numbered 6762) 466. dam's first paragraph and second paragraph's third subparagraph, and 467. dam and accounted from related year's profit.

8.b) Information on the consolidated subsidiaries:

- i. Information on the consolidated subsidiaries: The Bank has no consolidated subsidiaries as of the balance sheet date (31 December 2012: None).
- ii. Information on movement of consolidated subsidiaries: The Bank has no consolidated subsidiaries as of the balance sheet date (31 December 2012: None).
- iii. Sectoral information on the consolidated subsidiaries and the related carrying amounts: The Bank has no consolidated subsidiaries as of the balance sheet date (31 December 2012: None).
- iv. Consolidated subsidiaries quoted on the stock exchange: The Bank has no quoted consolidated subsidiaries as of the balance sheet date (31 December 2012: None).

9. Information on entities under common control (joint ventures): The Bank has no entities under common control as of the balance sheet date (31 December 2012: None).

10. Information on finance lease receivables (Net): The Bank has no finance lease receivables as of the balance sheet date (31 December 2012: None).

11. Information on derivative financial assets for hedging purposes: The Bank has no derivative financial assets for hedging purposes as of the balance sheet date (31 December 2012: None).

12. Information on tangible assets:

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	Prior Year's Closing Balance 31/12/2012	Additions	Disposals	Closing Year Balance 31/12/2013
Cost:				
Land and buildings	12.837	1.608	(57)	14.388
Leased tangible assets	-	-	-	-
Vehicles	333	237	-	570
Other	5.853	1.893	(236)	7.510
Total Cost	19.023	3.738	(293)	22.468

	Prior Year's Closing Balance 31/12/2012	Additions	Disposals	Closing Year Balance 31/12/2013
Accumulated Depreciation:				
Land and buildings	(3.379)	(214)	-	(3.593)
Leased tangible assets	-	-	-	-
Vehicles	(262)	(4)	-	(266)
Other	(3.258)	(938)	-	(4.196)
Total Accumulated Depreciation	(6.899)	(1.156)	-	(8.055)
Net Book Value	12.124	(1.449)	-	14.413

	Prior Year's Closing Balance 31/12/2011	Additions	Disposals	Closing Year Balance 31/12/2012
Cost:				
Land and buildings	13.577	640	(1.380)	12.837
Leased tangible assets	8.646	-	(8.646)	-
Vehicles	480	-	(147)	333
Other	4.859	2.195	(1.201)	5.853
Total Cost	27.562	2.835	(11.374)	19.023

	Prior Year's Closing Balance 31/12/2011	Additions	Disposals	Closing Year Balance 31/12/2012
Accumulated Depreciation:				
Land and buildings	(4.508)	(251)	1.380	(3.379)
Leased tangible assets	(8.646)	-	8.646	-
Vehicles	(334)	(75)	147	(262)
Other	(3.742)	(717)	1.201	(3.258)
Total Accumulated Depreciation	(17.230)	(1.043)	11.374	(6.899)
Net Book Value	10.332			12.124

12.a) If impairment amount on individual asset booked or reversed in the current period is material for the overall financial statements:

- i. Reason and conditions for booking or reversing impairment: The details for reason and conditions for booking or reversing impairment are given in note (12.b) of the report (31 December 2012: None).

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- ii. Amount of impairment booked or reversed in the financial statements: The details for amount recorded or reversed impairment in the financial statements are given in part (12.b) of the Report.

12.b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: There is no material impairment provision set or cancelled in the current period (31 December 2012: None).

There is no impairment accounted related to property and equipment in the current period.

12.c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: There are no pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets as of the balance sheet date (31 December 2012: None).

13. Information on intangible assets:

	Prior Year's Closing Balance 31/12/2012	Additions	Disposals	Closing Balance 31/12/2013
Cost:				
Leasehold improvements	-	-	-	-
Other intangible assets	4.718	183	(1)	4.900
Total Cost	4.718	183	(1)	4.900

	Prior Year's Closing Balance 31/12/2012	Additions	Disposals	Closing Balance 31/12/2013
Accumulated Amortization:				
Leasehold improvements	-	-	-	-
Other intangible assets	(3.214)	(802)	-	(4.016)
Total Accumulated Amortization	(3.214)	(802)	-	(4.016)

Net Book Value	1.504			884
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	Prior Year's Closing Balance 31/12/2011	Additions	Disposals	Closing Balance 31/12/2012
Cost:				
Leasehold improvements	-	-	-	-
Other intangible assets	3.584	1.134	-	4.718
Total Cost	3.584	1.134	-	4.718

	Prior Year's Closing Balance 31/12/2011	Additions	Disposals	Closing Balance 31/12/2012
Accumulated Amortization:				
Leasehold improvements	-	-	-	-
Other intangible assets	(2.530)	(684)	-	(3.214)
Total Accumulated Amortization	(2.530)	(684)	-	(3.214)

Net Book Value	1.054			1.504
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- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: The Bank has no intangible fixed asset that is material to the financial statements as a whole as of the balance sheet date (31 December 2012: None).
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: The Bank has no intangible fixed assets acquired through government grants accounted for at fair value at initial recognition as of the balance sheet date (31 December 2012: None).
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: The Bank has no intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition (31 December 2012: None).
- d) The book value of intangible fixed assets that are pledged or restricted for use: The Bank has no intangible fixed assets that are pledged or restricted for use as of the balance sheet date (31 December 2012: None).
- e) Amount of purchase commitments for intangible fixed assets: There are no purchase commitments for intangible fixed assets as of the balance sheet date (31 December 2012: None).
- f) Information on revalued intangible assets according to their types: There is no revalued intangible asset as of the balance sheet date (31 December 2012: None).
- g) Amount of total research and development expenses recorded in income statement within the period if any: There are no research and development expenses recorded in income statement within the period (31 December 2012: None).
- h) Positive or negative consolidation goodwill on entity basis: There is no positive or negative consolidation goodwill as of the balance sheet date (31 December 2012: None).
- i) Information on goodwill: There is no goodwill as of the balance sheet date (31 December 2012: None).
- j) Movements on goodwill in the current period: There is no goodwill as of the balance sheet date (31 December 2012: None).
- 14. Information on investment property:** There is no investment property as of the balance sheet date (31 December 2012: None).

