

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2014,
SEE NOTE I OF SECTION THREE**

ARAP TURK BANK A.Ş.

**PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2014**



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

To the Board of Directors of Arap Türk Bank A.Ş.:

We have audited the accompanying unconsolidated balance sheet of Arap Türk Bank A.Ş. ("the Bank") at 31 December 2014 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit is conducted in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006 and Independent Auditing Standards that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Basis for the Qualified Opinion:

As mentioned in Section II. Note 7. of Explanations and Notes to the Unconsolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a free provision amounting to TL 9,000 thousand which was charged to the income statement as an expense in the current period, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.



Independent Auditor's Opinion:

In our opinion, except for the effect of the matter described in the "Basis for the qualified opinion" paragraph above on the financial statements, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Arap Türk Bank A.Ş. at 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.


Report on independent auditor's other responsibilities arising from regulatory requirements:

In accordance with Article 402 of the Turkish Commercial Code No. 6102 ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2014 is not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

Additional Paragraph for Convenience Translation:

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

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



Zeynep Uras, SMMM
Partner

Istanbul, 29 January 2015

**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED FINANCIAL REPORT
AS OF 31 DECEMBER 2014**

Address of the Bank's Headquarters : Valikonağı Caddesi No:10, 34367 – ŞİŞLİ/İSTANBUL
Telephone and Fax Numbers : Tel : 0 212 225 05 00 Faks: 0 212 225 05 26
Website of the Bank : http://www.atbank.com.tr
E-mail address of the Bank : corp@atbank.com.tr

The unconsolidated financial report as of and for year ended 31 December 2014 prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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


The accompanying unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents", Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in thousands of Turkish Lira (TL) as of 31 December 2014 and independently audited and enclosed.




Osman Arslan
Chairman of the
Board of Directors



Abdurauuf Ibrahim Shneba
Member of The Board
of Directors and Head of
The Audit Committee



Ömer Muzaffer Baktır
Member of The Board
of Directors and The
Audit Committee



Kemal Şahin
Member of The Board
of Directors and The Audit
Committee



Sadek K.S. Abuhallala
General Manager



Saah Hatipoğlu
Assistant General Manager
Responsible For Financial
Reporting



Feyzullah Küpeli
Manager

Contact information of the personnel for addressing questions regarding this financial report
Name / Title: Feyzullah Küpeli / Manager
Phone No : 0 212 225 05 00
Fax No : 0 212 225 05 26

SECTION ONE

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IN TURKISH, SEE NOTE I OF SECTION THREE**

ARAP TURK BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. BANK’S DATE OF ESTABLISHMENT, BEGINNING STATUTE, ITS HISTORY INCLUDING CHANGES ON ITS STATUTE

Arap Türk Bankası Anonim Şirketi (“the Bank”) has been established on 11 August 1975 as a joint stock entity in accordance with an agreement signed between the Republic of Turkey and the Libyan Arab Republic. The duration of the Bank is 50 years from the commencement of the Agreement. This period shall be renewable automatically unless agreed otherwise by an Extraordinary General Meeting held at least one year prior to expiration.

In accordance with the Articles of Association, the Board of Directors shall elect a Chairman among its Turkish members and a Deputy Chairman among its Arab members. The General Manager shall always be nominated by the Arab Shareholders assigned by the Board.

II. BANK’S SHARE CAPITAL STRUCTURE, SHAREHOLDERS DIRECTLY OR INDIRECTLY, ALONE OR TOGETHER HOLDING THE MANAGEMENT AND CONTROL OF THE BANK, RELATED CHANGES WITHIN THE YEAR AND INFORMATION ABOUT BANK’S GROUP

The Bank is a foreign bank status incorporated in Turkey. The main shareholder Libyan Foreign Bank is %100 owned by Central Bank of Libya. The main shareholder Libyan Foreign Bank has financial investments in various countries.

The other shareholders are Türkiye İş Bankası A.Ş., and T.C. Ziraat Bankası A.Ş.

As of 31 December 2014, the Bank’s share capital at the balance sheet date as follows:

Shareholders	Current Period		Prior Period	
	Share amounts	Share percentages	Share amounts	Share percentages
Libyan Foreign Bank	274,426	%62.37	149,687	%62.37
T. İş Bankası A.Ş.	90,534	%20.58	49,382	%20.58
T.C. Ziraat Bankası A.Ş.	67,900	%15.43	37,036	%15.43
Kuwait Investment Co.	7,140	%1.62	3,895	%1.62
Total	440,000	%100.00	240,000	%100.00

(*) Emek İnşaat ve İşletme A.Ş. has %0,0000014 (31 December 2013: %0,0000014) share in the paid capital by 6.20 TL (full digit in TL) (31 December 2013: 3.38 (full digit in TL)).

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ARAP TURK BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

III. INFORMATION ABOUT THE BANK’S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS AND THEIR QUALIFICATIONS, RELATED CHANGES WITHIN THE YEAR AND THEIR SHARES AT THE BANK

Chairmen of the Board of Directors and Board Members

Name	Job Title - Description
Osman Arslan	Chairman of the Board of Directors
Ben Issa A. Hudanah	Deputy Chairman of the Board of Directors
Sadek K.S. Abuhallala	Member of the Board of Directors and General Manager
Abdurauf İbrahim Shneba	Member of the Board of Directors and Head of Audit Committee
Kemal Şahin	Member of the Board of Directors and Audit Committee
Ömer Muzaffer Baktır	Member of the Board of Directors and Audit Committee
Abdulfatah A. Enaami	Member of the Board of Directors
Abdulahakim Ali Emhemed Khamag	Member of the Board of Directors
Bahattin Özarslantürk	Member of the Board of Directors

General Manager and Deputies

Name	Job Title – Description
Sadek K.S. Abuhallala	Member of the Board of Directors and General Manager
Salih Hatipoğlu	Assistant General Manager - Financial Management and Planning Division
Emel Güneş Atagün	Assistant General Manager - Treasury and Financial Institutions Division
Abdulmonam Geat Ali Tbigha	Assistant General Manager – Credits Division
Abdussalam Elfituri B.Abushagur	Assistant General Manager – Information Technologies and Operations Division

Members of the board and top level managers do not possess any share in the Bank.

