

**2013
ANNUAL REPORT**

 **TURKISH BANK LTD.**

ESTABLISHED 1901

TURKISH BANK LIMITED

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TURKISH BANK LIMITED

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
C. Yenil Musannif, FCA	Vice-Chairman
Kıvanç M. Rıza	Director and Secretary
M.A. Yunus Rahmiođlu	Director and General Manager
Ender Par	Director and Head of Internal Control Systems
Nafi Türkođlu	Director
Erman Yerdelen	Director
Metin Münir	Director
Murat Arıđ	Director

SENIOR MANAGEMENT

M. A. Yunus Rahmiođlu	General Manager and Director
Erhan Raif, FCCA	Asst. General Manager – Finance & IT
Çiđdem Eyyam	Director of Retail Banking
Mustafa Kayahan	Director of Financial Affairs
Mehmet Salih Havalı	Director of Commercial Branch
Nevin Özkan	Head of Private Banking
Münevver N. Bereketligil	Head of Central Operations Department

INTERNAL CONTROL SYSTEMS

Mustafa Biçerciođlu	Head of Internal Audit
M. Mine Bařkaya	Head of Risk Management
Alper Adakale	Deputy Head of Internal Control and Compliance

AUDITORS

D.K.DENİZ & CO.	Audit
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TURKISH BANK (UK) LTD.

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
D.I.Stewart	Executive Director
D.Blackmore	Director and Member of Audit Committee
P. Ryan	Director and Member of Audit Committee
R.W.Long	Director
M. Arıĝ	Director
M.A. Yunus Rahmioĝlu	Director

COMPANY SECRETARY

J.Kent

AUDITORS

KPMG L. L. P. Chartered Accountants

TURKISH INSURANCE LIMITED

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
Kıvanç M. Rıza	Vice - Chairman
C. Yenal Musannıf, FCA	Director
M. İhsan Ezgü	Executive Director
Ender Par	Director and Member of Audit Committee
M.A.Yunus Rahmioĝlu	Director

COMPANY SECRETARY

Şensoy Şener

AUDITORS

ERDAL & CO. Chartered Accountants

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the Turkish Bank Ltd. will be held at the Registered Office, 92 Kyrenia Street, Nicosia on Friday 18 April 2014 at 4 p.m. for the following purposes:

- 1) To receive the Report of the Directors.
- 2) To receive and consider the Balance Sheet of the Bank and Consolidated Balance Sheet of the Group as at 31 December, 2013 together with Profit and Loss Account of the Bank and of the Group for the year 2013 and the Auditors' Report.
- 3) To elect nine new members of the Board of Directors in place of those nine retiring after completing their term of office.

Note: The nine members of the Board so retiring and eligible for re-election are:

Sn. İ. Hakan Börteçene,
Sn. C. Yenal Musannıf,
Sn. Kıvanç M. Rıza,
Sn. M.A. Yunus Rahmiođlu,
Sn. Ender Par,
Sn. Nafi Türkođlu,
Sn. Erman Yerdelen,
Sn. Metin Münir,
Sn. Murat Arıđ.

- 4) To decide the remuneration of Board of Directors.
- 5) To authorise the Board of Directors to fix the remuneration of D.K.Deniz & Co., our external auditors.

Every shareholder is entitled to attend and vote at the meeting or may appoint a proxy to attend and vote instead of him. A proxy so appointed need not be a shareholder. The instrument appointing a proxy should be deposited at the Registered Office of the Bank at least 48 hours before the time for holding of the meeting.

By Order of the Board
Kıvanç M. Rıza
Secretary

Nicosia, 27 March 2014

DIRECTORS' REPORT

The Directors are pleased to submit their annual report with the annexed audited accounts of the bank and the consolidated accounts of the group for the year ended 31 December 2013.

Just as in recent years, in 2013 the Bank gave priority to its organizational development and revised the strategic plan in accordance with the strategic vision. Key Performance Indicators, which define the structural and organizational development in measurable terms, have been set for branches, units and the organization as a whole.

The specialization of our branches and related units in retail and commercial banking that started in 2009, with the objective of offering efficient, modern and customer-oriented service continued in 2013. This period our labours extensively focused on easing the operational workload of the branches so they can maximize their efforts in customer satisfaction and sales. Accordingly, in 2013 investments continued to diversify the Alternative Distribution Channels in order to offer more practical, innovative and technologic solutions to our customers. Turkish Bank Ltd., the first local bank to provide credit card, POS, debit card, ATMs, and prepaid cards in TRNC, introduced another novelty, SMS Banking, in 2013.

In order to raise capital and set a precedent for embargoed and capital-strapped Turkish Cypriot companies to access capital markets, our preparations for an Istanbul Stock Exchange quotation are still continuing.

With the issue of a 5% bonus share, the paid-up capital of the bank increased to TL 64,485,657 in 2013, following the decision of the Extraordinary General Meeting held on 10 May 2013.

The bank managed to sustain the upward trend in profitability in 2013 as well, with a net profit of TL 3.87 million.

All administrative and other expenses have been deducted and the necessary provision for bad and doubtful debts in accordance with the requirements of the Central Bank directive issued under 39/2001 Banking Law was made in the accounts. After making provision for corporation and income tax of TL.1,133,566, the Board of Directors recommends that the total profits, including retained earnings of TL 6,956,629 of the bank to be appropriated as follows:

Transfer to Statutory Reserve	TL. 388,000.-
Transfer to Retained Earnings	TL.6,568,629.-

Approved by the Board of Directors and signed on 27 March 2014.

Kıvanç M. Rıza
Secretary

Nicosia, 27 March 2014.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

As per 39/2001 Banking Law the directors are required to keep the accounts of the bank and prepare its uniform annual balance sheet, uniform profit and loss account and uniform notes in conformity with the accounting and valuation standards and the methods of implementations of these rules as stated in the 'Uniform Chart of Accounts for Banks' Decree prepared by the TRNC Central Bank.

Companies Law requires the directors to prepare a balance sheet that shall give a true and fair view of the state of affairs of the bank at the end its financial year, and a profit and loss account that shall give a true and fair view of the profit or loss of the bank for the financial year. The directors are responsible for keeping proper books of account to give a true and fair view of the state of the bank's affairs and to explain its transactions and give the information required by Chapter 113, the Companies Law. The directors are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors,

İ. Hakan Börteçene
Chairman

Kıvanç M. RİZA
Director and Secretary

M.A.Yunus RAHMİOĞLU
General Manager and Director

Nicosia, 27 March 2014.

AN ASSESSMENT OF THE OPERATIONS OF INTERNAL AUDIT, COMPLIANCE & INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS BY THE BOARD MEMBER RESPONSIBLE FOR INTERNAL SYSTEMS:

With respect to the decree of "Internal Audit, Risk Management, Internal Control and Management Systems in Banks" established on August 12, 2008, The Internal Audit Unit (Audit Board), Compliance and Internal Controls Unit and Risk Management Unit, which were to be established or restructured in compliance thereto, were established within the body of our Bank and although their duties and responsibilities were separated in an organizationally independent structure, these units have thus far been operating in coordination with each other. These units have been operating in conjunction with the Board Member Responsible for Internal Systems during 2013 and have also been reporting to the Board of Directors through the Board Member Responsible for Internal Systems.

The Internal Audit Unit (Audit Commission):

The Audit Commission within our Bank assesses in a risk-focused manner, the appropriateness of the processes of the branches and General Management units, subsidiaries, in addition to the Compliance and Internal Control Unit and the Risk Management Unit, with respect to laws, internal legislation, Bank's internal strategy, policies and targets. While these assessments are taking place, it is aimed to raise the awareness of Senior Management and the Board of Directors and contribute to the decision-making processes. As of 31.12.2013, our internal audit unit totaling 10 staff consists of 1 Chairman, 1 Third-level Auditor, and 3 Authorized Assistant Auditors and 5 Assistant Auditors.

The Internal Audit Unit assesses all the risks inherent within the processes of the Bank's branches, General Management Units and the Subsidiary and also reviews the consistency and effectiveness of the Internal Control and Risk Management Units. Usually, in addition to the general findings of the audits; it is aimed to bring to the surface deficiencies, mistakes and misuses, to prevent their repetition and also to promote using the Bank's resources more effectively and efficiently. In short, internal audit makes propositions aimed at strengthening internal systems. When needed, pre-inquiries and further research activities are also taken under.

In the year of 2013, 14 branches in total which takes place in 2013 audit plan has been audited by Audit Commission as planned and approved by the Board with IX/A numbered decision on 30th of November 2012 of which 13 of these were periodic branch audits and one of these was an orientation audit in Lefke branch due to replacement of the Manager in this branch. In addition, in the year of 2013, the audit of Central Operation Unit has also been performed, and in order to check hire - purchase certificates and the new structure and progress of the Credit Department after the division as retail and commercial, audit of Credit Department has been performed. Moreover, during September 2013 one more audit was performed to check the number of current stock and stock control system of the recently appointed Stationary and Cleaning Stock Officer. The audit of Allied Turkish Bank IBU Ltd., which is included in our risk group, was completed in November 2013 as planned.

As a result of our audit activities and assessments undertaken in 2013, no substantial incident that could negatively affect our Bank's activities or prevent the realization of its liabilities has been detected. Beside this, to remove some moderate level deficiencies emerged, it has been decided to exercise a follow-up study in all audited braches.

In conclusion, Internal Audit Unit in 2013 have been identified as effective and successful in preventing, identifying and eliminating the risks through risk-based approach with its qualified human resources and experienced senior management and performed the duty of being educative, also.

Based on the targets and policy direction of the Board of Directors and through a modern understanding of internal audit, within a perception of high responsibility and awareness of its duties, the Internal Audit Unit keeps assuming as its principle also in the coming future, the fulfillment of the internal audit plan and reporting the results of the audit activities to the Board of Directors through the Board Member Responsible for Internal Systems and afterwards overseeing the actions decided with respect to those findings.

Directorate of Compliance and Internal Controls:

The Internal Controls System encompasses the whole of control activities which have the attribute to promote quality and development and is a part of natural work-flow aiming to prevent unwanted events, prove and correct those that have inadvertently occurred in matters of administration, finance, accounting and operations.

In our Bank, the Internal Controls Unit / Directorate established directly in conjunction with the guide prepared on 25th of May 2009 and approved by Board of Management. In one hand, directorate operates directly in conjunction with Internal Control Unit, on the other hand, high level authority has been appointed a duty of making necessary internal regulations to maintain correct operation of systems on the basis of criteria determined by Board of Management. The director that was assigned this duty has resigned from the Bank on

September 1st, 2013, therefore; the controls that need to be undertaken under this position are since being completed by an assignee Manager without any interruption. The main purpose of the Directorate is;

- To protect the assets of the Bank by tracking the financial, operational and systematic flow of banking activities,
- To ensure that the activities are realized in an effective and efficient way, while obeying Banking regulations, the Bank's internal policies and rules and Banking conventions,
- To develop ideas and provide suggestions in line with internal and external regulations to issues demanded by executive departments,
- To ensure the trustworthiness and unity of the accounting and reporting system, and ensuring timely access to related information.

The checks undertaken within the Compliance and Internal Controls activities are gathered under four main headings.

1. Controls of Processes aimed at the Execution of Activities
2. Controls of Communication Channels and IT Systems
3. Controls of Financial Reporting Systems
4. Controls of Compliance

While the abovementioned controls are being executed, special attention is paid to the following issues:

- That the Bank's standards are being conserved and that limitations and rules are being complied with,
- That the effectiveness of the Internal Controls procedures is ample and if necessary amendments that will enhance the effectiveness of controls will readily be undertaken,
- That the undertaken activities comply with internal and external regulations and are in line with the strategies and policies issued by the Board of Directors.

As a result of the controls that were undertaken by the Compliance and Internal Controls Directorate in 2013, the operational losses inherent in the nature of Banking activities were minimized, and through the reports that were prepared, a positive effect was created in aiding Senior Management to take the necessary actions.

Directorate of Risk Management:

Risk Management System in Banking includes the mechanisms created to assist the Board of Directors with overseeing the inherent risks of future cash flows and it is the totality of the structures coming together to propose a model, which can also be restructured in case of a change, with the aim of overseeing and controlling both the nature and the level of facilities in order to inform, assess the compliance with standards, make decisions and apply the procedures related with the abovementioned inherent risks. For this purpose, our Bank has established the Risk Management Unit in 2009 in order to identify and measure the risks that will be created while undertaking Banking activities; and in order to form, apply, analyze, oversee and report the risk policies and their application guidelines. During 2013, this duty was undertaken by a Manager.

The Risk Management Unit joins the processes of the design, selection, application and pre-approval of risk measurement models that are used in the defining, assessing and monitoring of risks. The Unit oversees the models regularly, undertakes periodic updates and other necessary amendments. The Unit creates and analyses daily and monthly reports stemming from these models. The Director of the Risk Management Unit periodically and timely reports the results of risk measurements and monitoring activities to the Board of Directors through the Board Member Responsible for Internal Systems.