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15. Explanations on deferred tax asset:

- a) As of 31 December 2013, deferred tax asset is TL 2.679 (31 December 2012: TL 2.287).

Distribution of deferred tax asset:

	Current Period	Prior Period
Provision for Employee Termination Benefits	883	695
Difference between Book Value and Tax Base of Tangible and intangible assets	(56)	(16)
Valuation Differences of Marketable Securities	(165)	-
Other Provisions	2.017	1.608
Total	2.679	2.287

- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: There are no temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods as of the balance sheet date (31 December 2012: None).
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: There is no allowance for deferred tax and deferred tax assets from reversal of allowance as of the balance sheet date (31 December 2012: None).
- d) Movement of deferred tax asset:

	Current Period	Prior Period
January 1	2.287	1.081
Effect of change in effective tax rate	-	-
Deferred tax (charge)/benefit	392	1.206
Deferred tax (charge)/benefit (Net)	392	1.206
Deferred tax accounted in Shareholders' Equity	-	-
Deferred Tax Asset	2.679	2.287

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

There are no assets held for sale and discontinued operations as of the balance sheet date (31 December 2012:None).

17. Information on other assets:

Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments). The details of other assets are presented below.

Breakdown of other assets:

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	Current Period		Prior Period	
	TL	FC	TL	FC
Commission receivables from members	4.943		3.198	
Prepaid expenses	1.638		1.180	
Custody accruals	2		-	
Cash guarantees given	37		27	
Office supply inventory	10		10	
Other	11		114	
Total	6.641		4.529	

II. Explanations and Notes Related to the Liabilities

1. Explanations related to deposits:

a) Information on maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

c) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad:

The Bank's head office is in Istanbul, Turkey.

d) Saving deposits not guaranteed by insurance:

The Bank is not authorized to accept deposits.

2. Information on derivative financial liabilities held-for-trading:

The Bank has no derivative financial liabilities held-for-trading as of 31 December 2013 and 2012.

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	668.610	1.574.109	-	1.058.970
From Foreign Banks, Institutions and Funds	-	-	-	-
Total	668.610	1.574.109	-	1.058.970

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b) Maturity analysis of Funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	668.610	1.574.109	-	1.058.970
Medium and long-term	-	-	-	-
Total	668.610	1.574.109	-	1.058.970

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

The liabilities of the Bank consist of taxes payable, similar payables and cash collaterals and current accounts of the members. The Bank also has liabilities regarding the amounts held due to managing the guarantee funds established for common stock, government bond and Treasury bill markets on the Istanbul Stock Exchange and managing the guarantee funds and guarantees of transactions in Turkish Derivative Exchange.

4. Information on funds provided from repurchase agreement transactions:

There are TL 209.469 funds provided from repurchase agreement transactions as of the balance sheet date (31 December 2012: None).

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

The breakdown of other liabilities is as below:

	Current Period		Prior Period	
	TL	FC	TL	FC
BİAŞ Guarantee Fund - Share Certificates	48.158		73.118	
BİAŞ Guarantee Fund - Bond	25.265		60.821	
Other	51.364		136.404	
Total	124.787		270.343	

The Breakdown of Miscellaneous Payables which is the majority of the passive total of the balance sheet is as below:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash Guarantees	2.100.474	394.450	1.618.914	265.080
Other Cash Guarantees	54.571	28.972	75.594	7.542
Expense Accruals	12.267	-	5.908	-
Capital Market Board's share fee (*)	493	-	330	-
Total	2.167.805	423.422	1.700.746	272.622

The relevant amount is subject to accretion in the "Bank" account, as explained in Section VI, as per the instruction of the Capital Markets Board.

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6. Explanations on financial lease obligations (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank: There are no installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank as of the balance sheet date 31 December 2012: None).
- b) The explanation on modifications in agreements and new obligations resulting from such modifications: There are no modifications in agreements and new obligations resulting from such modifications as of the balance sheet date (31 December 2012: None).
- c) Explanation on finance lease payables: There are no finance lease payables as of the balance sheet date (31 December 2012: None).
- d) Explanations regarding operational leases: There are no operational leases as of the balance sheet date (31 December 2012: None).
- e) Explanations on the lesser and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: There are no lesser and lessee in sale and lease back transactions as of the balance sheet date (31 December 2012: None).

7. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes as of the balance sheet date (31 December 2012: None).

8. Information on provisions

- a) Information on general loan loss provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	6.002	5.493
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non-cash Loans	16.978	14.411
Other	-	-
Total	22.980	19.904

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: There are no foreign exchange losses on the foreign currency indexed loans and finance lease receivables as of the balance sheet date (31 December 2012: None).
- c) The specific provisions provided for unindemnified non cash loans: There are no specific provisions provided for unindemnified non cash loans (31 December 2012: None).

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- d) Information on employee termination benefits and unused vacation accrual:

Under Turkish Labor Law, the Bank is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. As the maximum liability is revised semi annually, the maximum amount of TL 3.438,22 (31 December 2012: TL 3.129,25) effective from 1 January 2013 has been taken into consideration in calculation of provision for employment termination benefits.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The main 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 of 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the balance sheet date have been calculated assuming an annual inflation rate of 4,5% (31 December 2012: 5%) and a discount rate of 2,87% (31 December 2012 8%), resulting in a real discount rate of approximately 3,75% (31 December 2012: 3,75%). The anticipated rate of forfeitures is considered.