IV. INFORMATION ON PEOPLE AND ENTITIES WHO HAVE QUALIFIED SHARE IN THE BANK

Name Surname/Entity Title	Share Amount	Share Percentage %	Paid-in Capital	Unpaid Capital
Libyan Foreign Bank	274,426	62.37	274,426	-
T. İş Bankası A.Ş.	90,534	20.58	90,534	-
T.C. Ziraat Bankası A.Ş.	67,900	15.43	67,900	-

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IN TURKISH, SEE NOTE I OF SECTION THREE**

ARAP TURK BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE BANK

The Bank was established to incorporate commercial activities among Turkey, Middle East and North African countries. The Bank is authorized to collect deposits and operates in corporate banking areas. The Bank has seven branches; three in Istanbul, one in Ankara, one in Kayseri, one in Konya and one in Gaziantep and has share participations in a subsidiary operating in financial leasing business.

VI. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDER’S EQUITY BETWEEN THE BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES

Immediately transfer of the shareholder’s equity between the Bank and its subsidiary is not available. Dividend distribution from shareholders equity is done according to related regulations.

There are no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiary. The Bank charge or pay cost of the services according to the service agreements done between the Bank and its subsidiary.

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ARAP TURK BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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- VI. Statement of Unconsolidated Cash Flows**
- VII. Statement of Unconsolidated Profit Distribution**

Arap Türk Bankası Anonim Şirketi
Unconsolidated Balance Sheet (Statement of Financial Position)
As of 31 December 2014
(Thousands of Turkish Lira)

ASSETS	Footnotes (5-1)	Audited			Audited		
		CURRENT PERIOD (31/12/2014)			PRIOR PERIOD (31/12/2013)		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	6.564	347.676	354.240	2.199	392.180	394.379
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2)	43.716	119.715	163.431	-	84.771	84.771
2.1 Financial assets held for trading		43.716	119.715	163.431	-	84.771	84.771
2.1.1 Public sector debt securities		33.001	24.018	57.019	-	-	-
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Derivatives held for trading		782	-	782	-	-	-
2.1.4 Other marketable securities		9.933	95.697	105.630	-	84.771	84.771
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans granted		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	109	1.558.315	1.558.424	18.354	1.079.453	1.097.807
IV. MONEY MARKET PLACEMENTS		26.908	-	26.908	31.907	-	31.907
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		26.908	-	26.908	31.907	-	31.907
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	224	935	1.159	212	868	1.080
5.1 Securities representing a share in capital		224	935	1.159	212	868	1.080
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(5)	663.412	700.886	1.364.298	537.773	909.998	1.447.771
6.1 Loans and Receivables		661.534	700.886	1.362.420	537.484	909.998	1.447.482
6.1.1 Loans granted to the Bank's risk group		-	36.570	36.570	20.028	63.708	83.736
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		661.534	664.316	1.325.850	517.456	846.290	1.363.746
6.2 Loans under follow-up		15.092	-	15.092	8.735	-	8.735
6.3 Specific provisions (-)		13.214	-	13.214	8.446	-	8.446
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	24.503	117.174	141.677	65.279	123.905	189.184
8.1 Public sector debt securities		24.503	91.232	115.735	48.391	100.266	148.657
8.2 Other marketable securities		-	25.942	25.942	16.888	23.639	40.527
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Consolidated by equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in associates		-	-	-	-	-	-
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	65.214	-	65.214	60.895	-	60.895
10.1 Financial subsidiaries		65.214	-	65.214	60.895	-	60.895
10.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. INVESTMENTS IN JOINT- VENTURES (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated by equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Revenue (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	21.067	-	21.067	20.825	-	20.825
XV. INTANGIBLE ASSETS (Net)	(13)	2.977	-	2.977	2.630	-	2.630
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2.977	-	2.977	2.630	-	2.630
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	2.080	-	2.080	2.481	-	2.481
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		2.080	-	2.080	2.481	-	2.481
XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(16)	10	-	10	11	-	11
18.1 Held for sale purpose		10	-	10	11	-	11
18.2 Held from discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	11.823	3.412	15.235	15.970	1.969	17.939
TOTAL ASSETS		868.607	2.848.113	3.716.720	758.536	2.593.144	3.351.680

Arap Türk Bankası Anonim Şirketi
Unconsolidated Balance Sheet (Statement of Financial Position)
As of 31 December 2014

(Thousands of Turkish Lira)