The monthly reports of legal risk, market risk, interest rate risk, country risk, credit risks and also the monthly reports of the progresses of assets/liabilities and profits/losses were all shared with the senior management.

Furthermore, the Board of Directors Risk Committee was established within our Bank in 2012 and the reports that have been prepared by the Risk Management Unit have begun to being analyzed and assessed by the aforementioned Risk Committee. Additionally, being inspired by the Individual Liquidity Adequacy Assessment (ILAA) and Internal Capital Adequacy Assessment Process (ICAAP) that are internationally accepted Risk Management techniques and are being undertaken in the United Kingdom, the Risk Management Directorate of our Bank have in 2013;

- Analyzed the effects of a risk rooted in exchange rates and swap deals on our portfolio and Capital Adequacy Ratio,
- Undertaken stress tests of deposit withdrawals and analyzed the nature of our core deposits,
- Analyzed the effects of a change on loan interest rates on profit/loss accounts,
- Analyzed the effects of changes in the value of mortgages and other collaterals on the capacity to offset the loan to which they are linked,

and reported these studies to the Board of Directors Risk Committee.

As a result of Risk Management operations in 2013;

- **Regulatory Risk:** Top priorities for our Bank have always been as complying with internal and external regulations, preparing reports consistent with the regulations in a proper manner and time to the Central Bank of Turkish Republic of Northern Cyprus, considering constantly the precautions related with the Prevention of Money Laundering and the Funding of Terrorism. As our Bank has met all the other financial obligations in due time as well as the Capital Adequacy Ratio (%12.02), Liquidity (%15.34) and the total risk limit of our group was calculated as in accordance with the criteria of the Central Bank, the internal regulatory risk has been evaluated as "Low".
- **Market Risk:** According to the market risk analysis reports (PR104A), from 31 December 2013 our Market Value-at-risk increased at a rate of %57.76 which rose from TL 31.30 million to TL 49.38 million. Within one year period, especially most of the Securities that had maturities in six months or less were sold as they matured in 2013. It has been seen that recently purchased securities have maturities over twenty-four months in which the evaluated amount of the securities decreased from TL 183.72 million to TL 163.29 million. In 2013, interest income from the securities portfolio and the long-term investments comprised %31.19 of the net interest income. Furthermore, it has been seen that as the value of the TBAS B Type Security Bond Fund and B Type Variable Fund investment was increased from TL 945 thousand to TL 6.65 million in December 2013, general market risk requirements increased from TL 114 thousand to TL 798 thousand in accordance with the Equity General and Specific Market Position Risk Analysis (PR102A). As the amount subject to market risk exposure and the securities' rating point and the qualified securities are taken into consideration, there is no change in the level of the internal market risk with respect to 2012 as a result of the integrated risks. It has been evaluated as "Reasonable".
- **Credit Risk:** As it can be seen from our year-end balance sheet, within a one year period, our risk in cash loans rose from TL. 131.42 million to TL. 265.18 million. TL. 59.70 million Loans given as "Commercial" purposes and TL. 81.31 million Loans given as "Other Loans" purposes to overseas have important impact on the increase of %101.78. The rate of gross amount of loans given (TL. 266.94 million) to the total assets was calculated as %37.56. Non-performing loans decreased from TL. 3.69 million to TL. 1.76 million within one year period. It is observed that the rate of non-performing loans to gross loans was %0.66. Factor that has a considerable impact on the reduction of non-performing loans is that 'BTA Senior Notes' and 'BTA Subordinated Notes' related with Bond named "Turanalem Fin. BV" that was transferred into non-performing loans on 29 December 2011 were restructured and some of the receivables were collected and the remaining TL.1.26 million was written off. In this regard, total figure of non-performing loans was decreased as %52.30. As the collection and cancellation of the Bond named 'Turanalem Fin.BV' completed, it is no longer appearing on our balance sheet. Although, the risk on cash loans was evaluated as "Low" in 2012, it is identified as "Reasonable" level of risk by following the increasing trend in 2013.
- **Liquidity Risk:** The GAP analysis prepared for liquidity risk from the date of 31.12.2013 demonstrated that the ratio of interest rate sensitive assets to the interest rate sensitive liabilities continues to rise up cumulatively; at a rate of %57.49 up to 1 month, %59.43 up to 1-3 months, %59.69 up to 3-6 months, %60.73 up to 6-12 months and for up to 1 year and more the ratio reaches %106.85. In 2012, the rates were %55.32, %67.79, %71.31, %73.55 and %107.47 respectively. Referring to the internal interest rate risk assessment and improvement criteria for risks, as the ratio of interest rate sensitive assets to the interest rate sensitive liabilities up to one month is %57.49 for the entire currency units and, as can be calculated from our balance sheet, the ratio of liquidity assets to the total assets is %26.23, which is above the sector ratio (%25.16), the internal liquidity risk of our Bank is interpreted as "Low" corresponding to the internal liquidity risk assessment and improvement criteria for risks of our Bank.
- **Foreign Exchange Risk:** According to the PR103A report, while calculated capital requirement for exchange rate risk was TL. 199 thousand in 2012, this figure increased to TL. 229 thousand in 2013. Foreign Exchange Rate risk capital requirement is evaluated as "Reasonable" in 2013 referring to the internal exchange rate risk assessment and improvement criteria for risks.

Our Risk Management Directorate, which closely follows the changes and updates on internationally accepted risk management principles and arrangements, is increasingly raising its contribution to our Bank every other day. The analysis, calculations, simulations, scenarios, stress tests and other studies are being reported to the Board of Directors through the Board Member Responsible for Internal Systems and Risk Committee.

In conclusion, the activities of the units in 2013, which have been formed and restructured in our Bank within the scope of the Internal Systems Decree, are intended to perform as management of risks that are formed by Banking activities, the suitability of processes and applications to internal and external regulations, the aim of increasing the efficiency, enhancement of service quality, preserving reputation and trust for the Bank purposes.

Ender Par
Board Member
Responsible for Internal Systems.

INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD

1 JANUARY 2013 - 31 DECEMBER 2013

We have audited the accounts on pages 12 to 46 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 17-18. As described on page 7, the directors of the bank are responsible for the preparation of accounts. Our responsibility is to express an opinion based on our audit.

Responsibility of the Board of Directors of the Bank

Bank's Board of Directors are responsible for the preparation of the financial statements which include the balance sheet and profit and loss account, in accordance with the directive on keeping of accounts issued under Section 29(3) of the Banking Law, detailing the keeping of accounts and valuation principles and their application in the framework of uniform chart of accounts, uniform balance sheet and profit and loss account and their respective notes. The Board of Directors are also responsible for internal audit, risk management, internal control and management systems directive issued under Section 15(3) of the Banking Law which requires the banks to establish an internal control system and to choose appropriate accounting policies and to apply them. The Board of Directors are also responsible for the preparation of the accounting and financial reports in such a way that they are free from fraud or error.

The Companies Law requires the Board of Directors to prepare the balance sheet and the profit and loss account of the Turkish Bank Limited and the Group, showing the financial position and profit or loss in true and fair manner. The Board of Directors are responsible for keeping the books of account which show the financial position of the Bank in the true and fair manner, and explain transactions and provide information in accordance with TRNC Companies Law Cap 113 and they are also responsible for safe custody of Bank's assets and prevention of fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

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

The Audit Report by the Audit Firm in accordance with sections of Banking Law

In our opinion, the financial statements referred to above were examined on a test basis in accordance with relevant points of sections 34(3) of the Banking Law 39/2001 and are in conformity with uniform accounting plan, uniform balance sheet, uniform statement of income and accompanying notes and the related rules and regulations, accounting and valuation principles as stated in section 29(3) and section 30 of the Banking Law and as explained in the note I-(14) in conformity with accounting records.

The internal audit, risk management, internal control and management systems established in accordance with the directive issued under section 15(3) of the Banking Law 39/2001 detailing the internal audit, risk management, internal control and management system of the bank were reviewed as to their conformity with the directive as stated in the note I-(14) of the financial statements.

Opinion in accordance with Companies Law Chapter 113

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, the bank has kept proper books account, so far, as appears from our examination of those books. The balance sheet of the bank and profit and loss account dealt with by the report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements of the Bank and the Group have been properly prepared in accordance with the provisions of Cap 113, the Companies Law in the manner authorized for banking companies, so as to give a true and fair view of the state of affairs as at 31 December 2013 and the profit for the year 2013 of the bank and so far as concerns members of the bank.

In our opinion, the Group accounts have been properly prepared in accordance with the provisions, the Companies Law Cap 113, so as to give a true and fair view of the state of affairs and the profit attributable to the bank shareholders.

Responsible Partner

D.K.Deniz & Co.

Derviş K. Deniz, BA(Hons) FCA
Nicosia, 27 March 2014

Nihat Çakan
Independent Auditors Authorised by the Central Bank

Suzan Nursal Bsc Econ (Hons)

TURKISH BANK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR 2013

	NOTE	CURRENT PERIOD/PREVIOUS PERIOD	
		TL (31/12/13)	TL (31/12/12)
I - INTEREST INCOME	(1)	34.015.425	34.292.168
A. Interest income from loans		18.788.051	15.362.262
1) Interest income from TL loans		11.671.915	11.180.834
a - Short term		7.219.527	6.385.985
b - Medium and long term		4.452.388	4.794.849
2) Interest income from foreign currency loans		6.937.847	3.966.165
a - Short term		813.937	891.491
b - Medium and long term		6.123.910	3.074.674
3) Interest income from loans in arrears		178.289	215.263
B. Interest income from reserve deposits at the Central Bank		676.570	769.185
C. Interest income received from banks		3.942.220	4.618.711
1) TRNC Central Bank		618.721	635.780
2) Domestic banks		543.783	404.325
3) Foreign banks		2.779.716	3.578.606
4) Interest income from reverse repos		0	0
D. Interest income from securities portfolio		10.608.569	13.541.644
1) TRNC Development Bank securities		44.708	42.030
2) Other securities		10.563.861	13.499.614
E. Other interest income	(3)	15	366
II - INTEREST EXPENSES	(1)	16.680.825	15.532.236
A. Interest expense payable to deposits		9.670.760	9.510.903
1) Saving deposits		9.120.810	8.727.562
2) Official deposits		5.387	3.957
3) Commercial deposits		475.026	703.842
4) Other institution deposits		69.537	75.542
5) Bank deposits		0	0
B. Interest expense payable to foreign currency deposits		6.262.737	5.980.149
1) Saving deposits		5.389.337	5.432.741
2) Official deposits		172.892	32.846
3) Commercial deposits		688.079	503.325
4) Other institution deposits		12.410	11.237
5) Bank deposits		19	0
6) Gold reserve accounts		0	0
C. Repo Interest Expense		708.355	14.381
D. Interest expense payable on borrowings		0	0
1) TRNC Central Bank		0	0
2) Domestic banks		0	0
3) Foreign banks		0	0
4) Other institutions		0	0
E. Interest on debentures and securities issued		0	0
F. Other interest expense	(3)	38.973	26.803
III - NET INTEREST INCOME [I - II]		17.334.600	18.759.932
IV - OTHER INCOME	(1)	221.695.103	157.737.368
A. Fees and commissions received		5.782.435	4.519.301
1) From cash loans		225.363	200.480
2) From non-cash loans		1.529.207	684.530
3) Other		4.027.865	3.634.291
B. Profit from capital market operations		1.113.970	1.576.633
C. Foreign exchange profits		209.827.236	147.928.165
D. Dividends received from subsidiaries and participations		1.237.734	0
E. Extraordinary income		0	0
F. Other non-interest income	(3)	3.733.728	3.713.269
V - OTHER OPERATING EXPENSES	(1)	234.020.865	172.415.862
A. Fees and commissions paid		1.234.969	1.078.588
1) On cash loans		0	0
2) On non-cash loans		0	0
3) Other		1.234.969	1.078.588
B. Loss on capital market operations		11.559	2.037.198
C. Foreign exchange losses		208.453.959	147.164.146
D. Personnel expenses		11.760.502	11.397.425
E. Retirement pay compensation		0	0
F. Rental expenses		768.538	715.698
G. Depreciation		1.238.887	1.176.820
H. Taxes and duties		339.780	35.521
I. Extraordinary expenses		0	0
J. Provision for doubtful debts	(2)	811.582	832.410
K. Other provisions	(2)	1.102.073	1.298.878
L. Other non-interest expenses	(3)	8.299.016	6.679.178
VI - NET OTHER INCOME [IV - V]		(12.325.762)	(14.678.494)
VII - PROFIT BEFORE TAXATION [III + VI]		5.008.838	4.081.438
VIII TAXATION		1.133.566	1.138.198
IX - NET PROFIT AFTER TAXATION [VII - VIII]		3.875.272	2.943.240

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 27 March 2014.