	Current Period	Prior Period
Total	11.824	9.782
The ratio of provision to undiscounted total liabilities	7.408	6.306
Provision for employee termination (Presented in financial statements)	4.416	3.476
Total liabilities of employee terminations (Undiscounted)(%)	59,61	55,12

As of 31 December 2013, the Bank provided a reserve of TL 2.684 (31 December 2012: TL 2.215) for the unused vacation. This balance is classified under Reserve for Employee Benefits in the financial statements.

- d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	3.476	3.600
Paid during the year	(2)	(1.206)
Actuarial (gain)/loss	42	-
Charge for the year	900	1.082
Service charge	569	911
Interest charge	331	171
Total	4.416	3.476

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d.2) The reserve for the employee benefits

	Current Period	Previous Period
Unused vacation provision	2.684	2.215
Retirement bonus provision	-	-
Total	2.684	2.215

e) Information on other provisions:

e.1) Information on provisions for possible losses: There are no provisions for possible losses as of the balance sheet date (31 December 2012: None).

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

	Current Period	Prior Period
Capital Market Board's Share Fee (*)	7.103	5.794
Provision for Legal Claims (**)	290	32
Total	7.393	5.826

(*) Capital Market Board's Share Fee consists of commission fee which will be paid to the CMB in accordance with the Article 28 of the CMB's regulation dated 25 February 2011. The calculation of the expense accrual, which will be paid to the CMB in 2013, is based on %10 of the current year's income accounts, excluding interest income. Additionally, CMB has discretion to change the commission fee amount. Besides, Bank has changed its estimation about determination of the payment period of the commission fee and booked the accrual in its financial statements as of 31 December 2013.

(**) According to Information from the Law Department of the Bank, there are seventeen cases which filed against the bank and still ongoing. One of these cases is the case prosecuted by Investors Protection Fund which have been brought an action against the case of bank with the demand of cancelation of pledged right on the Capital Market Instruments as a collateral of credits used by a brokerage house whose operations have been interrupted by CMB and it has been decided to liquidate gradually. Other seven cases are relevant with mentioned CMB cases that are about claim for return of the capital market instruments pledged by the customers of brokerage firm. One of the remaining cases is related with compensation of the loss which was occurred due to payment made by a brokerage house to Istanbul 8th directorate of enforcement.

The remaining court cases are concerning dividend distribution and overtime claims of the bank's employees whose employment contracts were terminated. The Bank has recorded TL 290 (31 December 2012: TL 32) provision related to these cases in the financial statements within the context of TAS 37. As of the balance sheet date, there is one more ongoing case filed by the Bank.

	Current Period	Prior Period
Provisions for Cases Beginning Balance	32	195
Additions	264	-
Payments	(6)	(163)
Provisions for Cases Year End	290	32

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f) f) Liabilities Resulting from Retirement Benefits: The Bank has no accounted retirement provision as of the balance sheet date (31 December 2012: TL None).

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": There are no liabilities for pension funds established in accordance with Social Security Institution as of the balance sheet date (31 December 2012: None).

f.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post retirement benefits for the employees: None (31 December 2012: None).

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate tax:

	Current Period	Prior Period
Provision for Corporate Taxes	19.792	15.974
Advance Taxes (-)	12.993	12.169
Provision for current taxes	6.799	3.805

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	6.799	3.805
Taxation on Securities	517	350
Property Tax	-	-
Banking Insurance Transaction Tax (BITT)	742	582
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	72	44
Other	838	757
Total	8.968	5.538

a.3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	207	175
Social Security Premiums-Employer	205	166
Unemployment Insurance-Employee	15	12
Unemployment Insurance-Employer	29	25
Total	456	378

b) Explanations on deferred tax liabilities, if any: There are no deferred tax liabilities as of the balance sheet date (31 December 2012: None).

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

There are no liabilities regarding assets held for sale and discontinued operations as of the balance sheet date (31 December 2012: None).

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

There are no subordinated loans the Bank used as of the balance sheet date (31 December 2012: None).

12. Information on Shareholders' Equity:**a) Presentation of Paid-in capital:**

	Current Period	Prior Period
Common stock (*)	420.000	60.000
Preferred stock	-	-

(*) As of 31 December 2013 The Bank has totally 4.200.000.000 issued share certificates. 2.000 of these shares are preferred shares.

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so, amount of registered share capital ceiling: Registered share capital system is not applied as of the balance sheet date (31 December 2012: Not applied).

c) Other information on the share of capital increased through capital contributions performed during the current period and capital funds: As per the 18th Ordinary General Assembly meeting of the Bank dated 29 March 2013, the Bank's paid-in capital was increased from TL 60.000 to TL420.000. TL180.000 of the total difference amounting to TL360.000 was collected in cash from the shareholders through capital subscription according to the ratio of their shares (31 December 2012: None).

d) Other information on the share of capital increased through capital contributions performed during the current period and capital funds: During the period ending 31 December 2013, The Bank has been added to capital amount to TL 92.700 from other capital reserve and TL87.300 from extraordinary reserves(31 December 2012: None).

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: There are no capital commitments in the last fiscal year and at the end of the following interim period as of the balance sheet date (31 December 2012: None).

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

Due to the Bank's liquid position and good relations with other banks, the Bank has the means to provide low cost financing and place it in domestic market which leads to profits. In parallel with this, if similar circumstances will occur in the future, it can be predicted that profitability will increase and this will improve the equity of the Bank with retained profits.

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g) Information on preferred shares:

As of 31 December 2013, the Bank has preferred shares with a nominal value of TL 200. According to the article six of the Articles of Association, the shares which represent group A shares of the newly issued group A and B shares belong only to Istanbul Stock Exchange and cannot be transferred. Besides, according to the Bank's Articles of Association – article 9/b, four members of the board of directors are chosen by the General Assembly, among the candidates presented by group A shareholders.

h) Information on marketable securities value increase fund: The Bank has no marketable securities value increase fund as of the balance sheet date (31 December 2012: None).

i) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	56.007	91.503
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Capital Exchange Difference	-	-
Total	56.007	91.503

13. Other Information on Shareholders' Equity:

There is no change in other reserves (31 December 2012: None). In the period ending on 31 December 2013, TL92.700 was added to the capital from other capital reserves (31 December 2012: None).