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes (5-II)	Audited			Audited		
			CURRENT PERIOD			PRIOR PERIOD		
			(31/12/2014)			(31/12/2013)		
		TL	FC	TOTAL	TL	FC	TOTAL	
I. DEPOSITS		52.047	3.055.686	3.107.733	33.809	2.652.950	2.686.759	
1.1 Deposits held by the Bank's risk group	(1)	914	2.069.804	2.070.718	8.195	1.878.166	1.886.361	
1.2 Other		51.133	985.882	1.037.015	25.614	774.784	800.398	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	187	-	187	-	-	-	
III. FUNDS BORROWED	(3)	6.067	817	6.884	4.357	107.481	111.838	
IV. INTERBANK MONEY MARKET		2.935	-	2.935	36.508	-	36.508	
4.1 Interbank money market payables		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange money market payables		-	-	-	-	-	-	
4.3 Funds provided under repurchase agreements		2.935	-	2.935	36.508	-	36.508	
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-	
5.1 Bills		-	-	-	-	-	-	
5.2 Asset backed securities		-	-	-	-	-	-	
5.3 Bonds		-	-	-	-	-	-	
VI. FUNDS		-	-	-	-	-	-	
6.1 Borrower funds		-	-	-	-	-	-	
6.2 Other		-	-	-	-	-	-	
VII. MISCELLANEOUS PAYABLES		123	1.104	1.227	693	830	1.523	
VIII. OTHER EXTERNAL RESOURCES	(4)	11.357	8.218	19.575	14.002	4.288	18.290	
IX. FACTORING PAYABLES		-	-	-	-	-	-	
X. LEASING TRANSACTIONS PAYABLES	(5)	-	-	-	-	-	-	
10.1 Finance leasing payables		-	-	-	-	-	-	
10.2 Operational leasing payables		-	-	-	-	-	-	
10.3 Other		-	-	-	-	-	-	
10.4 Deferred finance leasing expenses (-)		-	-	-	-	-	-	
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING	(6)	-	-	-	-	-	-	
11.1 Fair value hedges		-	-	-	-	-	-	
11.2 Cash flow hedges		-	-	-	-	-	-	
11.3 Hedges for investments made in foreign countries		-	-	-	-	-	-	
XII. PROVISIONS	(7)	37.613	1.280	38.893	28.301	324	28.625	
12.1 General provisions		19.684	-	19.684	20.411	-	20.411	
12.2 Restructuring reserves		-	-	-	-	-	-	
12.3 Reserves for employee benefit		8.595	-	8.595	7.582	-	7.582	
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-	
12.5 Other provisions		9.334	1.280	10.614	308	324	632	
XIII. TAX LIABILITY	(8)	7.099	-	7.099	6.160	-	6.160	
13.1 Current tax liability		7.099	-	7.099	6.160	-	6.160	
13.2 Deferred tax liability		-	-	-	-	-	-	
XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-	
14.1 Held for sale purpose		-	-	-	-	-	-	
14.2 Held from discontinued operations		-	-	-	-	-	-	
XV. SUBORDINATED LOANS	(10)	-	-	-	-	-	-	
XVI. SHAREHOLDERS' EQUITY	(11)	532.187	-	532.187	461.977	-	461.977	
16.1 Paid-in capital		440.000	-	440.000	240.000	-	240.000	
16.2 Supplementary capital		(1.660)	-	(1.660)	7.732	-	7.732	
16.2.1 Share premium		-	-	-	-	-	-	
16.2.2 Share cancellation profits		-	-	-	-	-	-	
16.2.3 Securities Value Increase Fund		-	-	-	-	-	-	
16.2.4 Revaluation surplus on tangible assets		-	-	-	-	-	-	
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-	
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-	
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	
16.2.8 Hedging reserves (effective portion)		-	-	-	-	-	-	
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-	
16.2.10 Other capital reserves		(1.660)	-	(1.660)	7.732	-	7.732	
16.3 Profit reserves		11.663	-	11.663	9.130	-	9.130	
16.3.1 Legal reserves		11.663	-	11.663	9.130	-	9.130	
16.3.2 Status reserves		-	-	-	-	-	-	
16.3.3 Extraordinary reserves		-	-	-	-	-	-	
16.3.4 Other profit reserves		-	-	-	-	-	-	
16.4 Profit or loss		82.184	-	82.184	205.115	-	205.115	
16.4.1 Prior years income/loss		11.678	-	11.678	155.525	-	155.525	
16.4.2 Current year income/loss		70.506	-	70.506	49.590	-	49.590	
TOTAL LIABILITIES		649.615	3.067.105	3.716.720	585.807	2.765.873	3.351.680	

Arap Türk Bankası Anonim Şirketi
Unconsolidated Off Balance Sheet Commitments
As of 31 December 2014

(Thousands of Turkish Lira)

	Footnotes (5-III)	Audited			Audited		
		CURRENT PERIOD (31/12/2014)			PRIOR PERIOD (31/12/2013)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS		256.681	2.224.182	2.480.863	217.844	2.169.268	2.387.112
L. GUARANTEES AND WARRANTIES	(1),(2),(3),(4)	176.352	2.078.011	2.254.363	212.226	2.169.249	2.381.475
1.1. Letters of guarantee		176.190	1.519.476	1.695.666	211.678	1.577.824	1.789.502
1.1.1. Guarantees subject to State Tender Law		4.500	132	4.632	22.110	121	22.231
1.1.2. Guarantees given for foreign trade operations		22.507	1.326.216	1.348.723	50.525	1.479.268	1.529.793
1.1.3. Other letters of guarantee		149.183	193.128	342.311	139.043	98.435	237.478
1.2. Bank acceptances		-	1.460	1.460	548	116.180	116.728
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		-	1.460	1.460	548	116.180	116.728
1.3. Letters of credit		-	404.791	404.791	-	475.245	475.245
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	404.791	404.791	-	475.245	475.245
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		162	152.284	152.446	-	-	-
1.9. Other warranties		-	-	-	-	-	-
II. COMMITMENTS	(1)	6.897	72.521	79.418	5.618	19	5.637
2.1. Irrevocable commitments		6.897	72.521	79.418	5.618	19	5.637
2.1.1. Asset purchase and sales commitments		233	5.273	5.506	-	-	-
2.1.2. Deposit purchase and sales commitments		-	67.248	67.248	-	19	19
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		3.589	-	3.589	2.525	-	2.525
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitments for checks		3.075	-	3.075	3.093	-	3.093
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		73.432	73.650	147.082	-	-	-
3.1. Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		73.432	73.650	147.082	-	-	-
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2. Swap transactions related to foreign currency and interest rates		73.432	73.650	147.082	-	-	-
3.2.2.1. Foreign currency swap-buy		-	73.650	73.650	-	-	-
3.2.2.2. Foreign currency swap-sell		73.432	-	73.432	-	-	-
3.2.2.3. Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4. Interest rate swaps-sell		-	-	-	-	-	-
3.2.3. Foreign currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
IV. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		329.363	306.143	635.506	356.035	276.475	632.510
IV. ITEMS HELD IN CUSTODY		237.969	22.170	260.139	328.200	143.687	471.887
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		236.534	18.793	255.327	245.444	18.520	263.964
4.4. Commercial notes received for collection		683	1.410	2.095	82.006	125.167	207.173
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		750	1.967	2.717	750	-	750
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		91.394	283.973	375.367	27.835	132.788	160.623
5.1. Marketable securities		-	-	-	-	-	-
5.2. Guarantee notes		69.779	140.141	209.920	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		21.587	141.128	162.715	27.807	130.427	158.234
5.6. Other pledged items		28	2.704	2.732	28	2.361	2.389
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS		586.044	2.530.325	3.116.369	573.879	2.445.743	3.019.622

Arap Türk Bankası Anonim Şirketi
Unconsolidated Income Statement
For The Period Ended 31 December 2014

(Thousands of Turkish Lira)