I. Hakan Börtçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2013

ASSETS	NOTE	CURRENT PERIOD			PREVIOUS PERIOD		
		(31/12/2013)			(31/12/2012)		
		TL	FX	TOTAL	TL	FX	TOTAL
I - CASH BALANCES		4.268.326	3.048.901	7.317.227	4.335.538	2.648.595	6.984.133
A. Cash-TL balances		4.268.326	0	4.268.326	4.335.538	0	4.335.538
B. Cash-foreign exchange		0	3.048.901	3.048.901	0	2.648.595	2.648.595
C. Other liquid assets		0	0	0	0	0	0
II - BANK BALANCES	(1)	32.518.253	146.550.078	179.068.331	88.620.190	111.436.563	200.056.753
A. TRNC Central Bank		9.589.816	60.682.646	70.272.462	14.193.219	27.616.612	41.809.831
B. Other Banks		22.928.437	85.867.432	108.795.869	74.426.971	83.819.951	158.246.922
1) Domestic Banks		10.000.001	10.540.847	20.540.848	8.685.919	5.035.374	13.721.293
2) Foreign Banks		12.928.436	75.326.585	88.255.021	65.741.052	78.784.577	144.525.629
3) Reverse Repo Receivables		0	0	0	0	0	0
III - SECURITIES PORTFOLIO (NET)	(2)	17.664.848	16.800.088	34.464.936	61.941.829	105.850.766	167.792.595
A. Treasury Bills		0	12.534.173	12.534.173	0	9.281.235	9.281.235
B. Other bills		17.664.848	4.265.915	21.930.763	61.941.829	96.569.531	158.511.360
C. Equity shares		0	0	0	0	0	0
D. Other securities		0	0	0	0	0	0
IV - LOANS AND ADVANCES	(3)	129.604.202	135.573.474	265.177.676	69.948.260	61.471.596	131.419.856
A. Short term		97.497.759	16.761.696	114.259.455	36.764.887	11.737.409	48.502.296
B. Medium and long term		32.106.443	118.811.778	150.918.221	33.183.373	49.734.187	82.917.560
V - LOANS IN ARREARS (NET)	(4)	0	0	0	0	0	0
A. Loans and other receivables with limited repayment capacity (Net)		0	0	0	0	0	0
1) Gross receivable balances		186.686	13.652	200.338	158.242	286.368	444.610
2) Specific provision		(186.686)	(13.652)	(200.338)	(158.242)	(286.368)	(444.610)
Doubtful debts and other receivables							
B. (Net)		0	0	0	0	0	0
1) Gross receivable balances		47.969	508	48.477	135.766	625	136.391
2) Specific provision		(47.969)	(508)	(48.477)	(135.766)	(625)	(136.391)
C. Bad debts and receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		723.969	787.864	1.511.833	610.373	2.497.410	3.107.783
2) Specific provision		(723.969)	(787.864)	(1.511.833)	(610.373)	(2.497.410)	(3.107.783)
VI - PREPAYMENTS AND ACCRUED INCOME		3.684.828	1.410.262	5.095.090	2.135.727	1.846.366	3.982.093
A. Loans and advances		433.264	621.051	1.054.315	206.182	0	206.182
B. Securities portfolio		1.890.028	753.838	2.643.866	1.750.818	1.782.712	3.533.530
C. Other		1.361.536	35.373	1.396.909	178.727	63.654	242.381
VII - FINANCIAL LEASING RECEIVABLES (NET)		0	0	0	0	0	0
A. Financial leasing receivables		0	0	0	0	0	0
B. Unearned income		0	0	0	0	0	0
VIII- RESERVE DEPOSITS AT THE CENTRAL BANK		16.551.304	29.845.945	46.397.249	15.000.851	24.800.790	39.801.641
IX- SUNDRY RECEIVABLES	(5)	92.443	1.461.940	1.554.383	79.610	1.232.505	1.312.115
X- PARTICIPATIONS (NET)	(6)	0	0	0	0	0	0
A. Financial participations		0	0	0	0	0	0
B. Other participations		0	0	0	0	0	0
XI- SUBSIDIARIES (NET)	(6)	2.665.693	27.246.796	29.912.489	1.595.582	27.246.796	28.842.378
A. Financial subsidiaries		2.665.693	27.246.796	29.912.489	1.595.582	27.246.796	28.842.378
B. Other subsidiaries		0	0	0	0	0	0
XII- LONG TERM INVESTMENTS	(7)	81.565.100	51.308.179	132.873.279	13.386.339	0	13.386.339
A. Equity shares		42.836	0	42.836	42.836	0	42.836
B. Other pledged securities		81.522.264	51.308.179	132.830.443	13.343.503	0	13.343.503
XIII - FIXED ASSETS	(8)	7.477.147	0	7.477.147	7.818.359	0	7.818.359
A. Book value		19.453.748	0	19.453.748	18.682.044	0	18.682.044
B. Accumulated depreciation		(11.976.601)	0	(11.976.601)	(10.863.685)	0	(10.863.685)
XIV- OTHER ASSETS	(9)	348.698	997.475	1.346.173	647.029	426.331	1.073.360
TOTAL ASSETS	(19)	296.440.842	414.243.138	710.683.980	265.509.314	336.960.308	602.469.622

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 27 March 2014.

I. Hakan Börteçene
Chairman

Kıvanç M. Rıza
Secretary and Director

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2013

LIABILITIES	NOTE	CURRENT PERIOD (31/12/2013)			PREVIOUS PERIOD (31/12/2012)		
		TL	FX	TOTAL	TL	FX	TOTAL
I - DEPOSITS	(10)	193.223.796	380.405.889	573.629.685	191.769.634	311.750.579	503.520.213
A. Saving deposits		174.499.917	312.423.315	486.923.232	173.410.230	277.055.194	450.465.424
B. Official deposits		1.611.856	28.853.445	30.465.301	1.115.643	8.888.831	10.004.474
C. Commerical deposits		15.203.413	36.228.822	51.432.235	15.059.051	24.501.149	39.560.200
D. Other institution deposits		1.896.911	2.815.337	4.712.248	2.169.351	1.131.156	3.300.507
E. Bank deposits		11.699	84.970	96.669	15.359	174.249	189.608
F. Gold reserve accounts		0	0	0	0	0	0
II - FUNDS OBTAINED FROM REPOS	(11)	46.000.000	0	46.000.000	13.500.000	0	13.500.000
III - FUNDS BORROWED	(12)	0	0	0	0	0	0
A. TRNC Central Bank		0	0	0	0	0	0
B. Other funds borrowed		0	0	0	0	0	0
1) Domestic bank and institutions		0	0	0	0	0	0
2) Foreign bank and institutions		0	0	0	0	0	0
3) Capital loans		0	0	0	0	0	0
IV - FUNDS	(13)	0	0	0	0	0	0
V - SECURITIES ISSUED (NET)	(14)	0	0	0	0	0	0
A. Bonds		0	0	0	0	0	0
B. Asset backed securities		0	0	0	0	0	0
C. Debentures		0	0	0	0	0	0
VI - EXPENSE ACCRUALS AND DEFERRED INCOME		2.352.358	1.784.187	4.136.545	2.618.608	1.712.685	4.331.293
A. Deposits		225.038	757.574	982.612	370.384	831.952	1.202.336
B. Borrowed funds		0	0	0	0	0	0
C. Other		2.127.320	1.026.613	3.153.933	2.248.224	880.733	3.128.957
VII - FINANCIAL LEASING PAYABLES (NET)		0	0	0	0	0	0
A. Financial leasing payables		0	0	0	0	0	0
B. Deferred financial leasing expenses		0	0	0	0	0	0
VIII - TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE		929.765	58.782	988.547	881.960	50.075	932.035
IX - IMPORT TRANSFER ACCOUNTS		0	0	0	0	0	0
X - SUNDRY LIABILITIES	(15)	284.773	157.607	442.380	372.393	132.043	504.436
XI - PROVISIONS		2.107.782	2.681.678	4.789.460	2.014.027	2.408.761	4.422.788
A. Retirement pay compensation		0	0	0	0	0	0
B. General provision for loans		1.610.794	2.681.678	4.292.472	1.327.753	2.408.761	3.736.514
C. Corporation and Income Tax provisions		496.988	0	496.988	686.274	0	686.274
D. Other provisions		0	0	0	0	0	0
XII - OTHER LIABILITIES	(16)	3.522.621	3.003.456	6.526.077	2.920.799	2.042.637	4.963.436
XIII - SHAREHOLDERS' FUNDS	(17)	67.214.657	0	67.214.657	64.655.918	0	64.655.918
A. Share capital paid-up		64.485.657	0	64.485.657	61.414.346	0	61.414.346
1) Nominal share capital		64.485.657	0	64.485.657	61.414.346	0	61.414.346
2) Unpaid share capital		0	0	0	0	0	0
B. Statutory reserves		2.729.000	0	2.729.000	2.434.000	0	2.434.000
1) Statutory reserves		2.729.000	0	2.729.000	2.434.000	0	2.434.000
2) Share premium		0	0	0	0	0	0
3) Other legal reserves		0	0	0	0	0	0
C. General reserves		0	0	0	0	0	0
D. Statutory revaluation fund		0	0	0	0	0	0
E. Revaluation balances	(18)	0	0	0	807.572	0	807.572
F. Loss		0	0	0	0	0	0
1) Current period loss		0	0	0	0	0	0
2) Previous period losses		0	0	0	0	0	0
XIV - PROFIT		6.956.629	0	6.956.629	5.639.503	0	5.639.503
A. Current period profit		3.875.272	0	3.875.272	2.943.240	0	2.943.240
B. Previous period profits		3.081.357	0	3.081.357	2.696.263	0	2.696.263
TOTAL LIABILITIES	(19)	322.592.381	388.091.599	710.683.980	284.372.842	318.096.780	602.469.622
COMMITMENTS AND CONTINGENT LIABILITIES	(1)						
I - GUARANTEES AND ACCEPTANCES	(2)	2.544.102	52.235.202	54.779.304	3.058.609	31.801.415	34.860.024
II - COMMITMENTS	(3)	88.301.541	44.177.016	132.478.557	89.245.918	36.633.283	125.879.201
III - FOREIGN EXCHANGE&INTEREST RATES OPERATIONS	(4)	0	174.785.274	174.785.274	9.185.169	189.725.887	198.911.056
IV - ASSETS HELD UNDER TRUST AND PLEDGED ASSETS		87.705.898	178.350.023	266.055.921	28.909.391	94.601.028	123.510.419
TOTAL		178.551.541	449.547.515	628.099.056	130.399.087	352.761.613	483.160.700

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 27 March 2014.

I. Hakan Börtçeçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK GROUP
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

			CURRENT PERIOD TL (31/12/2013)	PREVIOUS PERIOD TL (31/12/2012)
ASSETS				
I-	CASH BALANCES	NOTE	124.806.628	76.629.942
II-	BANK BALANCES		236.847.387	255.146.274
III-	SECURITIES PORTFOLIO	I-(6)	46.755.108	188.683.783
IV-	LOANS AND ADVANCES	I-(1)(ii)e	512.126.123	303.743.456
	A. Short term		176.819.418	120.279.448
	B. Medium and long term		335.306.705	183.464.008
V-	LOANS IN ARREARS (NET)		2.259.971	349.408
	A. Gross receivable balances		4.963.729	4.642.496
	B. Specific provision		(2.703.758)	(4.293.088)
VI-	DERIVATIVE FINANCIAL INSTRUMENT - ASSET VALUES		0	0
VII-	PREPAYMENTS AND ACCRUED INCOME		6.527.511	5.176.381
VIII-	RESERVE DEPOSITS AT THE CENTRAL BANK		46.397.249	39.801.641
IX-	SUNDRY RECEIVABLES		1.554.383	1.312.115
X-	LONG TERM INVESTMENTS	I-(6)	132.873.279	13.386.339
	A. Equity shares		42.836	42.836
	B. Other pledged securities		132.830.443	13.343.503
XI-	FIXED ASSETS	I-(1)(ii)h, II-i-(8)a(ii)	32.009.374	29.007.092
	A. Book value		58.472.707	50.481.311
	B. Accumulated depreciation		(26.463.333)	(21.474.219)
XII-	INTANGIBLE FIXED ASSETS	I-(1)(ii)i, II-i-(8)a(iii)	415.667	532.704
XIII-	GOODWILL ON CONSOLIDATION		0	0
XIV-	OTHER ASSETS		3.527.275	1.652.039
	TOTAL ASSETS	II-ii-(19)e(ii)	1.146.099.955	915.421.174
LIABILITIES				
I-	DEPOSITS		950.977.825	773.907.084
	A. Savings deposits and other customer accounts		925.974.665	766.883.368
	B. Banks deposits		25.003.160	7.023.716
II-	FUNDS DERIVED FROM REPO TRANSACTIONS		46.000.000	13.500.000
III-	DERIVATIVE FINANCIAL INSTRUMENT - LIABILITIES VALUES		0	0
IV-	EXPENSE ACCRUALS AND DEFERRED INCOME		4.800.147	5.568.384
V-	TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE		1.174.313	1.116.928
VI-	SUNDRY PAYABLES		773.007	842.628
VII-	PROVISIONS		5.872.902	5.348.567
	A. General provision for loans		4.292.472	3.736.514
	B. Corporation and Income Tax provisions	II-ii-(19)e(iii)	1.101.434	1.107.960
	C. Other provisions		478.996	504.093
VIII-	OTHER LIABILITIES		7.772.892	5.506.616
IX-	MINORITY INTEREST	II-ii-(19)e(iv)	16.308.763	13.388.643
X-	SHAREHOLDERS' FUNDS	II-ii-(19)e(v)	112.420.106	96.242.324
	A. Share capital-paid	II-ii-(17)a	64.485.657	61.414.346
	B. Statutory reserves		2.729.000	2.434.000
	C. Securities and Real Estate Revaluation Reserves		11.721.926	10.265.932
	D. Consolidation Reserve		7.634.789	1.344.789
	E. Profit and Loss Account		25.848.734	20.783.257
	TOTAL LIABILITIES	II-ii-(19)e(ii)	1.146.099.955	915.421.174
COMMITMENTS AND CONTINGENT LIABILITIES				
I-	GUARANTEES AND ACCEPTANCES		54.917.524	35.073.324
II-	COMMITMENTS		595.835.039	552.485.523
III-	FOREIGN EXCHANGE AND INTEREST RATES OPERATIONS		169.916.527	174.533.533
IV-	ASSETS HELD UNDER TRUST AND PLEDGED ASSETS		266.055.921	123.510.419
	TOTAL		1.086.725.011	885.602.799

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 27 March 2014.