14. Information on minority shares:

There are no minority shares as of the balance sheet date (31 December 2012: None).

15. Information on profit distribution:

As per the decision taken at the Bank's Ordinary General Assembly meeting dated 29 March 2013, a dividend amounting to TL3.695 was distributed to personnel. According to the decision the Bank took at its Ordinary General Assembly Meeting dated 29 March 2013, the tax provision amounting to TL700 remaining after the taxation of the dividend to be distributed to personnel, management and audit committee members was extracted from the provision account and added to the extraordinary reserve account (2012: a dividend of TL31.882 was distributed to the shareholders and personnel).

III. Explanations and Notes Related to the Off-Balance Sheet Accounts**1. Information on off-balance sheet liabilities:**

a) Nature and amount of irrevocable loan commitments: There are no irrevocable loan commitments as of the balance sheet date (31 December 2012: None).

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

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- b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits: There are no non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits as of the balance sheet date.

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	-	-
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	-	-
Other non-cash loans (*)	5.830.013	4.853.543
Total	5.830.013	4.853.543

(*) Guarantees given to Stock Exchange Money Market for Payables.

Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural								
Farming and raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, gas and water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	5.830.013	100	-	-	4.853.543	100	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and telecommunication	-	-	-	-	-	-	-	-
Financial institutions	5.830.013	100	-	-	4.853.543	100	-	-
Real estate and renting services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	5.830.013	100	-	-	4.853.543	100	-	-

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Information on I. and II. Group non-cash loans:

	I. Group		II. Group	
	TL	FC	TL	FC
Non-cash loans	5.830.013	-	-	-
Letters of guarantee	-	-	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	5.830.013	-	-	-

- b.2) Guarantees, temporary guarantees, collateral and other warranties: As of balance sheet date there is no guarantees, temporary guarantees, collateral and warranties (31 December 2012: None).

- c) Information related to Non-Cash Loans:

As bank functions as a bridge between seller and buyer in money market operations in which bank has a market maker role and guarantees that the debts will be paid, bank follows the risks which occurred in this market in non-cash loans accounts. The limits are defined for the members and it is required to have continued guarantees. These mentioned guarantees are hold in bank as defined credit limits' multiples according to their liquidity.

- d) Information related to Market Securities Hedges; the market securities hedges, TL 997.027.387 of the TL 996.781.231 balance of market securities hedges are investment funds as the other TL 246.156 balance consists of share certificate hedges.

2. Information related to derivative financial instruments:

The Bank has no derivative financial instruments as of 31 December 2013 and 2012.

Breakdown of the Bank's foreign currency forward and swap transactions as of the balance sheet date based on currencies are disclosed below in their TL equivalents: The Bank has no foreign currency forward and swap transactions as of the balance sheet date (31 December 2012: None).

Fair Value Hedges

Net profit/(loss) due to hedging instruments of the Bank: There is no profit/ (loss) due to hedging instruments of the Bank for the year ended at 31 December 2013 (31 December 2012: None).

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Net Investment Hedges:

The periods when cash flows are expected to be realized regarding cash flow hedges and the periods when cash flows are expected to affect profit or loss, as of 31 December 2013: As of the balance sheet date, there are no periods when cash flows are expected to be realized about cash flow hedges and the periods when cash flows are expected to affect profit or loss (31 December 2012: None).

Net Investment Hedges at the Foreign Companies

There are no hedging instruments related to net investment hedge as of the balance sheet date (31 December 2012: None).

3. Explanations on contingent liabilities and assets:

a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other ventures: The Bank has no entities under common control as of the balance sheet date (31 December 2012: None).

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: The Bank has no share in entities under common control and accordingly in its own contingent liabilities as of the balance sheet date (31 December 2012: None).

a.3) The Bank's contingent liabilities resulting from liabilities of other ventures in entities under common control (joint ventures): The Bank has no contingent liabilities resulting from liabilities of other venturers in entities under common control as of the balance sheet date (31 December 2012: None).

b) Accounting and presentation of contingent assets and liabilities in the financial statements: The Bank has no Contingent assets and liabilities as of the balance sheet date (31 December 2012: None).

4. Custodian and intermediary services:

The Bank carries out custody transactions for marketable securities, precious metals and other securities and executes the settlement of commitments and receivables arising from cash and securities purchase and sale in the stock exchanges. Besides, the Bank opens custody accounts for its customers, institutional investors and companies quoted on the Istanbul Stock Exchange and on other stock exchange markets, performs the transfers, settlements and offsets between the accounts of the intermediary companies and the individual investors; performs the procedures related to the obtaining of bonus shares, use of pre-emptive rights, timely collection of dividends, principal and interest, exchange of certificates representing the marketable and other securities and additional financial services.

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

There is no rating for the Bank that is prepared by international rating agencies as of the balance sheet date (31 December 2012: None).

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IV. Explanations and Notes Related to the Income Statement**1. Information on interest income****a) Information on interest on loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans	12.008	-	11.498	-
Short term loans	12.008	-	11.498	-
Medium and long term loans	-	-	-	-
Interest on non-performing loans	-	-	-	-
Premiums received from Resource	-	-	-	-
Utilization Support Fund	-	-	-	-
Total	12.008	-	11.498	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	70.588	34.110	54.645	20.975
Foreign banks	-	1	-	5
Branches and head office abroad	-	-	-	-
Total	70.588	34.111	54.645	20.980

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading securities	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	-	-	-	-
Held-to-maturity securities	6.894	-	2.362	-
Total	6.894	-	2.362	-

d) Information on interest income received from associates and subsidiaries: There is no interest income received from associates and subsidiaries as of the balance sheet date (31 December 2012: None).

e) Other information: None (31 December 2012: None).