INCOME AND EXPENSES	Footnotes (5-IV)	Audited	
		CURRENT PERIOD (01/01/2014-31/12/2014)	PRIOR PERIOD (01/01/2013-31/12/2013)
I. INTEREST INCOME	(1)	138.274	103.666
1.1 Interest on loans		88.932	58.377
1.2 Interest received from reserve deposits		14	-
1.3 Interest received from banks		28.147	26.337
1.4 Interest received from money market transactions		975	3.787
1.5 Interest received from marketable securities portfolio		20.205	15.161
1.5.1 Financial assets held for trading		8.129	4.091
1.5.2 Financial assets where value change is reflected to income statement		-	-
1.5.3 Financial assets available for sale		-	-
1.5.4 Investments held to maturity		12.076	11.070
1.6 Finance lease income		-	-
1.7 Other interest income		1	4
II. INTEREST EXPENSE	(2)	28.705	24.443
2.1 Interest on deposits		28.244	8.196
2.2 Interest on funds borrowed		404	15.391
2.3 Interest on money market transactions		56	856
2.4 Interest on securities issued		-	-
2.5 Other interest expense		1	-
III. NET INTEREST INCOME/EXPENSE (I - II)		109.569	79.223
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		48.062	34.853
4.1 Fees and commissions received		48.558	35.409
4.1.1 Non-cash loans		20.053	14.421
4.1.2 Other		28.505	20.988
4.2 Fees and commissions paid		496	356
4.2.1 Non-cash loans		1	1
4.2.2 Other		495	355
V. DIVIDEND INCOME	(3)	4.381	5.017
VI. NET TRADING INCOME/EXPENSE	(4)	812	(1.399)
6.1 Capital markets transactions		-	-
6.2 Profit/losses on trading account securities		(696)	(1.902)
6.3 Foreign exchange profit/losses		1.508	503
VII. OTHER OPERATING INCOME	(5)	4.468	6.871
VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		167.292	124.565
IX. PROVISION FOR LOAN LOSSES and OTHER RECEIVABLES (-)	(6)	15.938	9.719
X. OTHER OPERATING EXPENSES (-)	(7)	61.965	53.027
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)		89.389	61.819
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM CONTINUING OPERATIONS		-	-
XIV. NET MONETARY POSITION GAIN/LOSS		-	-
XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	89.389	61.819
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (+)	(9)	(18.883)	(12.229)
16.1 Current tax provision		(18.407)	(12.151)
16.2 Deferred tax provision		(476)	(78)
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV+XVI)		70.506	49.590
XVIII. INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-
18.1 Income from asset held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses on asset held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint ventures		-	-
19.3 Other expense from discontinued operations		-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(8)	-	-
XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (+)	(9)	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX+XXI)	(10)	-	-
XXIII. NET PROFIT/LOSSES (XVII+XXII)	(11)	70.506	49.590
Earning/Loss Per Share		0,0016	0,0021

Arap Türk Bankası Anonim Şirketi

Statement of Recognized Income and Expense In Unconsolidated Shareholders' Equity

For The Period Ended 31 December 2014

(Thousands of Turkish Lira)

INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY		Audited	
		CURRENT PERIOD (01/01/2014-31/12/2014)	PRIOR PERIOD (01/01/2013-31/12/2013)
I.	I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(370)	(361)
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	74	72
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(296)	(289)
XI.	CURRENT PROFIT/LOSSES	70.506	49.590
11.1	Net changes in fair value of securities (transferred to income statement)	-	-
11.2	Gains/losses on hedges of cash flow hedges, reclassified and recorded in income statement	-	-
11.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
11.4	Other	70.506	49.590
XII.	TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	70.210	49.301

Arap Türk Bankası Anonim Şirketi
Unconsolidated Statement of Cash Flow
For The Period Ended 31 December 2014
(Thousands of Turkish Lira)

	Footnotes	Audited	
		CURRENT PERIOD (31/12/2014)	PRIOR PERIOD (31/12/2013)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		65.016	50.800
1.1.1 Interests Received		143.354	116.650
1.1.2 Interest Paid		(31.947)	(20.600)
1.1.3 Dividend Received		52	44
1.1.4 Fees and Commissions Received		48.558	35.409
1.1.5 Other Income		3.177	1.432
1.1.6 Collections From Previously Written-off Loans and Other Receivables		303	43
1.1.7 Payments to Personnel and Service Suppliers		(51.616)	(44.557)
1.1.8 Taxes Paid		(17.543)	(9.136)
1.1.9 Others	(3)	(29.322)	(28.485)
1.2 Changes in Operating Assets and Liabilities		391.954	(276.425)
1.2.1 Net Decrease in Financial Assets Held For Trading		(74.163)	102.863
1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss		-	-
1.2.3 Net Decrease in Due From Banks and Other Financial Institutions		30.923	(58.667)
1.2.4 Net (Increase) in Loans		63.532	(691.828)
1.2.5 Net Decrease in Other Assets	(3)	3.180	(2.981)
1.2.6 Net Increase/(Decrease) in Bank Deposits		316.425	1.350.670
1.2.7 Net Increase (Decrease) in Other Deposits		189.847	194.482
1.2.8 Net Increase/ (Decrease) in Funds Borrowed		(104.229)	(1.211.873)
1.2.9 Net Increase/ (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities	(3)	(33.561)	40.909
I. Net Cash Flow From Banking Operations		456.970	(225.625)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow From Investing Activities		59.320	(40.655)
2.1 Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures		-	(15.492)
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible Assets		(3.474)	(533)
2.4 Sales of Tangible Assets		1.200	340
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale		-	-
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale		-	-
2.7 Cash Paid For Purchase of Investments Held-to-Maturity		(31.690)	(77.981)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		94.796	54.556
2.9 Others		(1.512)	(1.545)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flows From Financing Activities		-	-
3.1 Cash Obtained From Funds Borrowed and Securities Issued		-	-
3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments For Financial Leases		-	-
3.6 Others		-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents	(3)	(61.835)	114.389
V. Net (Decrease)/Increase in Cash and Cash Equivalents		454.455	(151.891)
VI. Cash and Cash Equivalents at Beginning of Period	(1)	1.226.625	1.378.516
VII. Cash and Cash Equivalents at the End of Period	(1)	1.681.080	1.226.625

Arap Türk Bankası Anonim Şirketi
Statement of Profit Distribution
For The Period Ended 31 December 2014
(Thousands of Turkish Lira)

		Audited	
		CURRENT PERIOD (31/12/2014)	PRIOR PERIOD (31/12/2013)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	89.389	61.819
1.2	TAXES AND DUTIES PAYABLE	(18.883)	(12.229)
1.2.1	Corporate Tax (Income tax)	(18.407)	(12.151)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(476)	(78)
A.	NET INCOME FOR THE YEAR (1.1-1.2)	70.506	49.590
1.3	PRIOR YEARS LOSSES (-)(*)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	2.533
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	70.506	47.057
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	0,0016	0,0021
3.2	TO OWNERS OF ORDINARY SHARES (%)	0,16	0,21
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*)Since the General Assembly has not been made as of the announcement of the financial statement, the distribution of profit has not been decided yet.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

ARAP TURK BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION AND FOOTNOTES

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 (“Banking Act”), which are effective from 1 November 2005, the Turkish Commercial Code (“TCC”) and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Application and Keeping Documents” published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA (“Banking Regulation and Supervision Agency”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards”(“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA (all defined as “BRSA principles”). The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated 28 June 2012.