I. Hakan Börteçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

**TURKISH BANK GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2013**

		CURRENT PERIOD	PREVIOUS PERIOD
		TL	TL
	NOTE	(31/12/2013)	(31/12/2012)
I - INTEREST INCOME	I-(1)(ii)c	50.658.074	49.271.078
II - INTEREST EXPENSE		23.356.104	21.834.100
III - NET INTEREST INCOME		27.301.970	27.436.978
IV - OTHER INCOME		229.288.532	164.298.042
Commission and fee income	I-(1)(ii)c	10.933.453	8.793.650
Profits from capital market operations		1.113.970	1.576.633
Foreign exchange profits		210.669.744	148.512.520
Other non-interest income		5.312.492	4.351.941
Insurance business income		1.258.873	1.063.298
V - OTHER OPERATING EXPENSES		249.294.033	185.483.942
Fees and commissions paid		1.655.199	1.386.834
Loss on capital market operations		11.559	2.037.198
Foreign exchange losses		208.528.863	147.248.583
Personnel expenses		19.688.787	17.826.487
Depreciation	I-(1)(ii)h	3.041.313	2.676.701
Provision for doubtful debts	I-(1)(ii)e	1.049.106	1.153.178
Other provisions		1.102.073	1.568.094
Other non-interest expenses		14.217.133	11.586.867
VI - NET OTHER INCOME		(20.005.501)	(21.185.900)
VII - NET PROFIT BEFORE TAXATION	III-(4)	7.296.469	6.251.078
VIII- TAXATION	II-ii-(19)e(iii)	2.147.013	1.882.025
IX - NET PROFIT AFTER TAXATION		5.149.456	4.369.053
X- MINORITY INTERESTS	II-ii-(19)e(iv)	645.257	392.506
XI- PROFIT ATTRIBUTABLE TO THE BANK SHAREHOLDERS	II-ii-(19)e(v)	4.504.199	3.976.547

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 27 March 2014.

İ. Hakan Börteçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK:

(Amounts unless expressed otherwise are expressed in Turkish Lira)

Notes and disclosures in respect of current period:

(1) (i) Date of approval of the balance sheet is 27 March 2014.

(ii) Principal accounting policies:

a. Accounting convention:

Accounts have been prepared in Turkish Lira and under the historical cost convention, in accordance with Banking Law, Chapter 113, Companies Act, and Tax Law and Regulations, and generally accepted accounting standards. The financial statements have been prepared in conformity with the Uniform Chart of Accounts, uniform accounting and valuation standards and the methods of implementation of these rules that have been determined as per 39/2001 Banking Law.

b. Group consolidated accounts:

The consolidated accounts of the group comprise the accounts of the bank and its subsidiaries (Turkish Bank (UK) Limited and Turkish Insurance Limited) for the year ended 31 December 2013. All of the bank's and subsidiaries' assets and liabilities, income and expenditure as well as the contingent liabilities and commitments are fully consolidated. The book value of the investment of the bank in the subsidiaries has been netted off with part of the equity of the subsidiaries that belongs to the Bank. Unearned income and expenditure and intergroup balances have been eliminated.

c. Interest and Fee Income:

Interest income is recognized in the profit and loss account as it accrues and fee income is recognized when received.

d. Foreign currencies:

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Group assets and liabilities in foreign currencies and the results of the oversea subsidiary companies have been translated at the rates of exchange ruling at 31 December 2013. Loans in arrears as required by law, have been translated at the exchange rate on the date they were classified as past due

e. Loans, advances and doubtful debts:

Loans and advances and other receivables are stated after deduction of specific provisions for bad and doubtful debts in accordance with the Decree concerning the principles and methods for provisions against loans and other assets issued under 39/2001 Banking Law. In accordance with this Decree and based on the principles of prudence, the Bank has made 100 % specific provision against doubtful debts.

The loans and receivables of Turkish Bank (UK) Ltd. are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. All fees associated with assets taken as security for advances and non-recoverable assets are not included in the cost of the transaction and are recorded as expenses. Appropriate allowances for estimated irrecoverable amounts are recorded as specific provisions in the profit and loss account.

f. Taxation:

Turkish Bank Ltd. and Turkish Insurance Ltd. pay 10 % corporation tax on their taxable income and 15 % income tax on the remaining profit after deduction of 10 % corporation tax. Total tax liability is 23.5 %. (2012-%23.5).

Turkish Bank (U.K) pays 23.25 % (2012-24.5 %) corporation tax on their taxable income.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

Deferred Tax Provision

Deferred taxation is accounted for on all material timing differences between accounting and taxation treatment of income and expense.

g. Leasing:

The bank has no assets held under finance leases. The bank has no assets leased to third parties under finance lease. Rents paid under operating leases are charged to income on straight line basis over the lease term.

At Turkish Bank (UK) Ltd. assets held under finance leases, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

h. Fixed assets:

- (i) Fixed assets of Turkish Bank Limited and Turkish Insurance Limited have been amortized over their useful lives at 3-25% per annum using the straight line method.

Tangible fixed assets acquired before 1 January 2007, are stated at inflation-adjusted values determined by statutory law 66/1999 on 31 December 2006, the ones which were acquired from that date on are recognized at cost.

- (ii) Fixed assets of oversea subsidiary Turkish Bank (UK) Limited:

Freehold buildings of oversea subsidiary have been revalued by independent valuers in December 2011. Valuations were made on the basis of open market value for existing use. Remaining fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, except freehold land, on a straight line basis over their estimated useful lives. Freehold buildings are depreciated at the annual rate of 2% and the other fixed assets are depreciated at annual rates ranging from 5% to 20%.

- iii) Maintenance costs for fixed assets are recorded as expenses. There are no mortgages or liens registered on the fixed assets.

i. Intangible Fixed assets:

Intangible fixed assets include computer software which is being used by Turkish Bank (UK) Ltd. They have been amortized at an annual rate of 20% per annum using the straight line method.

j. Futures, Swaps and Derivatives:

Bank's derivative operations consist of swap agreements. Swaps are recorded at cost and include operational costs. Obligations and receivables arising from swap contracts are recorded in the memorandum accounts.

Swaps are valued at market value and any surplus or deficit is recorded in "prepayments and accrued income" or "expense accruals and deferred income" accounts and written off to profit and loss account over the term of the swap deal.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(2) General Information about the Bank:

a) Legal Structure of the Bank:

Turkish Bank Limited is a public company quoted on the TRNC Stock Exchange, registered under Companies Law Chapter 113 and regulated by Banking Law 39/2001.

b) The members of the board of directors, senior management and the internal auditors of the Bank are qualified persons as required in part 4 clauses 15 and clause 16 of the Banking Law 39/2001. The members of the board of directors, senior management, the internal auditors and independent external auditors are listed on page 3 of this report.

c) The members of the board of directors, senior management and the internal auditors of the bank have the appropriate qualifications as required by 39/2001 Banking Law.

d) From inspections and controls conducted, The Internal Control System of the Bank has been found reliable by the bank's administration.

e) Summary Information Regarding The Banks Services and Activities

The Bank's principal services include loans and advances, deposits, trade finance, issuing domestic and international letters of guarantees, capital markets transactions, foreign exchange, securities, safety deposit boxes, insurance and any other banking business permissible by the TRNC Central Bank and law.

f) Financial Instruments

Financial instruments include financial assets, financial liabilities and derivatives. Financial instruments form the basis of the Bank's commercial activities. A significant part of the Bank's total risks comes from the risks inherent in these instruments. Financial instruments have an impact on the Banks liquidity, credit and market risks. The bank trades these instruments on account and on behalf of its customers.

Financial instruments are the basis of the bank's business and operations. These instruments create impact and decrease the liquidity, credit and interest rate risk.

g) Strategy for the Use of Financial Instruments.

The Bank aims to be active in all areas of banking. The composition of the banks sources of funds determines its strategy related to financial instruments. The main source of funds is customer deposits; borrowing is rare. Investments are generally selected from liquid assets. Liquidity is made available to match our obligations. At the balance sheet date, the composition of the Bank's assets and shareholders' funds is sufficient to match our obligations.

The Bank does not carry a foreign exchange position because of the risk inherent in the floating currency regime.

Investment decisions are made taking into consideration the maturity of balance sheet items and interest rates. Limits related to the balance sheet have been established. The composition of assets has been established and an analysis of returns is conducted based on this composition.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- (3) There have been no changes in the accounting policies.
- (4) **Validity of the basic accounting assumptions; going concern, accrual basis and consistency:**
These basic accounting assumptions are being fully implemented by the bank.
- (5) There have been no changes in the valuation methods applied in the year-end results of the bank.
- (6) **Securities portfolio (Including participations, subsidiaries, long term investments) valuation methods**

Securities held by Turkish Bank Ltd and Turkish Insurance Ltd:

Securities have been shown at cost. Premiums or discounts are calculated on accruals basis and are taken into consideration when calculating the cost.

Participations, subsidiaries and long-term investments:

The participations, subsidiaries and long-term investments of the bank purchased before 1 January 2007 are shown at values determined by statutory valuation done in 2006.

Securities held by Turkish Bank (UK) Ltd

i) Investments are classified as available-for-sale and held-to-maturity. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All investments are recorded in the consolidated balance sheet as "Securities".

Available-for-sale investments are measured at subsequent reporting dates at fair value. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Foreign exchange gains and losses, interest recognised under the effective interest rate method and impairment losses are taken to the profit and loss account. Impairment losses are recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

ii) Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

- (7) **The strategy of the bank regarding management of foreign exchange risk in foreign currency transactions:**

Foreign currency denominated assets and liabilities together with purchase and sale commitments give rise to foreign exchange exposure. The group's foreign currency asset and liability management of price, liquidity and credit risk is performed in line with targeted maturity and currency matching limits.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(8) USD and GBP Foreign exchange rates used in the preparation of the Balance Sheet and the bid rates declared by the bank on the last five working days of the current accounting period.

	Current Period	Previous Period
US Dollar:	2.11700 TL.	1.77700 TL.
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	2.11700 TL.	1.78100 TL.
2. Day bid rate	2.15000 TL.	1.78000 TL.
3. Day bid rate	2.08500 TL.	1.78400 TL.
4. Day bid rate	2.07600 TL.	1.78400 TL.
5. Day bid rate	2.07300 TL.	1.78800 TL.
	Current Period	Previous Period
GBP:	3.49300 TL.	2.86400 TL.
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	3.47800 TL.	2.86100 TL.
2. Day bid rate	3.54100 TL.	2.86900 TL.
3. Day bid rate	3.41300 TL.	2.87100 TL.
4. Day bid rate	3.37800 TL.	2.85500 TL.
5. Day bid rate	3.38300 TL.	2.88200 TL.

(9) Value of assets and the total insurance cover

	<u>Current Period: 31/12/2013</u>		<u>Insurance Cover</u>
	<u>Book Value</u>	<u>Accumulated Depreciation</u>	
Assets	19,453,748	11,976,601	21,436,777
Movable property (Equipment, furniture fixtures and fittings)	11,991,587	8,003,551	14,206,444
Immovable property	7,462,161	3,973,050	7,230,333
Assets held that have to be disposed	-	-	-
	<u>Previous Period: 31/12/2012</u>		<u>Insurance Cover</u>
	<u>Book Value</u>	<u>Accumulated Depreciation</u>	
Assets	18,682,044	10,863,685	19,517,433
Movable property (Equipment, furniture fixtures and fittings)	11,219,883	7,119,299	10,591,410
Immovable property	7,462,161	3,744,386	6,254,023
Assets held that have to be disposed	-	-	-

(10) Material, contingent, and conditional losses and gains the value of which could not be estimated.