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2. Information on interest expense

a) Information on interest on funds borrowed:

	Current Period		Önceki Dönem	
	TL	FC	TL	FC
Banks	32.912	-	13.835	-
The Central Bank of Turkey	-	-	-	-
Domestic banks	32.912	-	13.835	-
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	32.912	-	13.835	-

- b) Information on interest expense to associates and subsidiaries:** There is no interest expense to associates and subsidiaries as of the balance sheet date (31 December 2012: None).
- c) Information on interest expense to marketable securities issued:** There is no interest expense to marketable securities issued as of the balance sheet date (31 December 2012: None).
- d) Distribution of interest expense on deposits based on maturity of deposits:** There is no interest expense on deposits as of the balance sheet date (31 December 2012: None).

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	1.299	84
Other (Investment in subsidiaries)	6.035	4.607
Total	7.334	4.691

4. Information on net trading income:

	Current Period	Prior Period
Income	312	81
Gains on capital market operations	-	-
Gains on derivative financial instruments	-	-
Foreign exchange gains	312	81
Losses (-)	(14)	(216)
Losses on capital market operations	-	-
Losses on derivative financial instruments	-	-
Foreign exchange losses	(14)	(216)
Total(Net)	298	(135)

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5. Information on other operating income::

Other operating income mainly consists of commission and fee income obtained related with shares and public sector debt securities custody, customer name based custody, account maintenance, bonus share collection and stock exchange settlement operations in line with the main activities of the Bank. Other operating income mainly consists of the income received from selling assets and collection income relating to the previous year's expenses.

	Current Period	Prior Period
Collection from the prior periods expenses	-	100
Income from sales of the assets	40	47
Other income	28	21
Total	68	168

Including new developments and significant factors affecting the Bank's income and unusual items arising from the information about the nature and amount of income:

The Bank does not have extraordinary income that substantially affects the profit and loss (31 December 2012: None)

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	-	-
III. Group Loans and Receivables	-	-
IV. Group Loans and Receivables	-	-
V. Group Loans and Receivables	-	-
General provision expenses	3.080	8.585
Provision expenses for possible losses	-	-
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Ventures)	-	-
Investments held to maturity	-	-
Other	-	-
Total	3.080	8.585

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7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	30.962	27.047
Reserve for employee termination benefits	1.156	1.082
Depreciation charges of fixed assets	1.338	1.043
Amortization charges of intangible assets	802	624
-Other operating expenses	7.154	5.875
-Maintenance expenses	236	139
-Advertisement expenses	579	24
-Other expenses	6.339	5.712
Losses on sale of assets	-	1
Other*	11.876	10.067
-SPK share	7.103	5.794
-Other	4.773	4.273
Total	53.288	45.739

(*) The founder's share consists provision expense that will be paid to the SPK comes from interest income which the Bank earned in the current period.

8. Information on profit/ (loss) from continued and discontinued operations before taxes:

a) Bank presents deferred tax asset and the resulting deferred tax benefit in its financial statements.

	Current Period	Prior Period
Current income tax charge	(19.792)	(15.974)
Deferred tax benefit / (charge)	381	1.206
Total	(19.411)	(14.768)

b) Deferred tax benefit on temporary differences

	Current Period	Prior Period
Amortized cost effect of held-to-maturity investments	(165)	138
Retirement pay provision	188	(25)
Time deposits amortized cost effect	(41)	(39)
Useful life differences on tangible and intangible fixed assets (Tax legislation & TAS)	409	1.132
Other provisions	(10)	-
Total	381	1.206

c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	101.220	69.936
Corporate tax rate	%20	%20
Calculated tax	(20.244)	(13.987)
Effects of undeductable expenses	(2.488)	(3.548)
Other tax exempt income	3.321	2.767
Tax expense	(19.411)	(14.768)

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9. Information on net profit/ (loss) from continued and discontinued operations:

As of 31 December 2013, net profit of the Bank is TL 81.809 (31 December 2012: TL 55.168).

10. The explanations on net income / loss for the period:

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding

Bank's performance for the period: There is no particular disclosure to explain performance of the Bank for the current period. (31 December 2012: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: There is no effect of changes in accounting estimates on income statement for the current period (31 December 2012: None).

c) Profit or loss attributable to minority shares: There is no profit or loss attributable to minority shares as of the balance sheet date (31 December 2012: None).

11. 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:

	Current Period	Prior Period
Other fees and commissions	45.289	38.992
- Turkish derivative exchange commissions	6.093	6.366
- Custody commissions	8.556	8.001
- Customer account maintenance commissions	10.287	7.007
- Exchange commissions	5.327	5.070
- Service commissions	6.292	4.199
- Blockage transaction commissions	101	117
- Commissions for problematic member portfolios	103	87
- Expense recharges	37	34
- Other	8.493	8.111
Transfer commissions	2.635	2.157
Other commission	5	6
Total Banking Service Income	47.929	41.155
Collection due to previous year's expenses	40	40
Income on sales of assets	-	100
Other income	28	28
Total Non-Interest Income	68	168

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12. Information for the fees and commissions given:

	Current Period	Prior Period
Capital Market Board's share fee (*)	-	5.908
Central Securities depository commissions	2.179	1.442
Electronic fund transfer commissions	902	778
Other Commissions	1.123	1.014
Fees and commissions expense	4.204	9.142

(*) Capital Market Board's share fee consists of the commission fees paid to the CMB for the year 2011 in accordance with the Article 28 of the CMB's regulation dated 25 February 2011. The calculation of the fee, which will be paid to the CMB, is based on 10% of the previous year's income accounts, excluding interest income. Additionally, CMB has discretion to change the commission fee amount.

b) Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods: There are changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods as of the period ending at 31 December 2013 (31 December 2012: None).