Unconsolidated financial statements other than financial assets and liabilities that are presented with fair values, are prepared in thousands of TL and with cost value approach.

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. Judgements and estimates are explained in related notes.

For a correct perception of the financial statements, the accounting policies and valuation principles are explained between in Notes No. II and XXIII.

Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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**II. INFORMATION ON STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS
AND FOREIGN CURRENCY TRANSACTIONS**

The Bank’s core business operation is banking activities including corporate banking, commercial banking, retail banking and security transactions (treasury transactions) together with international banking services. The Bank uses financial instruments intensively because of the nature of the Bank. The main funding resources are deposits, borrowing and equity and these resources are invested in qualified financial assets. The Bank follows the utilization of resources and the risk and return for the investments in various financial assets through an effective asset and liability management strategy.

The transactions in foreign currency are recorded in accordance with TAS 21 - Effects of Exchange Rate Changes. Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions are translated into TL over the effective exchange rate prevailing at the date of the transaction and is recorded accordingly. At the end of the related periods, foreign currency assets and liability balances outstanding are translated into Turkish Lira over the Bank’s exchange rates prevailing at the balance sheet date and the resulting exchange rate differences are accounted as foreign exchange gains and losses.

III EXPLANATIONS ON INVESTMENTS IN SUBSIDIARIES

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with “TAS 27 - Individual Financial Statements” in the unconsolidated financial statements. Subsidiaries are recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

**IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE
INSTRUMENTS**

The Bank’s financial derivatives are classified as “Held for Trading” in accordance with “TAS - 39 Financial Instruments: Recognition and Measurement”.

Derivatives are initially recorded at their purchase costs including the transaction costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

The derivative transactions are measured at fair value subsequent to initial recognition and if the fair value of a derivative financial instrument is positive, it is disclosed under the main account fair values of financial assets through profit or loss” in trading derivative financial instruments and if the fair value difference is negative, it is disclosed under trading derivative financial liabilities.

Gains and losses arising from a change in fair value of trading derivatives after the re measurement are accounted in the income statement. The fair value of the derivative financial instruments is calculated using quoted market prices by using discounted cash flows model.

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V. INFORMATION ON INTEREST INCOME AND EXPENSE

Interest income and expense are recognized according to the effective interest method based on accrual basis. Effective interest rate is the rate that discounts the expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises discounts and premiums, fees and commissions paid or received and transaction costs. Transaction costs are additional costs that are directly related to the acquisition, issuance or disposal of financial assets or liabilities.

In accordance with the related regulation, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

VI. INFORMATION ON FEES AND COMMISSION

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

VII. INFORMATION ON FINANCIAL ASSETS

The Bank categorizes and records its financial assets as financial assets at fair value through profit or loss, financial assets available-for-sale, loans and receivables or financial assets held to maturity.

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

a. Financial Assets at Fair Value through Profit or Loss

This category has two sub categories: financial assets for trading purposes and those recorded as financial assets designated at fair value through profit or loss at their initial recognition.

Financial assets held for trading are part of a portfolio aiming to generate a profit from short term fluctuations in prices or dealer’s margin or in which a pattern of short term profit making exists.

Financial derivative instruments are classified as financial assets held for trading unless they are stated as for hedging purposes. Accounting of derivative financial assets is explained in IV of Section Three.

The financial assets held for trading are initially recognized at cost which includes transaction costs. Subsequent to the initial recognition financial assets held for trading are re-measured at their fair value. The gains and losses arising from the change in fair value are recognized in the income statement. The interest income earned from financial assets held for trading is recorded in the interest income and share profit is recorded in the dividends account.

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VII. INFORMATION ON FINANCIAL ASSETS (Continued)

b. Financial Assets Available-for-Sale

Financial assets available for sale are financial assets other than those classified as loans and receivables, financial assets held to maturity and financial assets at fair value through profit or loss.

Debt securities classified as financial assets available-for-sale are subsequently re-measured at their fair values. Unrealized gains and losses arising from changes in the fair value of securities classified as financial assets available for sale is reflected in the equity marketable securities value increase fund. When these financial assets available for sale are disposed of or collected the fair value differences accumulated under equity are transferred to the income statement.

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

c. Loans and Receivables

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

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

d. Financial Assets Held to Maturity

Held-to-maturity securities are financial assets that are not classified as loans and receivables with fixed maturities and pre-determinable payments that the Bank has the intent and ability to hold until maturity. The financial assets held to maturity are initially recognized at cost and subsequently carried at amortized cost using effective interest method with internal rate of return after deducting impairments, if any. Interest earned on financial assets held-to-maturity is recognized as interest income in the statement of income.

There are no financial assets that were previously classified as held to maturity but cannot be subject to this classification for two years due to the violation of the tainting rule.

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VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

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

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no. 26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period.

Provision in prior periods has been collected which is provisioned accounts are recorded under other operating income is deducted. Receivables collected which is provisioned in the same year, the impairment loss is deducted from loans and other receivables.

IX. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS

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

X. INFORMATION ON SALE AND REPURCHASE AGREEMENTS AND LENDING OF FINANCIAL ASSETS

Repurchase (“repo”) and resale (“reverse repo”) agreements of financial assets are followed at the balance sheet accounts. Financial assets which are sold to customers under repurchase agreements are categorized according to initial classification and are measured in accordance with the accounting policy of the related portfolio.

Funds obtained under repurchase agreements are accounted under funds provided under repurchase agreements in liability accounts. The interest expense accruals are calculated by means of internal rate of return method over the difference resulting from repurchase and sale prices for the relevant period.