Assets and liabilities that may materialise as a result of conditional events are only accounted for when such conditional events are likely to happen.

As a result of a judgement made against the Bank in the High Court of South Cyprus, the amount of EUR 381,853 was charged to expenses in 2010. In 2011, an additional EUR 15,065, in 2012 EUR 11,379 and in 2013 EUR 13,292 was recorded in expenses, bringing the total charge to EUR 421,589. The Bank reserves the right to claim this amount, if necessary, through legal action from the TRNC.

(11) The material events that happened after balance sheet date affecting 2013 that needs explaining:

- a) **Uncompleted transaction existing at the year end, the result of which would affect this financial report: None.**

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Thousand Turkish Lira)

b) There have been no material changes in the foreign exchange rates since the balance sheet date that would affect decision making and evaluating this financial report.

(12) There are no material items affecting the balance sheet in a significant way that need to be explained in order to make the balance sheet more clear and understandable.

(13) Capital Adequacy Standard Ratio:

a) List of Risk-Weighted Assets

	Risk-Weighted Assets			
	0%	20%	50%	100%
Risk-weighted Assets, Commitments and Contingent Liabilities	294,316	177,959	39,143	246,935
Assets (Net)				
Cash Balances	7,317	0	0	0
Balances at Central Bank	70,272	0	0	0
Interbank Funds	0	0	0	0
Bank Balances	0	91,779	0	17,017
Securities Portfolio	13,427	21,038	0	0
Reserve Deposits at Central Bank	46,397	0	0	0
Reverse Repo Receivables	0	0	0	0
Loans and Advances	27,018	82	38,273	199,805
Loans in Arrears	0	0	0	0
Prepayments and Accrued Income	1,615	2,423	0	1,057
Participations and Subsidiaries	0	0	0	0
Long Term Investments	71,922	60,908	0	39
Assets Held for Resale	0	0	0	0
Fixed Assets	0	0	0	7,477
Other Assets	0	0	0	2,570
Off-Balance-Sheet Items				
Guarantees	16,395	14	536	1,035
Documentary Credits	0	0	0	0
Other Liabilities and commitments	0	0	0	0
Undertakings	39,953	3	334	17,920
Foreign Currency and Interest Rates Operations	0	1,712	0	0
Non Risk-Weighted Accounts	0	0	0	15
Total Risk-Weighted Assets	0	35,592	19,572	246,935
Net Assets Under Exchange Risk	0	0	0	99,275
TOTAL	0	35,592	19,572	346,210

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Thousand Turkish Lira)

b) Details of Capital and Reserves

	Current Period	Previous Period
1-Tier I Capital	73,855	69,260
a. Paid-up Capital	64,486	61,414
b. Statutory Reserves	2,729	2,434
c. General Reserves	0	0
d. Profit after Tax and Retained Earnings	6,956	5,639
e. Current and Previous Years Losses (-)	0	0
2-Tier II Capital	4,292	4,545
a. General Provision	4,292	3,737
b. Fixed Asset Revaluation Fund	0	0
c. Inflation Adjustment Reserve	0	0
d. Participations and Subsidiaries Reserves	0	0
e. Loan Capital	0	0
f. Contingency Reserves	0	0
g. Securities Valuation Fund	0	808
3-Total Capital (1+2)	78,147	73,805
4-Capital as Determined by Capital Adequacy Ratio Regulations	78,147	72,451
5-Items to be Deducted from Capital	30,232	29,073
a. Investment in Participations and Subsidiaries	29,916	28,846
b. Intangible Assets	0	0
c. Formation Expenses	0	0
d. Prepaid Expenses	316	227
e. The Difference Between Market Value and Net Book Value of Fixed Assets Where The Market Value is Lower Than Net Book Value	0	0
f. Loan Capital Given to Other Banks Operating in TRNC	0	0
g. Goodwill	0	0
h. Loans Exceeding Statutory Limits	0	0
6-Net Capital (4-5)	48,231	43,605

c) Summary Details of Capital Adequacy Ratio;

	TL. %	TL. %
	Current Period	Previous Period
Total Risk-Weighted Assets	401,374	238,582
Net Capital	48,231	43,605
Capital Adequacy Ratio (%)	%12	%18

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(14) The opinion of the independent auditors auditing this financial report on matters that they are required to report as per Banking Law Regulations

Information given as per Article 12 of the 'Principles Relating to the Establishments Authorised to Carry Out Independent Audits of the Banks' Decree that has been prepared by the TRNC Central Bank as per Article 34(3) of the Banking Law 39/2001:

a. The legal structure of the bank:

The bank is a public company registered under Companies Law Chapter 113 and is subject to 39/2001 Banking Law. All its shares are quoted on the TRNC Stock Exchange.

b. The share capital structure of the bank and disclosure of shareholders owning 10% or more are reported in notes to the accounts II (17) e).

c. The members of the board of directors, senior management and the Head of Internal Control Systems are listed on page 3.

d. The members of the board of directors, senior management and the Internal Control Systems Administrators of the bank have appropriate qualifications as required by the 39/2001 Banking Law.

e. The Bank has prepared its accounts in conformity with the Uniform Chart of Accounts, uniform balance sheet and profit and loss statement, notes to the financial statements, accounting and valuation standards as prescribed by the TRNC Central Bank.

f. There have been no changes in the accounting policies.

g. The auditors are satisfied about the confirmation of the bank management that the internal control system is reliable.

h. i) Establishment of Internal Systems

A non-executive director has been appointed as Board Member responsible for Internal Systems. The qualifications, responsibilities and authority of this member conform with the Internal Audit, Risk Management and Internal Control directive issued under the TRNC Banking Act paragraph 15 (3).

The Bank carries out its internal systems function through its Internal Audit, Risk Management and Internal Control units. The qualifications of the staff conform to the Directive.

ii) Internal Audit

The planning, functions and reporting of Internal Audit activities conform to the Directive.

- The evaluation and classification by risk category of the Bank's loans have been reported to the Central Bank.
- The Bank has monitored and evaluated the Bank's risks conforming to Risk Matrix in the directive.
- The Internal Audit Unit has reported to the Internal Systems Committee as required by the Directive.

iii) Compliance

The activities and reporting have been carried out in line with the Directive. The Bank has established the necessary structure and appropriate procedures to ensure compliance with the law.

iv) Internal Control

The activities have been carried out as prescribed by the Directive.

- An Internal Systems Unit has been established appropriate to the Bank organization, written strategies, and policy related to its activities as well as its procedures have been prepared, the effective control of its activities and operations have been established.
- The information systems match the scale, operations and transaction complexity and attributes of the Bank.
- The communication infrastructure and channels are being used efficiently and are being monitored.
- An Emergency and Contingency Plan is ready for implementation.

v) Risk Management

The activities, obligations and reporting as required by the Directive have been met. The bank has performed stress tests and simulations.

The Bank has established an effective internal control system and has sufficiently used its Internal Systems. The infrastructure of the systems of control employed is appropriate for the Bank.

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS:

(Amounts unless expressed otherwise are expressed in Turkish Lira)

i) NOTES AND DISCLOSURES REGARDING ASSESTS:

(1) Bank Accounts:

a) Balances with TRNC Central Bank;

	Current Period		Previous Period	
	TP	FX	TP	FX
Unpledged Current Balances	9,589,816	60,682,646	14,193,219	27,616,612
Unpledged Deposit Balances	0	0	0	0
Pledged Balances	0	0	0	0
TOTAL	9,589,816	60,682,646	14,193,219	27,616,612

b) Bank Balances with Overseas Banks;

	Unpledged Balances		Pledged Balances	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	54,424,311	94,141,153	0	0
EU Countries	26,329,359	48,946,103	5,780,915	0
USA and Canada	1,720,436	1,438,373	0	0
OECD Countries'	0	0	0	0
Offshore Zone	0	0	0	0
Other	0	0	0	0
TOTAL	82,474,106	144,525,629	5,780,915	0

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

c) Reverse Repo Receivables: None

	Current Period		Previous Period	
	TP	FX	TP	FX
Domestic Transactions	0	0	0	0
TRNC Central Bank	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Overseas Transactions	0	0	0	0
Central Banks	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(2) Securities Portfolio;

- a) i- Fair value increases in the securities portfolio are not recorded in the accounts.
 ii- Shares have been shown at cost.
 iii- 12,534,173 TL of the securities portfolio balance is held for legal requirements.

b) Analysis of securities portfolio

Types of Securities	Current Period		Previous Period	
	TL	FX	TL	FX
TRNC Development Bank Securities	0	12,534,173	0	9,281,235
Turkish Treasury Bonds	0	0	0	0
Turkish Government Securities	892,724	0	51,067,411	0
Other OECD Countries Bonds and Securities	16,772,124	4,265,915	10,874,418	94,788,873
Other Countries Bonds and Securities	0	0	0	1,780,658
Other	0	0	0	0
TOTAL	17,664,848	16,800,088	61,941,829	105,850,766

Note: Securities portfolio on the balance sheet is 34,464,936 TL. As at 31.12.2013, the market value has been calculated as 34,451,254 TL.

(3) Loans Details:

a) Loans given to bank personnel and shareholders:

	Current Period		Previous Period	
	Cash	Non-Cash	Cash	Non-Cash
Loans directly given to shareholders	26,032	0	154,879	0
Loans given to corporate body shareholders	1,899	0	120,098	0
Loans given to real shareholders	24,133	0	34,781	0
Indirect loans given to shareholders	174,580	2,915	188,928	5,270
Loans given to personnel	4,042,418	0	2,383,337	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

d) Group I and Group II loans, other receivables and restructured and/or rescheduled loans and other receivables:

Loans	Standard, Performing Loans and Other Receivables		Loans and Other Receivables Under Follow-up	
	Loans and Other Receivables	Rescheduled Loans and Other Receivables	Loans and Other Receivables	Rescheduled Loans and Other Receivables
Bills Discounted	616,507	0	0	0
Export Loans	0	0	0	0
Import Loans	0	0	0	0
Export Guarantee Investment Loans	0	0	0	0
Other Investment Loans	0	0	0	0
Business Loans	100,993,199	430,161	1,338,673	0
Special Loans	0	0	0	0
Funded Loans	0	0	0	0
Consumer Loans	41,167,737	1,141,939	1,242,600	0
Credit Cards	3,631,313	0	170,953	0
Security Purchase Loans For Customers	0	0	0	0
TRNC Central Bank Funded Loans	0	0	0	0
Loans Given Through TRNC Central Bank	0	0	0	0
Other Loans	113,599,422	0	845,172	0
TOTAL	260,008,178	1,572,100	3,597,398	0

b) Loan Classification by Users:

	Current Period	Previous Period
Public	19,070,726	21,865,710
Private	246,106,950	109,554,146
TOTAL	265,177,676	131,419,856

d) Loan Classification-Domestic and Overseas:

	Current Period	Previous Period
Domestic Loans	124,162,841	108,469,573
Overseas Loans	141,014,835	22,950,283
TOTAL	265,177,676	131,419,856

e) Loans Given to Participations and Subsidiaries: None

	Current Period	Previous Period
Direct Loans to Participations and Subsidiaries	0	0
Indirect Loans to Participations and Subsidiaries	0	0
TOTAL	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- f) The first hundred largest cash loan customers make up 83% of the total loan portfolio and nine loan customers make up 50% of the loan portfolio.
- g) The first hundred largest cash and non-cash loan customers make up 99% of the total assets (including off-balance-sheet items) and one customer makes up 50% of the total cash and non-cash loan portfolio of the bank.
- h) The first hundred largest off-balance-sheet commitments and contingent liabilities make up 20% of such and seven customers hold 50% thereof.

(4) Loans in Arrears:

a) Total Non-performing Loans - Movements in the Year:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Repayment Capacity	Doubtful Debts and Other Receivables	Bad Debts and Other Receivables
Balances Brought Forward	444,610	136,391	3,107,783
Additions in the Year (+)	348,420	4,795	632,818
Transfer from Other Non-Performing Loans	0	94,974	130,932
Transfer to Other Non-Performing Loans	105,019	120,887	0
Collections in the Period (-)	487,673	66,796	1,095,838
Write Offs (-)	0	0	1,263,862
Balances at the end of Period	200,338	48,477	1,511,833
Specific provision (-)	200,338	48,477	1,511,833
Net Book Value	0	0	0

b) Foreign Currency Non-Performing Loans - Movements in the Year:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Repayment Capacity	Doubtful Debts and Other Receivables	Bad Debts and Other Receivables
Current Period:			
Balances Brought Forward	13,652	508	787,864
Specific Provision (-)	13,652	508	787,864
Net Book Value	0	0	0
Previous Period:			
Balance Brought Forward	286,368	625	2,497,410
Specific Provision (-)	286,368	625	2,497,410
Net Book Value	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

c) Bad Debts and Other Receivables Analysed By Types of Securities and Provisions Made:

Security Group	Loans Given	Provision
Unsecured	408,681	408,681
Group I - Cash Security	98	98
Group II - Immovable Security	441,412	441,412
Group III - Movable Security	661,642	661,642
Group IV - Other Security	0	0

d) Bad Debts and Receivables Policy of the Bank:

After giving written notice, non-performing loans are transferred to bank lawyers for legal action. Collections are followed up in accordance with judgment obtained.