V. Explanations and Notes Related to Statement of Shareholders' Equity Movement

- a) Decrease resulting from revaluation of financial assets available for sale:** There is no decrease resulting from revaluation of financial assets available for sale as of the balance sheet date (31 December 2012: None).
- b) Increase in cash flow risk hedging items:** There is no increase in cash flow risk hedging items as of the balance sheet date (31 December 2012: None).
- b.1) Reconciliation of beginning and ending balances:** There is no increase in cash flow hedge items at the beginning and ending of the period ending at 31 December 2013 (31 December 2012: None).
- b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity:** There is no cash flow hedge transaction as of the balance sheet date (31 December 2012: None).
- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period:** There is no currency difference at the beginning and ending of the period ending at 31 December 2013 (31 December 2012: None).
- d) Net investment hedges:** There is no net investment hedge as of the balance sheet date (31 December 2012: None).

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- e) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements:** There are no dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements.
- f) Dividends per share proposed subsequent to the balance sheet date:** Profit appropriation will be resolved in the General Assembly meeting which has not been held as of the date of the accompanying financial statements are authorized for issue.
- g) Proposals to the General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this:** The Board of Directors has not decided for profit appropriation as of the date of the financial statements is authorized for issue.
- h) Amounts transferred to legal reserves:** As per the decision taken at the Bank's Ordinary General Assembly meeting dated 29 March 2013 decided to transferred to TL 51.804 of the Banks net profits calculated on 29 march 2013 dated. The General Assembly appropriated the extraordinary reserves and legal reserves of TL 369 Thousand on dividends payable.

	Current Period	Prior Period
Amounts transferred to reserves from retained earnings (+)	369	2.888

- i) Information on shares issued:** The Bank has no new shares issued as of the balance sheet date (31 December 2012: None).

VI. Explanations and Notes Related To Statement of Cash Flows**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:**

"Other items" amounting to TL 54.718 (31 December 2012: TL 57.738) in "Operating profit before changes in operating assets and liabilities" consist of fees and commissions paid and other expenses other than personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

"Net increase/decrease in other liabilities" amounting to TL 633.533 (31 December 2012: TL 643.537) in "Changes in operating assets and liabilities" consists of changes in sundry creditors and other liabilities. "Net increase/decrease in other assets" with a total amount of TL 222.894 (31 December 2012: (TL 137.005)) consists of changes in sundry debtors and other assets.

The effect of changes in foreign currencies on cash and cash equivalents is TL 39.241 (31 December 2012: TL 73.468).

2. Cash and cash equivalents in the beginning and at the end of the period:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flows statement:

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Beginning of the period	Current Period	Prior Period
Cash	132.912	81.364
Cash in TL/Foreign Currency	16	4
Central Bank - Unrestricted amount	132.896	81.360
Other	-	-
Cash equivalents	3.204.101	2.058.782
Banks	3.190.024	2.050.651
Money market placements	14.077	8.131
Total Cash and Cash Equivalents	3.337.013	2.140.146
Accruals (-)	(8.221)	(1.994)
Total cash and cash equivalents in cash flow statement	3.328.792	2.138.152
End of the period		
Cash	62.269	132.912
Cash in TL/Foreign Currency	14	16
Central Bank - Unrestricted amount	62.255	132.896
Other	-	-
Cash equivalents	4.680.074	3.204.101
Banks	4.664.040	3.190.024
Money market placements	16.034	14.077
Total Cash and Cash Equivalents	4.742.343	3.337.013
Accruals (-)	(12.317)	(8.221)
Total cash and cash equivalents in cash flow statement	4.730.026	3.328.792

VII. Explanations and notes related to Bank's risk group

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Venture)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Cash	Non-cash	Cash
Loans and other receivables						
Balance at beginning of period	-	-	90.168	3.918.889	60.009	191.189
Balance at end of period	-	-	222.278	4.776.503	-	-
Interest and commission income	138	-	16.099	10.035	3.016	-

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b) Prior Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Venture)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Cash	Non-cash	Cash
Loans and other receivables						
Balance at beginning of period	-	-	78.861	3.002.338	4.353	49.400
Balance at end of period	-	-	90.168	3.918.889	60.009	191.189
Interest and commission income (*)	872	-	16.224	8.938	1.320	461

(*) The balances stated above indicate the balances at 31 December 2012

c) **Information on related party deposits balances:** The Bank is not authorized to accept deposits and there is no related party deposit balances as of the balance sheet date (31 December 2012: None).

d) **Information on forward and option agreements and other similar agreements made with related parties:** There is no forward and option agreements and other similar agreements made with related parties as of the balance sheet date (31 December 2012: None).

2. Disclosures for the risk group of the bank:

a) **The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:** As of the balance sheet date, there are no relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not (31 December 2012: None).

b) **Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:** As of the balance sheet date, there are no relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors (31 December 2012: None).

c) **In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:** As of the balance sheet date, in cases whereby separate disclosure is not required, there are no similar items in order to present the total impact on the financial statements (31 December 2012: None).

d) **Transactions accounted for under the equity method:** There are no transactions accounted for under the equity method as of the balance sheet date (31 December 2012: None).

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- e) **Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:** As of the balance sheet date, there are no purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts as of the balance sheet date (31 December 2012: None).

VIII. Explanations and Notes on the Bank's domestic branches, agencies and branches abroad and off-shore branches**1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches**

	Number	Employees			
Domestic branches	1	238			
			Country		
Rep-offices abroad	-	-	-		
				Total Asset	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

2. Explanations on Branch and Agency Openings or Closings and on Substantial Change in the Organization of the Bank:

As of the balance sheet date, there is no explanation on branch and agency openings or closings and on substantial change in the organization of the Bank (31 December 2012: None).