Securities subject to repurchase (“reverse repo”) agreements are reflected under receivables from reverse repurchase agreements. The difference between the purchase and resell price which is related with the period is computed with the effective interest rate method for accrued interest income.

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XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

An asset that is classified as held for sale (or to be discarded fixed assets) is measured with its book value or cost deducted fair value, depending on the lower one. An asset to be classified asset held for sale, particular asset (or to be discarded fixed assets) should be similar to these types of assets and should be able to be sold immediately with commonly accepted terms and conditions. Asset should be marketed in line with its fair value. For selling probability to be high, relevant management level should plan the sale and should finalize the plan by determining the buyers.

Assets held for sale are comprised of tangible assets acquired due to non performing receivables, and are accounted in the financial statements in accordance with the “Regulation On The Disposals of The Commodities and Properties Acquired Due to Receivables and The Purchase and Sale of Precious Metals by Banks” dated 1 November 2006 and published on the Official Gazette No.26333.

A discontinued operation is classified as the Bank’s assets discarded or assets held for sales. Information on discontinued operations is presented separately in consolidated income statement. As at reporting date, the Bank does not have any discontinued operations.

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

There is no goodwill in the accompanying financial statements related to the acquisition of a subsidiary.

The Bank’s intangible assets consist of software.

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

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization. The useful life of software is determined as 3-15 years.

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

XIII. INFORMATION ON TANGIBLE ASSETS

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of 31 December 2004 are considered as their historical costs. Tangible assets purchased after 1 January 2005 are recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any.

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XIII. INFORMATION ON TANGIBLE ASSETS (Continued)

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

Maintenance and repair costs incurred for tangible assets are recorded as expense. Expenditures incurred that extend the useful life and service capacity of the assets are capitalized.

The depreciation rates used approximate the rates of the useful life of the tangible assets are as follows:

Tangible assets	Estimated useful life (Years)	Depreciation Rate (%)
Buildings	50	2
Motor vehicles	5	20
Office equipment, furniture and fixture	3-50	2-20

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessor

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under “Finance Lease Payables” account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

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

Interest and exchange rate expenses related to financial leasing are recognized in the income statement. The Bank does not provide financial leasing services as a lessor.

Transactions regarding operational leases are accounted on an accrual basis in accordance with the term of the related contracts.

Operational leases

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

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XV. INFORMATION ON PROVISIONS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions and contingent liabilities are provided for in accordance with the TAS 37 - Provisions, Contingent Liabilities and Contingent Assets, except for the general and specific provisions set aside for the loans and other receivables.

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate the amount of the obligation can be made.

XVI. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS

Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 December 2014 is TL 3,438 (full TL) (31 December 2013: TL 3,254 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated TAS 19 - Employee Benefits. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves.

As at 31 December 2014 and 31 December 2013, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	%2.84	%2.83
Expected Rate of Salary/Limit Increase	%5.00	%6.00
Estimated Employee Turnover Rate	%5.44	%5.42

Other benefits to employees

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with the updated TAS 19 - Employee Benefits in the accompanying unconsolidated financial statements.

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XVII. INFORMATION ON TAX APPLICATIONS

Corporate tax

The corporate tax rate is 20%. Corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%.

In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred according to Turkish Tax Legislation. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax declarations and related accounting entries can be investigated by tax authorities for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred taxes

The Bank calculates and accounts deferred tax assets and liabilities in accordance with the TAS 12 - Income Taxes and BRSA’s explanations; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances used for taxation purposes except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognized directly in the shareholders’ equity.

The net amount of deferred tax receivables and deferred tax payables is shown on the financial tables.

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XVII. INFORMATION ON TAX APPLICATIONS (Continued)

Transfer Pricing

In Turkey, the transfer pricing provisions has been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If the companies enter into transactions concerning to the sale or the purchase of the goods or services with the related parties by setting the prices or amounts which are not in line with the arm’s length principle, related profits will be treated as having been wholly or partially distributed in a disguised way via transfer pricing. This kind of disguised profit distribution via transfer pricing cannot be deducted from tax base in accordance with corporate tax.

XVIII. ADDITIONAL INFORMATION ON BORROWINGS

Except for financial liabilities that are classified as held for trading derivatives which carried at fair values, all other financial liabilities are initially recognized at cost including transaction costs and re-measured at amortized cost using the effective interest rate method.

The Bank has not issued any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

XIX. INFORMATION ON SHARE ISSUANCES

The Bank has not issued any share in the year.

XX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES

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

There are no acceptances presented as liabilities against any assets.

XXI. INFORMATION ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank as of 31 December 2014 and 31 December 2013.

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XXII. INFORMATION ON SEGMENT REPORTING

Operating segment is the unit that operates in only one product or service of the Bank or the group of products or services which are related each other and differs from other units from the point of risk and profit. Operating segments are presented in the footnote X of Fourth Section.

XXIII. OTHER DISCLOSURES

Profit reserves and profit distribution

Retained earnings other than legal reserves are available for distribution, subject to legal reserve requirement referred to below.

The legal reserves are comprised of first and second reserves, in accordance with the Turkish Commercial Code (“TCC”). The first legal reserve is appropriated out of the profits at the rate of 5% until the total reserve reaches a maximum of 20% of the Bank’s paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of the 5% of the Company’s share capital; however holding companies are not subject to this application. First and second legal reserves can only be used to compensate accumulated losses and cannot be used for profit distribution unless they exceed 50% of paid-in capital.

Related parties

In accompanying financial statements, shareholders, key management personnel and board members together with their families and companies controlled by or affiliated by them associated and jointly controlled entities are considered as Related Parties in compliance with TAS 24 - Related Party Disclosures Standard. Related parties are presented V footnote of Fifth Section.

Cash and cash equivalents

In the cash flows statements “Cash” refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; “Cash equivalent” refers to money market placements and time deposits at banks which has original maturity less than three months.

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. INFORMATION ON CAPITAL ADEQUACY RATIO

The capital adequacy ratio calculations are applied in accordance with the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” published in Official Journal No 28337 of 28 June 2012 from 1 July 2012. The solo basis capital adequacy ratio of the Bank in accordance with the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” is 15.83% as of 31 December 2014 (31 December 2013: 14.65%).