(5) Details of Installment Sales balances included in Other Receivables:

	Current Period	Previous Period
Sale of participations, subsidiaries and joint ventures	0	0
Sale of immovable property	0	0
Other asset sales	0	0

(6) Details Regarding Participations, Subsidiaries:

a) Participations and subsidiaries have all been shown at values determined in 2006 as per statutory valuation. Participations and subsidiaries are not quoted on any stock exchange.

b) Analysis and Book Values of participations and subsidiaries by sector:

	Participations		Subsidiaries	
	Current Period	Previous Period	Current Period	Previous Period
Banks	0	0	27,246,796	27,246,796
Insurance Companies	0	0	2,665,693	1,595,582
Finance Companies	0	0	0	0
Other financial participations	0	0	0	0
Other non-financial participations and subsidiaries	0	0	0	0

c) Bank Share of Investment in Participations and Subsidiaries:

Title	Address	Banks Share of Investment and Voting Right If Different (%)	Group Holding (%)	Current Year Profit	Market Value
Turkish Bank (UK) Ltd	84-86 Borough High Street London SE1 1LN UK	83	100	1,809,374	77,555,079
Turkish Insurance Ltd	182 Girne Caddesi Lefkoşa TRNC	51	98	702,544	6,914,993

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

d) Participations Quoted on Stock Exchange; None

	Current Period	Previous Period
Quoted on local Stock Exchange	0	0
Quoted on overseas Stock Exchange	0	0

e) Subsidiaries quoted on Stock Exchange; None

	Current Period	Previous Period
Quoted on local Stock Exchange	0	0
Quoted on overseas Stock Exchange	0	0

f) Number of bonus shares received from participations and subsidiaries as a result of capitalising of reserves;

Number of bonus shares received	Current Period	Previous Period
Participations	0	0
Subsidiaries	0	0

g) Details of receivables from and debts due to Participations and Subsidiaries;

	Financial Participations and Subsidiaries Balance	Non-Financial Participations and Subsidiaries Balance
RECEIVABLES		
-Banks and Other Financial Institutions	3,086,411	0
-Debentures and Similar Securities	0	0
-Loans (Including Doubtful Debts)	0	0
-Interest and Income Accruals	0	0
-Financial Leasing Receivables (NET) (*)	0	0
-Other Receivables	0	0
BORROWINGS		
-Deposits	805,441	0
-Borrowed Funds	0	0
Securities Issued	0	0
-Interest and expense prepayments	68	0
-Financial leasing liabilities	0	0
-Other liabilities	0	0
OFF-BALANCE-SHEET COMMITMENTS AND LIABILITIES	1,500	0

(*)To be used by banks, authorized by law.

(7) Details about Long-Term Investments;

Held-to-maturity Investments:	Current Period	Previous Period
1- Debt securities	84,150,809	0
2- Repo related items	48,679,634	13,343,503
3- Other: Investment in share capital	42,836	42,836
4- Provision for loss in value (-)	0	0
TOTAL	132,873,279	13,386,339

In 2013, a review of the securities was conducted and the held-to-maturity securities recorded in the Securities Portfolio were transferred to Long-term Investments.

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(8) (a) (i) Details Regarding Fixed Assets Of The Bank;

	Immovable Property	Vehicles	Other Fixed Assets	Total
Balance from previous year:				
Cost	7,462,161	470,677	10,749,206	18,682,044
Accumulated depreciation (-)	(3,744,386)	(417,736)	(6,701,563)	(10,863,685)
Net Book Value	3,717,775	52,941	4,047,643	7,818,359
Current Period:				
Net book value at the beginning of the year	3,717,775	52,941	4,047,643	7,818,359
Purchases	0	315,692	602,037	917,729
Sales and disposals - Net (-)	0	(2,041)	(18,013)	(20,054)
Diminution in value	0	0	0	0
Depreciation charge (-)	(228,663)	(86,165)	(924,059)	(1,238,887)
Net Exchange differences (-)	0	0	0	0
Closing Net Book Value	3,489,112	280,427	3,707,608	7,477,147

(a) (ii) Details Regarding Fixed Assets of the Group;

	Immovable Property	Other Fixed Assets	Total
Balance from previous year:			
Cost	33,446,588	23,988,947	57,435,535
Accumulated depreciation (-)	(8,362,132)	(15,423,381)	(23,785,513)
Net Book Value	25,084,456	8,565,566	33,650,022
Current Period:			
Net book value at the beginning of the year	25,084,456	8,565,566	33,650,022
Purchases	0	1,183,197	1,183,197
Sales and disposals - Net (-)	0	(20,054)	(20,054)
Diminution in value	0	0	0
Depreciation charge (-)	(703,711)	(2,100,080)	(2,803,791)
Closing Net Book Value	24,380,745	7,628,629	32,009,374

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(a) (iii) Details of Intangible Fixed Assets of the Group;

Previous Period:	TOTAL
Cost	4,680,621
Accumulated Depreciation (-)	(4,030,921)
Net Book Value	649,700
Current Period:	
Beginning Net Book Value	649,700
Purchases	3,493
Disposals-Net Value(-)	0
Statutory Valuation	0
Depreciation	(237,526)
Closing Net Book Value	415,667

(b) No assets have been acquired in lieu of any receivables that according to Banking Law have to be disposed of.

(9) Details of Other Assets;

a) Other assets do not exceed 10% of total assets of the Bank.

b) Prepaid Expenses, tax and other similar transactions details:

Expenses Paid in Advance	Total
Software Maintenance and Licensing Cost	203,269
VISA Membership Cost	47,179
Insurance Expenses	43,397
Rent Expenses	19,843
Other Expenses	2,630
Total	316,318

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(ii) NOTES AND DISCLOSURES REGARDING LIABILITIES:

(10) Breakdown of Deposits

a) Details of Deposits Analysed By Residual Maturity

Current Period:

	On Demand	7 Days Notice	Within 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
Resident Accounts							
1) Savings Accounts	31,391,847	0	133,661,793	3,442,188	1,041,818	1,333,617	0
2) Official, Commercial and Other Institutions Deposits	16,096,155	0	2,554,763	16,366	594	31,942	0
3) Foreign Currency Savings	37,630,510	0	196,629,825	19,196,812	5,056,736	31,386,556	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	11,086,299	0	37,148,748	12,159,950	7,274,053	207,071	0
Non-Resident Accounts							
1) Savings Accounts	490,973	0	3,041,890	31,497	24,238	40,056	0
2) Official, Commercial and Other Institutions Deposits	12,360	0	0	0	0	0	0
3) Foreign Currency Savings	2,136,634	0	7,858,581	3,649,410	2,186,390	6,691,861	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	21,483	0	0	0	0	0	0
Banks Deposit							
Local Banks	81,278	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	15,391	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	98,962,930	0	380,895,600	38,496,223	15,583,829	39,691,103	0

Previous Period:

	On Demand	7 Days Notice	Within 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
Resident Accounts							
1) Savings Accounts	31,693,755	0	130,775,595	4,802,801	1,432,968	1,702,838	0
2) Official, Commercial and Other Institutions Deposits	11,825,394	0	4,915,640	1,559,364	565	32,247	0
3) Foreign Currency Savings	35,843,842	0	166,596,314	18,267,031	5,344,824	31,131,348	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	8,051,436	0	11,437,177	10,814,230	3,661,646	176,226	0
Non-Resident Accounts							
1) Savings Accounts	397,708	0	2,485,219	33,363	23,026	62,957	0
2) Official, Commercial and Other Institutions Deposits	10,835	0	0	0	0	0	0
3) Foreign Currency Savings	2,084,491	0	7,541,023	2,736,760	1,748,457	5,761,104	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	380,421	0	0	0	0	0	0
Banks Deposit							
Local Banks	169,788	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	19,820	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	90,477,490	0	323,750,968	38,213,549	12,211,486	38,866,720	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

b) Deposits covered by the Savings Insurance Fund Scheme;

SAVINGS ACCOUNTS	Current Period		Previous Period	
	TL	FX	TL	FX
Savings Accounts	174,499,917	312,423,315	173,410,230	277,055,194
Other Eligible Accounts	381,708	62,334	401,312	58,173
TOTAL	174,881,625	312,485,649	173,811,542	277,113,367

(11) Funds Derived From Repo Transactions:

	Current Period		Previous Period	
	TL	FX	TL	FX
Local Transactions	0	0	0	0
Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0
Overseas Transactions	0	0	0	0
Financial Institutions and Corporations	46,000,000	0	13,500,000	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0

(12) a) Funds Borrowed: None

	Current Period		Previous Period	
	TL	FX	TL	FX
Short-Term	0	0	0	0
Medium and Long-Term	0	0	0	0

b) Bank has no borrowed funds.

(13) The Bank has no borrowing liabilities.

a) Current Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(a) Previous Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

(14) The Bank has not issued any securities.

a) Current Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

b) Previous Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

(15) a) Details of Sundry Liabilities

	Current Period	Previous Period
Cash Value of the Securities Obtained	179,725	239,211

b) Cash securities obtained are associated with company formations and commitments for cheque books.

(16) Details of Other Liabilities

Other liabilities do not exceed 10% of the total assets of the bank.

(17) Details of Shareholders' Funds

(a) Paid-up capital;

	Current Period	Previous Period
Ordinary Share Capital	64,485,657	61,414,346
Preferential, Privileged Share Capital	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- (b) Whether the registered capital system is applied in the bank and if so, the ceiling of the authorised capital:

Capital System	Paid-up Capital	Ceiling of Authorised Capital
Registered Capital System	64,485,657	65,000,000

- (c) Details of increase made to the authorised and paid-up capital in the current period: None

Date of Increase	Value of Increase	Cash Issue	Capitalised Reserves	Capitalised Revaluation Funds
21.06.2013	3,071,311	594	3,070,717	0

- (d) Details of capitalised revaluation fund in the current period: None

Fixed Assets Revaluation	Revaluation of Participations	Profit on Sale of Immovable Property	Profit on Sale of Participations	Revaluation of Intangible Assets
0	0	0	0	0

- (e) Disclosure of Institutions and persons who have 10% or more voting rights and/or share in the capital:

Name/Title	Value of Holding	Ratio of Holding	Paid-up Holding	Unpaid Holding
Tolunay Limited	23,800,310	%36.91	23,800,310	0
T.Özyol Yatırımları Ltd.	23,431,293	%36.34	23,431,293	0
Özyol Holding A.Ş.	7,905,847	%12.26	7,905,847	0

- (f) No call has been made on the unissued shares of the bank since the year-end to date.

- (g) Privileges of the 'A' and 'B' Shares of the Bank:

Authorised share capital is made up of 20,380 'A' Shares of 10 Kr each and 64,997,962 'B' Shares of 1 TL each. Both 'A' and 'B' shares carry one vote each and on other matters have equal rights.

- (18) Statutory Revaluation Fund:

	Current Period		Previous Period	
	TL	FX	TL	FX
Participations and Subsidiaries	0	0	0	0
Revaluation Fund	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- (19) (a) **Determining the sources of liquidity risk and steps taken, if any, to manage the risk; whether or not constraints have been placed on the the board of directors' limiting the usage of funds in order to meet urgent liquidity needs, and pay maturing liabilities:**

The group manages liquidity risk by maintaining sufficient cash and cash equivalents to fund existing and prospective debt requirements, and to close out market positions.

- (b) **Bank's Policy on interest rate risk and whether there is harmony between assets and liabilities interest rates and whether cost of mismatching is measured.**

The group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The group manages these exposures by using natural hedges that arise from offsetting interest rate sensitive assets by matching them with interest rate sensitive liabilities.

- (c) **The Bank's Policy regading funding of short and long term liquidity needs and untapped liquid sources:**

The Bank monitors its liquidity requirements on a daily basis to ensure that it has sufficient cash or near cash liquid reserves available to continue operations. The Bank maintains a highly liquid securities portfolio to ensure that liquidity requirements can be met under any condition.