IX. Explanations and Notes Related To Subsequent Events

The Bank decided to support the "World Bank Global Islamic Finance Development Centre", established as a multi-donor fund with the cooperation of the Treasury of the Republic of Turkey and the World Bank, for five years via donations, according to Board of Directors decision no. 8 dated 30 May 2013. Within this framework, a donation of USD450,000 was planned based on the volunteering principle and USD90,000 of this total amount was paid in January 2014.

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**SECTION SIX
OTHER EXPLANATIONS****I. Explanations on the Independent Auditor's Report**

- i. i. As of 31 December 2013, under the Financial Assets at Fair Value through Profit and Loss account, the Bank has government bonds, amounting to TL 1.559 belonging to problematic brokerage houses, as a guarantee. In addition, under the receivables from reverse repurchase agreements account, as a guarantee, the Bank has investment securities purchased under commitments to resell amounting to TL 16.027 which also belongs to problematic brokerage firms. The corresponding liability accounts for these securities are followed under sundry creditors account. The increase in the fair values of these government bonds and treasury bills amounting to TL 50 and the income accrual of the reverse repo transactions amounting to TL 7 based on the difference between the sale and repurchase prices, are recorded under other liabilities without recognizing the amounts in the income statement.
- ii. ii. According to the regulations of SPK beginning from 30 September 2013, Bank has classified TL 12.267 debt of board's share payables in the Miscellaneous Payables in the name of SPK in their Bank accounts.

**SECTION SEVEN
INDEPENDENT AUDITOR'S REPORT****I. Explanations on the Independent Auditor's Report**

The unconsolidated financial statements for the year ended 31 December 2013 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor's report dated 20 February 2014 has been presented prior to the unconsolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditor

None (31 December 2012: None).

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- RISK MANAGEMENT POLICIES FOR CERTAIN RISK CATEGORIES
 - FIVE YEAR SUMMARY OF FINANCIAL DATA
 - RATING ASSIGNED BY CREDIT RATING AGENCIES

Yalıkavak Port:

Birth place of sponge fishing, this place has become a port admired worldwide after incorporating modern maritime elements. It hails the anchoring boats with its windmills on top of the hills and beautiful bays.

Risk Management Policies For Certain Risk Categories

In accordance with the regulations of the Banking Regulatory and Supervisory Agency, the Bank manages the risks to which it is subject in an appropriate way as to volume, quality and complexity of its operations.

The duties, powers and responsibilities as well as working principles and procedures of the risk management unit are stipulated in the "Takasbank Risk Regulation" and "Takasbank Risk Management Policies and Implementation Methods Procedure" entered into effect after being approved by Takasbank's Board of Directors meeting numbered 240 and dated: 27/09/2012, and the implementation procedures concerning identification, measuring, monitoring and reporting of the risks to which the Bank is exposed during its operations have been identified in detail.

Conducting the Bank's operations and business prudently and by taking a minimal amount of risk, constitutes the primary objectives of Takasbank's risk management regarding the risks that it must take on or carry. Takasbank has adopted a general risk policy to establish an optimal balance between loss or damage to be incurred in the event of a risk occurrence and the cost of limiting, managing, mitigating and controlling such risk. Almost all transactions at Takasbank are conducted in an electronic environment. In accordance with the business and transaction rules stipulated in the related legislation and the software applications that are used in this process are developed in-house. As in other financial institutions, credit, market and operational risks constitute the basic risk categories to which Takasbank is exposed.

A) CREDIT RISK MANAGEMENT

Takasbank's cash loan transactions consist of credit lines extended to brokerage houses. Due to the Bank's guarantee for the obligations of the members to each other at the Takasbank Money Market, these transactions are considered to be noncash loans pursuant to the banking legislation. The Bank started to act as a Central Counterparty in the Securities Lending Market on September 2, 2013 and the liabilities arising from the lending operations are also considered as non-cash credit. Credit operations contain credit risk, that is, possibility of non-fulfillment by the member using the credit or guarantors of the liabilities they have previously committed in written and formulized under contracts.

Credit lines are revised according to changes in the members' financial positions. Operational errors are minimized by performing limit, risk and collateral controls electronically for each transaction on a continuous basis.

The results of internal credit rating are used for identification of the credit or position limits to be allocated to the banks and brokerage houses or of the membership types of the banks and brokerage houses that will execute transactions in the market where the Bank will provide service as central counterparty or in the capital market instruments, and the said limits are put into effect after resolution is taken by the Board of Directors.

For credit availability, liquid and/or liquid-like collaterals are taken as per the applicable regulation, procedure and directive. For management of the concentration risk of

the credit collaterals, some data on the share certificates traded at Borsa Istanbul and subject to the collateral are periodically assessed by statistical methods and quota for each collateral share certificate is determined. Credit risk is managed by establishment of an effective and powerful collateralization mechanism and allocation of appropriate limits. In accordance with the regulations of the Banking Regulatory and Supervisory Agency (BRSA), the amount of credit risk weighted assets is calculated by the standardized approach monthly and the results are reported to the BRSA.

B) MARKET RISK MANAGEMENT

Treasury management strategy of Takasbank is formation and implementation of optimum portfolio and maturity structure in accordance with objectives such as avoiding any liquidity problem, maintaining optimization in the risk-yield balance, investing the resources at the highest efficiency rates by taking risk at minimum rate and taking measures to prevent the changes at prices and rates in the financial markets from affecting profitability of the Bank in an adverse way.

In accordance with its treasury management strategy, Takasbank's transactions are conducted with banks that are allocated credit lines by the Board of Directors. The Bank does not use derivatives or have exposure to any securities in its securities portfolio other than Government Domestic Debt Securities. The distribution of the portfolio of Takasbank on maturity and instrument and the developments in the markets are regularly followed up by the Treasury management and senior management of the Bank. The Treasury management strategy is also revised by the senior management if required depending on the developments in the markets.