The risk measurement methods used in the determination of the capital adequacy ratio:

In the calculation process of capital adequacy ratio, the data which are compatible with current regulations are used. In this case, the market and credit risk are also taken into account as “Trading Accounts” and “Banking Accounts”.

The items which are deducted from trading accounts and shareholders’ equity are not considered in the calculation of the credit risk. Depleted and amortized assets are taken into consideration by net amounts which are calculated by the deduction of depreciation cost and provisions.

The amount subject to credit risk for non cash loans and commitments are converted credit by using the conversion rates which are defined in the 5th article of “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”. Besides, the provisions which are defined in “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to Be Set Aside” and taken place at the liability side of the balance sheet are also taken into consideration. And classified to the relevant risk class by regarding the 6th article of “Regulation on credit risk mitigation techniques” and the risk is weighted in accordance with the same regulations Annex-1.

Value at operational risk (VOR) is calculated in accordance with the “Basic Indicator Method”and is included in the capital adequacy ratio calculation.

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I. INFORMATION ON CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy standard ratio

	Risk Weight							
	%0	%10	%20	%50	%75	%100	%150	%200
The Amount Subject to Credit Risk	407,731	-	309,700	2,423,878	-	1,615,255	114,713	-
Risk Types								
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	372,450	-	-	91,231	-	-	-	-
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	26,908	-	309,700	2,294,330	-	30,801	-	-
Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	1,472,783	-	-
Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property	-	-	-	38,317	-	18,332	-	-
Past Due Loans	-	-	-	-	-	1,484	-	-
Higher-Risk Receivables Defined by BRSA	-	-	-	-	-	-	114,713	-
Marketable Securities Collateralized Mortgages	-	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-	-	-
Other Receivables	8,373	-	-	-	-	91,855	-	-

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I. INFORMATION ON CAPITAL ADEQUACY RATIO (Continued)

Information on Shareholder’s Equity

Prior Period	Risk Weight							
	%0	%10	%20	%50	%75	%100	%150	%200
The Amount Subject to Credit Risk	477,221	-	219,733	2,068,921	-	1,571,566	165,736	-
Risk Types								
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	438,519	-	-	100,265	-	-	-	-
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	31,907	-	219,733	1,930,878	-	14,656	-	-
Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	1,446,360	-	-
Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property	-	-	-	37,778	-	24,093	-	-
Past Due Loans	-	-	-	-	-	289	-	-
Higher-Risk Receivables Defined by BRSA	-	-	-	-	-	-	165,736	-
Marketable Securities Collateralized Mortgages	-	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-	-	-
Other Receivables	6,795	-	-	-	-	86,168	-	-

Information on consolidated capital adequacy ratio

	Current Period	Prior Period
A Required Capital for Credit Risk (Amount Based to Credit Risk*0.08) (RCFCR)	244,896	231,886
B Required Capital for Market Risk (RCFMR)	19,129	14,018
C Required Capital for Operational Risk (RCFOR)	17,568	15,319
Shareholders’ Equity	557,034	478,474
Shareholders’ Equity/((RCFCR+RCFMR+RCFOR) *12.5*100)	15.83	14.65
Tier 1 Capital/((RCFCR+RCFMR+RCFOR) *12.5*100)	15.27	
Common Equity Tier 1 Capital/((RCFCR+RCFMR+RCFOR) *12.5*100)	15.33	

(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2014, value at operational risk is being calculated based on gross incomes for the years ended 2013, 2012 and 2011.

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I. INFORMATION ON CAPITAL ADEQUACY RATIO (Continued)

Information on Shareholder’s Equity

	Current Period
COMMON EQUITY TIER 1 CAPITAL	539,742
Paid-in capital(*)	438,340
Share premium	-
Share cancellation profit	-
Legal reserves	11,663
Income passed on to shareholders’ equity in accordance with Turkey Accounting Standards (TAS).	-
Profit	82,184
Net Income for current period	70,506
Prior period profit	11,678
Provisions for possible risks	9,000
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-
Common Equity Tier 1 Capital Before Deductions	541,187
Deductions From Common Equity Tier 1Capital	1,445
Loss excess of reserves and loss passed on to shareholders’ equity in accordance with Turkey Accounting Standards (TAS) (-)	-
Leasehold Improvements (-)	850
Goodwill and other intangible assets and related deferred tax liabilities. (-)	595
Net deferred tax income/expense (-)	-
Shares noncompliant with article 56/4 of the Law (-)	-
Direct or indirect investments on Bank’s own Common Tier 1 Capital (-)	-
Total net long position exceeding 10% of Bank’s Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and below	-
Total net long position exceeding 10% of Bank’s Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and above	-
Rights of providing mortgage service exceeding 10% of Common Tier 1 capital (-)	-
Deferred tax assets based on temporary differences exceeding 10% of Common Tier 1 capital (-)	-
Balances in accordance with the temporary article 2/2 of Regulation on Shareholders’ Equity of Banks exceeding 15% of Common Tier 1 capital (-)	-
Excess amount arising from total net long position belonging to investments on Common Tier 1 Capital of banks and financial institutions that are not consolidated, with a shareholding above 10%	-
Excess amount arising from rights of providing mortgage service (-)	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-
Other items determined by board (-)	-
Deduction amount from Common Tier 1 Capital in case of shortage of additional Tier 1 capital or supplementary capital (-)	-
Total Deductions From Common Equity Tier 1Capital	1,445
Total Common Equity Tier 1Capital	539,742
ADDITIONAL TIER 1 CAPITAL	-
Premiums of privilege share capital not included in Common Equity Tier 1 capital	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued after 1.1.2014)	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued before 1.1.2014)	-
Additional Tier 1Capital Before Deductions	-
Deductions From Additional Tier 1 Capital	-
Direct or indirect investments which bank provides for its’ own additional Tier 1 capital (-)	-
10% exceed part of Common Tier 1capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-
Other items determined by board (-)	-
Deduction amount of additional core capital in case of there is not enough additional core capital or supplementary capital (-)	-
Total Deductions From Additional Tier 1 Capital	-
Total Additional Tier 1 Capital	-
Deductions From Tier 1 Capital	2,382
Non deducted Common Tier 1 capital part in accordance with deferred tax expense and goodwill impairment and other intangible fixed assets which is in temporary article 2/1 of Regulation of Shareholders’ Equity of Banks. (-)	2,382
Non deducted Common Tier 1 capital part in accordance with net deferred tax income/expense which is in temporary article 2/1 of Regulation of Shareholders’ Equity of Banks. (-)	-
Total Tier 1 Capital	537,360