- (d) **Maturity breakdown of certain balance sheet items:**

	On Demand	Within 1-3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Unallocated (*)	Total
Current Period							
Assets							
Liquid Funds (Foreign Exchange, Cash in Transit and TRNC CB Bank Balance)	77,589,689	0	0	0	0	0	77,589,689
Bank Balances	94,962,379	3,248,490	0	0	10,585,000	0	108,795,869
Securities Portfolio	6,722,124	7,406,457	8,189,796	1,203,835	10,942,724	0	34,464,936
Loans	107,531,110	5,312,937	950,761	11,708,543	139,674,325	0	265,177,676
Long Term Investments	0	17,244,344	0	7,030,480	108,555,619	42,836	132,873,279
Other Assets	50,487,939	1,485,410	460,537	898	0	39,347,747	91,782,531
Total Assets	337,293,241	34,697,638	9,601,094	19,943,756	269,757,668	39,390,583	710,683,980
Liabilities							
Bank Deposits	96,669	0	0	0	0	0	96,669
Other Deposits	498,291,961	38,675,926	13,439,974	23,125,155	0	0	573,533,016
Funds obtained from other financial institutions	43,000,000	3,000,000	0	0	0	0	46,000,000
Securities issued	0	0	0	0	0	0	0
Sundry Liabilities	442,380	0	0	0	0	0	442,380
Other Liabilities	10,543,120	230,963	488,660	416,755	0	78,932,417	90,611,915
Total Liabilities	552,374,130	41,906,889	13,928,634	23,541,910	0	78,932,417	710,683,980
Net Asset Liquidity gap	(215,080,889)	(7,209,251)	(4,327,540)	(3,598,154)	269,757,668	(39,541,834)	0
Previous Period							
Total Assets	265,795,277	81,330,441	26,592,330	24,834,154	165,492,961	38,424,459	602,469,622
Total Liabilities	448,330,276	44,812,684	15,608,239	19,536,715	0	74,181,708	602,469,622
Net Asset Liquidity gap	(182,534,999)	36,517,757	10,984,091	5,297,439	165,492,961	(35,757,249)	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

e) Disclosures and footnotes regarding other matters:

i) Tax:

Bank	Current Period	Previous Period
2013 corporation and income tax provision	1,133,566	1,138,198
Taxes and withholding tax paid	0	0
Total Tax provision for the year	1,133,566	1,138,198
Tax brought forward from previous years	686,274	0
Less: Withholding tax paid in 2013 and previous years withholding tax written off	(1,322,852)	(451,924)
Taxes Payable	496,988	686,274

ii) Maturity breakdown of certain balance sheet items of Turkish Bank Group:

Current Period	Up to 3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Unallocated	Total
Assets						
Liquid Funds (Foreign Exchange, Cash in Transit and TRNC CB Bank Balance)	124,806,628	0	0	0	0	124,806,628
Bank Balances	208,221,042	0	7,338,793	21,287,552	0	236,847,387
Securities Portfolio	14,128,581	8,189,796	1,603,835	22,832,896	0	46,755,108
Loans	168,491,363	950,761	18,771,389	326,172,581	0	514,386,094
Long Term Investments	17,244,344	0	7,030,480	108,555,619	42,836	132,873,279
Other Assets	52,970,215	460,537	898	0	36,999,809	90,431,459
Total Assets	585,862,173	9,601,094	34,745,395	478,848,648	37,042,645	1,146,099,955
Liabilities						
Bank Deposits	25,003,160	0	0	0	0	25,003,160
Other Deposits	801,351,006	58,139,895	49,640,518	16,843,246	0	925,974,665
Funds obtained from other financial institutions	46,000,000	0	0	0	0	46,000,000
Securities issued	0	0	0	0	0	0
Sundry Liabilities	654,245	0	0	0	118,762	773,007
Other Liabilities	12,028,639	636,659	440,070	0	135,243,755	148,349,123
Total Liabilities	885,037,050	58,776,554	50,080,588	16,843,246	135,362,517	1,146,099,955
Net Asset Liquidity gap	(299,174,877)	(49,175,460)	(15,335,193)	462,005,402	(98,319,872)	0
Previous Period						
Total Assets	518,405,136	26,834,130	50,306,570	287,214,133	32,661,205	915,421,174
Total Liabilities	680,492,695	57,484,137	58,357,559	3,264,960	115,821,823	915,421,174
Net Asset Liquidity gap	(162,087,559)	(30,650,007)	(8,050,989)	283,949,173	(83,160,618)	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

iii) Tax – Group;

	Current Period	Previous Period
2013 corporation and income tax provision	2,202,901	1,967,945
Deferred tax adjustments	(55,888)	(85,920)
Total provision	2,147,013	1,882,025
Taxes brought forward from previous years	922,299	267,829
Foreign Exchange revaluation difference	61,642	(312)
Withholding tax paid in 2013	(2,242,593)	(1,144,686)
Deferred tax provision - 2013 net movement	213,073	103,104
Tax receivables brought forward	0	0
Taxes Payable	1,101,434	1,107,960

iv) Minority Interest;

Minority interest consists of shares with nominal value of 2,506,751 TL in Turkish Insurance Ltd. and GBP 2 million in Turkish Bank (UK) Limited.

v) Shareholders' equity group table:

	Current Period	Previous Period
Balance Brought Forward	34,827,978	30,982,011
Exchange Differences and Minority Interest adjustments	5,196,697	(255,740)
Movements in 2013		
Retained Earnings for the Year	4,504,199	3,976,547
Dividends Paid	0	0
Consolidated reserves	6,290,000	(240,000)
Revaluation Increases - Net	186,292	365,160
Capitalized Reserves	(3,070,717)	0
Year End Balance of Reserves	47,934,449	34,827,978
Paid Up capital	64,485,657	61,414,346
Shareholders' Funds at Year End	112,420,106	96,242,324

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(iii) OFF-BALANCE-SHEET LIABILITIES

(1) Details of Major Off-Balance-Sheet Liabilities

The Bank makes short-term swap transactions with banks in European Union countries, with the aim of increasing foreign exchange income without taking any foreign currency risk. Other such liabilities comprise of documentary credits and guarantees given to bank customers for transactions within TRNC, Turkey and Europe.

(2) a) Summary of off-balance-sheet liabilities;

	Current Period	Previous Period
Details of Non-cash Loans Opened as Security for Cash Loans		
Accounts with maturity of less than 1 year	0	0
Accounts with maturity of more than 1 year	0	0
Other off-balance-sheet liabilities	54,779,304	34,860,024
TOTAL	54,779,304	34,860,024

b) Details of off-balance-sheet liabilities;

	Current Period		Previous Period	
	TL	FX	TL	FX
Off-Balance-Sheet Liabilities				
Letter of guarantees	2,544,102	52,235,202	3,058,609	31,773,409
Acceptances	0	0	0	0
Documentary credits	0	0	0	28,006
Endorsements, transfers	0	0	0	0
Undertaking of Repurchasing	0	0	0	0
Other guarantees and acceptances	0	0	0	0
TOTAL	2,544,102	52,235,202	3,058,609	31,801,415

(3) Commitments;

	Current Period	Previous Period
Irrevocable commitments	53,868,379	46,964,657
Revocable commitments	78,610,178	78,914,544
TOTAL	132,478,557	125,879,201

(4) Foreign Exchange and Interest Rate Operations;

	Current Period	Previous Period
Forward FX Transactions	174,785,274	198,911,056
Currency and interest swap transactions	0	0
Currency and interest options	0	0
FX Future Contracts	0	0
Interest future contracts	0	0
Other	0	0
TOTAL	174,785,274	198,911,056

TURKISH BANK LIMITED

III- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING PROFIT AND LOSS ACCOUNT:

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(1) a) Interest and commissions received from Participations and Subsidiaries:

	Current Period	Previous Period
Interest received from Subsidiaries and Participations	1,914	5,583
Commissions and fees received from Subsidiaries and Participations	0	0

b) Interest and commissions paid to Participations and Subsidiaries;

	Current Period	Previous Period
Interest paid to Subsidiaries and Participations	26,482	27,721
Commissions and fees paid to Subsidiaries and Participations	16,395	15,386

c) Interest received from reverse repo transactions;

	Current Period		Previous Period	
	TL	FX	TL	FX
Interest received from reverse repos	0	0	0	0

d) Interest paid to repo transactions;

	Current Period		Previous Period	
	TL	FX	TL	FX
Interest paid to repo transactions	708,355	0	14,381	0

(2) Breakdown of provisions charge for Loans and Other Receivables;

	Current Period	Previous Period
Specific provision for non-performing loans and other receivables		
For unsecured accounts	117,969	255,040
For other accounts	693,612	577,370
General provision for loans	1,102,073	1,298,878
Provision for the diminution of value of participations, subsidiaries and investments to be held up to maturity	0	0
Provision for exchange difference on Statutory Reserve	0	0
Others	0	0

TURKISH BANK LIMITED

III-NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING PROFIT AND LOSS ACCOUNT (continued):

(Amounts unless expressed otherwise are expressed Turkish Lira)

- (3) There are no items of income and expense in groups numbered I, II, IV and V that are in excess of 10% of the relevant group total.

(4) **Other issues, the disclosure of which is found to be useful:**

Net profit before taxation is stated after deducting provision for doubtful accounts, other provisions, depreciation and after charging the following expenses:

Bank:	Current Period	Previous Period
Directors' emoluments	1,195,173	1,200,378
Auditors Fees	243,600	73,200

Group:	Current Period	Previous Period
Directors' emoluments	2,111,343	1,936,517
Auditors Fees	433,500	265,068

TURKISH BANK LIMITED

**IV) STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts are expressed in Turkish Lira)**

MOVEMENTS IN SHAREHOLDERS' EQUITY

PREVIOUS PERIOD

Balance at 1 January 2012

Profit Appropriation:

- Dividends
- Transfers to reserves
Share premiums (common stocks issue)

Share Capital Increase:

- Cash injection
- Transfers from statutory revaluation fund
- Transfers from other accounts

Profit resulting from sale of equity participations, subsidiaries and fixed assets

Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments
Increase in statutory revaluation fund in 2011

Increase in value of the securities portfolio
Other

Net Profit at 31/12/2012

Balances 31 December 2012

CURRENT PERIOD

Balance at 1 January 2013

Profit Appropriation:

- Dividends
- Transfers to reserves
Share premiums (common stocks issue)

Share Capital Increase:

- Cash injection
- Transfers from statutory revaluation fund
- Transfers from other accounts

Profit resulting from sale of equity participations, subsidiaries and fixed assets

Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments
Increase in statutory revaluation fund in 2012

Increase in value of the securities portfolio
Other

Net Profit at 31/12/2013

Balances 31 December 2013

	Paid-up Share Capital	First and Second Legal Reserves	Share Premium Account	Other Legal Reserves	General Reserve	Statutory Revaluation Fund	Revaluation Fund of Assets of Participations and Subsidiaries	Statutory Revaluation of Securities	Prior Years Profits (Losses)	Current Period Net Profit/ (Loss)	Total Shareholders' Equity
Balance at 1 January 2012	61.414.346,-	2.407.000,-	0,-	0,-	0,-	0,-	0,-	807.572,-	2.458.104,-	265.158,-	67.352.180,-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers to reserves	-	27.000,-	-	-	-	-	-	-	238.158,-	-265.158,-	0,-
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0,-
Share Capital Increase:											
- Cash injection	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers from statutory revaluation fund	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers from other accounts	-	-	-	-	-	-	-	-	-	-	0,-
Profit resulting from sale of equity participations, subsidiaries and fixed assets	-	-	-	-	-	-	-	-	-	-	0,-
Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments	-	-	-	-	-	-	-	-	-	-	0,-
Increase in statutory revaluation fund in 2011	-	-	-	-	-	-	-	-	-	-	0,-
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0,-
Other	-	-	-	-	-	-	-	-	-	-	0,-
Net Profit at 31/12/2012	-	-	-	-	-	-	-	-	-	2.943.240,-	2.943.240,-
Balances 31 December 2012	61.414.346,-	2.434.000,-	0,-	0,-	0,-	0,-	0,-	807.572,-	2.696.262,-	2.943.240,-	70.295.420,-
CURRENT PERIOD											
Balance at 1 January 2013	61.414.346,-	2.434.000,-	0,-	0,-	0,-	0,-	0,-	807.572,-	2.696.262,-	2.943.240,-	70.295.420,-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers to reserves	-	295.000,-	-	-	-	-	-	-	2.648.240,-	-2.943.240,-	0,-
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0,-
Share Capital Increase:											
- Cash injection	594,-	-	-	-	-	-	-	-	-	-	594,-
- Transfers from statutory revaluation fund	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers from other accounts	3.070.717,-	-	-	-	-	-	-	-807.572,-	-2.263.145,-	-	0,-
Profit resulting from sale of equity participations, subsidiaries and fixed assets	-	-	-	-	-	-	-	-	-	-	0,-
Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments	-	-	-	-	-	-	-	-	-	-	0,-
Increase in statutory revaluation fund in 2012	-	-	-	-	-	-	-	-	-	-	0,-
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0,-
Other	-	-	-	-	-	-	-	-	-	-	0,-
Net Profit at 31/12/2013	-	-	-	-	-	-	-	-	-	3.875.272,-	3.875.272,-
Balances 31 December 2013	64.485.657,-	2.729.000,-	0,-	0,-	0,-	0,-	0,-	0,-	3.081.357,-	3.875.272,-	74.171.286,-