Guarantee funds available in various debts or temporary liability accounts due to functions of Takasbank and the provisions

of the transaction collaterals are available in form of liquid assets on the assets part. When the assets, credit quality and credit collaterals of Takasbank are considered together with factors such as resource structure and depth of the securities markets possibility to experience lack of liquidity in meeting the liabilities due to maturity mismatch risk seems low. All liabilities of Takasbank can be met by liquidity to be obtained from the assets and that the assets and liabilities are in the same currency to prevent disturbance of the asset-liability structure as a result of sudden fluctuations at exchange rates.

Value subject to the market risk is calculated by standardized method as per the regulations issued by the Banking Regulatory and Supervisory Agency (BRSA) and reported to BRSA monthly.

C) OPERATIONAL RISK MANAGEMENT

Operational risk is defined as the risk of loss resulting from undetected errors and irregularities due to failures in internal controls, the failure of the Bank management and personnel to perform and respond to conditions in a timely and strategic manner, mistakes by the Bank management, breakdowns in the information technology systems and major events such as earthquake, fire and flood or terrorist attacks. Almost all transactions at Takasbank are conducted in an electronic environment; in accordance with Takasbank's general policy software applications used for transactions, are not sourced from vendors but developed in-house by Bank employees. This policy offers significant advantages for the establishment of an effective risk management and internal audit system at Takasbank. The reporting-oriented modules and programs that are part of the software applications developed enable continuous and effective monitoring and control of transactions.

Although Takasbank considers human resources as the most important resource, it adopts it as the basic principle that the operations should be not person-oriented, but system and process oriented.

The policies and principles conducted at Takasbank such as software and hardware always ready to use together with their alternatives, saving data simultaneously at different environments, availability of communication, energy, human resources and their spares, business continuity and emergency planning allow managing the operational risks that may arise from the information systems effectively.

At Takasbank, authorizations and responsibilities at critical operations are separated from each other. The management controls are made during execution of the operations by means of the approval-authorization mechanisms applied. In addition to these control activities performed by the management levels in a hierarchical way, the operations performed are controlled by the Internal Control and Compliance Team performing the control function and reporting to the Board of Directors in accordance with the Internal Control Program approved by the Audit Committee and also audited by the Internal Audit Team periodically.

Operational risk to which the Bank is exposed as well as the information technologies risks considered as the operational risk and loss arising from legal risk, reputation risk and strategic risk are monitored by the "Operational Risk Loss Database". Also the service and process based risks of the Bank are monitored by help of "Operational Risk Database" and records of the said database constitute input to the management statement studies. Furthermore, risks concerning information technologies are monitored under the operational risk database of the Bank in accordance with the integrated risk management and the risk appetite of the bank is taken into consideration and

necessary actions are taken by the senior management. Furthermore, possible risks that may arise from any possible interruption in the activities and their potential effects are considered by the business impact analyses.

Operations of self-evaluation have been performed to create a common operational risk culture on part of the personnel, ensure adoption of risk management applications in the body of the Bank, create effective communication among the units and fulfill revision and updating requirements of the databases in order that senior management may take quick action. Self-evaluation by the risk management team throughout the Bank were performed in the period between April 15, 2013 and May 2, 2013 and 110 employees joined these operations that have lasted for 30 hours in total.

Annual updating of the operational risk database by the risk management team was performed together with the business units and internal system units in the period between August 14, 2013 and October 31, 2013 and lasted 54 hours in total. The operations performed with the information technologies units started in September and completed in three months and about 80 employees/day were used.

For continuity of the services provided by the support service organizations, risks that may arise from service purchase are considered by the Bank. In this regard, risk management program has been established and risk analysis reports for support services purchased by the Bank have been prepared.

The operational risks to which the Bank is/may be exposed are to a great extent covered by insurance policies purchased.

Within the framework of the regulations published by the Banking Regulation and Supervision Agency, the value subject to the operational risk is calculated annually according to the basic indicator approach and the results are reported to the BRSA.

Five Year Summary Of Financial Data

(THOUSAND TL)	2013	2012	2011	2010	2009
TOTAL ASSETS	5,596,026	3,671,623	2,355,782	1,504,735	1,491,020
SHAREHOLDERS' EQUITY	590,396	331,605	307,516	297,695	279,891
PAID-IN CAPITAL	420,000	60,000	60,000	60,000	60,000
OPERATING PROFIT	101,220	69,936	43,234	34,297	45,679
INTEREST AND PORTFOLIO INCOME	123,670	89,523	46,168	39,265	52,755
CENTRAL BANK OF TURKEY'S US DOLLAR BUYING RATES USED IN VALUATION	2,1343	1,7826	1,8889	1,5460	1,5057
(USD THOUSANDS)*					
TOTAL ASSETS	2,621,949	2,059,701	1,247,171	999,359	990,250
SHAREHOLDERS' EQUITY	276,623	186,023	162,802	197,712	185,888
PAID-IN CAPITAL	196,786	33,659	31,765	39,849	39,849
OPERATING PROFIT	47,425	39,233	22,888	22,778	36,700
INTEREST AND PORTFOLIO INCOME	57,944	50,220	24,442	26,078	35,037
FINANCIAL RATIOS (%)					
OPERATING PROFIT/TOTAL ASSETS	1.81	1.90	1.84	2.28	3.06
SHAREHOLDERS' EQUITY/TOTAL ASSETS	10.55	9.03	13.05	19.78	18.77
OPERATING PROFIT/EQUITY	17.14	21.09	14.06	11.52	16.32
ASSET GROWTH	52.41	55.86	56.56	0.92	5.87
NUMBER OF EMPLOYEES	238	216	209	211	205

* Figures In Usd Were Calculated Based On The US Dollar Buying Rates Announced By The Central Bank Of Turkey For The Last Day Of The Year.



Ratings Assigned By Credit Rating Agencies

Takasbank was not assessed by any credit rating agencies.

Takasbank

Takasbank - İstanbul Takas ve Saklama Bankası A.Ş.

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