TURKISH BANK GROUP

V- A) STATEMENT OF CASH FLOWS

	CURRENT PERIOD TL (31/12/2013)	PREVIOUS PERIOD TL (31/12/2012)
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	49.572.763	50.938.554
Interest expenses and similar items	(24.421.134)	(20.840.505)
Dividends received	0	0
Fees and commissions received	11.728.696	9.556.382
Income from insurance business	749.382	772.640
Other income	4.151.126	4.391.582
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(32.485.613)	(35.753.492)
Taxes paid	(2.242.593)	(1.144.686)
Other	(2.120.835)	(2.073.492)
Operating Profit Before Changes in Operating Assets and Liabilities	4.931.792	5.846.983
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) / decrease in securities portfolio	68.036.486	70.383.562
Net (increase) / decrease in banks and loans	(114.981.814)	(156.944.134)
Net (increase) / decrease in other assets	(143.584)	1.040.555
<u>Increase (decrease) in operating liabilities:</u>		
Net increase (decrease) in deposits	120.990.602	28.108.561
Net increase (decrease) in funds borrowed	32.500.000	13.500.000
Net increase (decrease) in other liabilities	405.012	973.709
Net Cash Provided from Banking and Commercial Operations	111.738.494	(37.090.764)
II- Cash Flows from Investing Activities		
Cash paid for purchase of equity participations	0	0
Purchase of property and equipment	(1.159.650)	(1.160.685)
Sale of property and equipment	70.418	15.265
Purchase of Intangible Assets	(3.493)	(266.352)
Cash paid for purchase of investment securities	(39.935.940)	0
Sale of investment securities	0	0
Net Cash (Used in) Provided from Investing Activities	(41.028.665)	(1.411.772)
III- Cash Flows from Financing Activities		
Capital increase	1.004.511	0
Dividends paid	0	0
Dividends paid to minority shareholders of a subsidiary	(1.021.926)	0
Net Cash Provided from Financing Activities	(17.415)	0
Effect of change in foreign currency evaluation rate of cash and cash equivalents	11.828.617	1.369.994
Net Increase / (Decrease) in Cash and Cash Equivalents	82.521.031	(37.132.542)
Cash and Cash Equivalents at the Beginning of the Year	104.897.622	142.030.164
Cash and Cash Equivalents at the End of the Year	187.418.653	104.897.622

V- B) STATEMENT OF CASH FLOWS

	CURRENT PERIOD TL (31/12/2013)	PREVIOUS PERIOD TL (31/12/2012)
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	32.902.170	36.045.564
Interest expenses and similar items	(16.900.549)	(15.145.809)
Dividend income	1.237.734	0
Fees and commissions received	5.782.693	4.525.578
Other income	1.491.447	1.839.575
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(19.131.629)	(24.319.224)
Taxes paid	(1.322.851)	(451.924)
Other Collection items income	0	0
Other Paid items	0	0
Operating Profit Before Changes in Operating Assets and Liabilities	4.059.015	2.493.760
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) decrease in securities portfolio	53.776.659	59.362.890
Net (increase) decrease in banks	42.855.445	(111.142.492)
Net (increase) decrease in loans	(133.093.547)	(16.159.869)
Net (increase) decrease in other assets	(515.081)	1.156.230
<u>Increase (decrease) in operating liabilities:</u>		
Net increase in deposits	70.109.472	42.460.669
Net (decrease) in funds borrowed	32.500.000	13.500.000
Net increase (decrease) in securities issued	0	0
Net increase in other liabilities	1.557.097	1.593.856
Net Cash Provided from Banking and Commercial Operations	71.249.060	(6.734.956)
II- Cash Flows from Investing Activities		
Cash paid for purchase of equity participations	(1.070.111)	0
Cash obtained from sale of equity participations	0	0
Purchase of property and equipment	(897.675)	(668.077)
Sale of property and equipment	70.418	15.265
Cash paid for purchase of investment securities	(39.935.940)	0
Cash obtained from sale of investment securities	0	0
Other cash inflows	0	0
Other cash outflows	0	0
Net Cash (Used in) Provided from Investing Activities	(41.833.308)	(652.812)
III- Cash Flows from Financing Activities		
Cash obtained from funds borrowed and securities issued	0	0
Cash used for repayment of funds borrowed and securities issued	0	0
Capital increase	593	0
Dividends paid	0	0
Other cash inflows	0	0
Other cash outflows	0	0
Net Cash Provided from Financing Activities	593	0
Effect of change in foreign currency evaluation rate of cash and cash equivalents	(620.620)	2.130.907
Net Increase / (Decrease) in Cash and Cash Equivalents	28.795.725	(5.256.861)
Cash and Cash Equivalents at the Beginning of the Year	48.793.964	54.050.825
Cash and Cash Equivalents at the End of Year	77.589.689	48.793.964

VI- PROFIT APPROPRIATION TABLE

	CURRENT PERIOD TL (31/12/2013)	PREVIOUS PERIOD TL (31/12/2012)
A. APPROPRIATION OF CURRENT YEAR INCOME		
1. CURRENT YEAR INCOME	5.008.838	4.081.438
2. TAXES AND DUTIES PAYABLE (-)	(1.133.566)	(1.138.198)
- Corporation tax	(403.364)	(484.340)
- Income tax	(730.202)	(653.858)
- Other taxes and duties	-	-
NET INCOME FOR THE YEAR	3.875.272	2.943.240
3. PRIOR YEARS' LOSSES (-)	-	-
4. LEGAL RESERVES (-)	(388.000)	(295.000)
5. OTHER STATUTORY RESERVES (-)	-	-
NET INCOME AVAILABLE FOR DISTRIBUTION	3.487.272	2.648.240
6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	-	-
- To owners of privileged shares	-	-
7. DIVIDENDS TO PERSONNEL(-)	-	-
8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	-	-
- To owners of privileged shares	-	-
10. STATUTORY RESERVES (Allocated according to "Memorandum and Articles of Association" of the Bank)	-	-
11. GENERAL RESERVE (Retained Profits)	3.081.357	2.696.263
12. OTHER RESERVES (Allocated by the decision of General Assembly)	-	-
13. SPECIAL FUNDS (Allocated as per certain regulations)	-	-
B. DISTRIBUTION OF RESERVES		
1. DISTRIBUTION OF RESERVES	-	-
Reserves allocated in prior years and distributed in the current year	-	-
2. DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares('A' and 'B')	-	-
- To owners of privileged shares	-	-
3. DIVIDENDS TO PERSONNEL (-)	-	-
4. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
C. NET PROFIT TRANSFERRED TO 2014	6.568.629	5.344.503
D. EARNINGS PER SHARE		
1. TO OWNERS OF 'A' SHARES (TL, %)	0,006TL(%6)	0,005TL(%5)
2. TO OWNERS OF 'B' SHARES (TL, %)	0,06TL(%6)	0,05TL(%5)
E. DIVIDEND PER SHARE		
1. TO OWNERS OF 'A' SHARES (TL, %)	0	0
2. TO OWNERS OF 'B' SHARES (TL, %)	0	0

TÜRK BANKASI LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
General Management	92, Girne Cad. Lefkoşa e-mail: info@turkishbank.net www.turkishbank.net	(392) 600 33 33	(392) 227 94 47
Lefkoşa/Main Personal Branch	92, Girne Cad. Lefkoşa	(392) 600 33 33	(392) 229 15 53
Lefkoşa/Main Commercial Branch	92, Girne Cad. Lefkoşa	(392) 600 33 33	(392) 228 13 17
Lefkoşa/Köşklüçiftlik	Mehmet Akif Cad.Çığır Apt.No2 Köşklüçiftlik, Lefkoşa	(392) 227 21 15 (392) 227 85 17	(392) 228 65 54
Lefkoşa/Kaymaklı	Kemal Aşık Caddesi No:66, K.Kaymaklı, Lefkoşa	(392) 227 73 80	(392) 228 56 95
Lefkoşa/Taşkinköy	Şehit Kemal Ünal Sok. No:104A Taşkinköy, Lefkoşa	(392) 225 69 03 (392) 225 69 04	(392) 225 33 95
Lefkoşa/Çarşı	Uray Sok. Belediye Pazarı yanı, Lefkoşa.	(392) 227 48 25 (392) 229 11 67	(392) 228 38 17
Lefkoşa/Önder	Bedrettin Demirel Cad. No:87 Önder Alışveriş Merkezi, Lefkoşa	(392) 229 14 20 (392) 228 08 30	(392) 227 05 10
Lefkoşa/Gönyeli	Atatürk Cad., No:104 Gönyeli, Lefkoşa	(392) 223 17 68 (392) 223 14 15	(392) 223 43 32
Lefkoşa/Ortaköy	Şht. Gzt. Hasan Tahsin Caddesi, 16/A Blok No:43, Ortaköy-Lefkoşa.	(392) 227 04 39 (392) 227 11 76	(392) 227 47 98
Gazi Mağusa/Main Branch	24 Limanyolu Gazi Mağusa Telex: 57584 TRMA TK	(392) 366 90 85 (392) 366 53 27	(392) 366 45 10
Gazi Mağusa/Salamis Yolu	Ayluka Mahallesi, İsmet İnönü Bulvarı, Salamis Yolu, Gazi Mağusa	(392) 365 53 67 (392) 365 53 68	(392) 365 53 69
Gazi Mağusa/Terminal	Gazi Mustafa Kemal Bulvarı, 28D Dumlupınar-Gazi Mağusa.	(392) 366 72 69 (392) 366 72 70	(392) 366 72 68
Girne/Main Branch	Ziya Rızkî Cad., Poltan Palas Apt.8-9-10 Girne	(392) 815 13 60 (392) 815 13 62 (392) 815 77 22	(392) 815 13 63
Girne/Çarşı	Ramadan Cemil Meydanı No:1, Girne	(392) 815 21 01 (392) 815 38 12	(392) 815 28 50
Girne/Karaoğlanoğlu	Karaoğlanoğlu Cad., Karaoğlanoğlu-Girne.	(392) 822 40 30 (392) 822 40 32	(392) 822 40 31
Girne/Karakum	Hız. Ömer Cad. Ozanköy Kavşağı Ozanköy-Girne.	(392) 815 44 85 (392) 815 47 13	(392) 815 59 43
Girne/Alsancak	206 Karaoğlanoğlu Caddesi Engendereli Dükkanları No.6-7, Alsancak, Girne	(392) 821 33 98 (392) 821 33 99	(392) 821 89 02
Güzelyurt	Ecevit Cad., No:9, Güzelyurt	(392) 714 21 98 (392) 714 42 14	(392) 714 54 54
Gemikonağı	Ecevit Cad., No:42, Gemikonağı	(392) 727 73 52 (392) 727 78 58	(392) 727 83 25
Lefke	No.3 Fadıl Nekibzade Cad., Lefke	(392) 728 75 45	(392) 728 82 51

TURKISH BANK (UK) LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
Main	84-86 Borough High Str. London SE1 1LN SWIFT CODE: TUBA GB 2L.	(44-20)7403 5656	(44-20)7407 7406
Harringay	577 Green Lanes, Harringay London N8ORG	(44-20)8348 9600	(44-20)8348 6375
Palmers Green	391 Green Lanes, London N13 4JG	(44-20)8447 6870	(44-20)8920 6830
Edmonton	Unit 2A, 92-94 Fore St., Edmonton, N18 2XA	(44-20)8887 8080	(44-20)8807 0701
Dalston	121 Kingsland High Str. Dalston London E8 2PB	(44-20)7923 3339	(44-20)7923 3454
Lewisham	83 Lewisham High Street London SE13 5JX	(44-20)8852 3089	(44-20)8297 3171

TÜRK SİGORTA LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
Main	182, Girne Cad. Lefkoşa	(392) 600 34 01	(392) 227 90 01

TÜRK BANKASI LTD.

Our Off Site ATM's

Bakanlıklar Off Site ATM LEFKOŞA

Bedrettin Demirel Caddesi
Lefkoşa

Çatalköy Off Site ATM GİRNE

Beşparmaklar Caddesi
Düzkiye Nihat Bağcier Stadı Arkası
Çatalköy

Esentepe Off Site ATM GİRNE

Batıbeniz Petrol İstasyonu
İstiklal Caddesi
Esentepe

Fuar Off Site ATM LEFKOŞA

Atatürk Spor Kompleksi
K.K.Tenis Federasyonu
Lefkoşa

İskele Boğaz Off Site ATM İSKELE

Atatürk Caddesi
Boğaz-İskele

Lapta Off Site ATM GİRNE

Mareşal Fevzi Çakmak Caddesi
No:217
Lapta