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I. INFORMATION ON CAPITAL ADEQUACY RATIO (Continued)

Information on Shareholder’s Equity (Continued)

SUPPLEMENTARY CAPITAL	19,684
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported after 1.1.2014)	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-
Pledged sources to bank from shareholders which is used for share capital increasing of bank	-
General Provisions	19,684
Supplementary Capital Before Deductions	19,684
Deductions From Supplementary Capital	-
Direct or indirect investments which bank provides for its’ own supplementary capital (-)	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-
Other items determined by board (-)	-
Total Deductions From Supplementary Capital	-
Total Supplementary Capital	19,684
CAPITAL	557,044
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-
Net book values of properties owned, exceeding 50% of banks’ equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	10
Investments to loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Deduction from equity in accordance with 2nd article of 20th item in Regularity of Measurement and Valuation of Capital Adequacy of Banks (-)	-
Other accounts determined by board (-)	-
Non deducted part of comon equity tier1 , additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Sharegolders’ Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-
Non deducted part of comon equity tier1, additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Sharegolders’ Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above (-)	-
Non deducted part of comon equity tier1 generating from exceed amount generating from investments to Common Tier 1 capitals of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above, temporary differences of deferred tax income and the right of offering mortgage services explained in the 1st and 2nd paragraphs of temporary article 2 of Regulation of Shareholders’ Equity of Banks. (-)	-
SHAREHOLDERS’ EQUITY	557,034
Amounts Below Overrun Amounts In Applied Reducing Procedures	-
Amount generating from long position of investments to shareholders’ equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10%	-
Amount generating from long position of investments to shareholders’ equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above.	-
Amount generating from right of offering mortgage service	-
Amount generating from temporary differences of deferred income tax income	-

(*) The amount contains TL (-) 1,660 actuarial loss/gain amount that accounted under “Other Reserves” according to TAS 19.

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I. INFORMATION ON CAPITAL ADEQUACY RATIO (Continued)

Information on Shareholder’s Equity (Continued)

The financial table has been taken from 31 December 2013.

31 December 2013	Prior Period
CORE CAPITAL	
Paid-in Capital	240,000
Nominal capital	240,000
Capital Commitments (-)	-
Inflation adjustment to paid-in capital(*)	7,732
Share Premium	-
Share Cancellation profit	-
Legal reserves	9,130
Inflation adjustment to legal reserves	-
Profit	205,115
Net income for the period	49,590
Prior period profit	155,525
Provisions for possible risks up to 25% of Core Capital	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	-
Primary Subordinated Debt (up to 15% of Core Capital)	-
Loss excess of Reserves (-)	-
Current Period Loss	-
Prior Periods Loss	-
Leasehold Improvements (-)	1,273
Prepaid Expenses (-)	2,630
Intangible Assets (-)	-
Deferred Tax	-
Total Core Capital	458,074
SUPPLEMENTARY CAPITAL	
General Provisions	20,411
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovable’s	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-
Primary Subordinated Debt excluding the Portion included in Core Capital	-
Secondary Subordinated Debt	-
Marketable Securities and Investment Securities Value Increase Fund	-
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal, status and extraordinary reserves)	-
Total Supplementary Capital	20,411
CAPITAL	478,485
DEDUCTIONS FROM CAPITAL	
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	11
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-
Net book values of properties owned, exceeding 50% of banks’ equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	11
Securitization positions preferred to deduct from equity	-
Other	-
TOTAL SHAREHOLDER’S EQUITY	478,474

(*) The amount contains TL (-) 1,364 actuarial loss/gain amount that accounted under “Other Reserves” according to TAS 19.

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I. INFORMATION ON CAPITAL ADEQUACY RATIO (Continued)

Informations on factors of temporary practice about shareholders’ equity calculation:

	Considered Amount of Current Period Shareholders’ Equity Calculation	Total Amount
Comon equity tier1 capital share amount of minority shareholders	-	-
Additional core capital share amount of third parties	-	-
Supplementaru capital share amount of third parties	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-	-

Informations on addition debt instruments to shareholders’ equity calculating:

Exporter	-
Code of debt instrument (CUSIP, ISIN vb.)	-
Legistation of debt instrument	-
Attention Situation of Shareholders’ Equity	
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2015)	-
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based.	-
Type of debt instrument	-
Considered amount of shareholders’ equity calculation. (By last report date of – Million TL)	-
Nominal value of debt instrument (Million TL)	-
Related account of debt instrument	-
Export date of debt instrument	-
Maturity structure of debt instrument (demand/term)	-
Beginning term of debt instrument	-
Whether there is right of reimbursement of exporter or not according to Banking Regulation and Supervision Agency (BRSA) rules.	-
Optional reimbursement date, options of conditional reimbursement and reimbursement amount.	-
Following reimbursement option dates	-
Interest/Dividend Payments	
Fixed or floating interest/dividend payments	-
Interest rate and index value of interest rate	-
Whether there is any restriction to stop payment of capital bonus or not	-
Feature of being full optional, partially optional or obligatory	-
Whether there is any stimulant to repayment like interest rate hike or not	-
Feature of being cumulative or noncumulative	-
Feature of being convertible bonds	
If there’s convertible bonds, trigger incidents cause this conversion	-
If there’s convertible bonds, feature of full or partially conversion	-
If there’s convertible bonds, rate of conversion	-
If there’s convertible bonds, feature of conversion -obligatory or optional-	-
If there’s convertible bonds, types of convertible instruments	-
If there’s convertible bonds, exporter of convertible debt instruments	-
Feature of value reduction	
If there is feature of value reduction, trigger incidents cause this value reduction	-
If there is feature of value reduction, feature of full or partially reduction of value	-
If there is feature of value reduction, feature of being constant or temporary	-
If the value can be reduced temporarily, mechanism of value incrementation	-
Claiming rank in case of winding up (Instrument that is just above debt instrument)	-
Whether being provided with conditions of the 7 th and 8 th articles of Shareholders’ Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 th and 8 th articles of Shareholders’ Equity of Banks Regulation	-

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I. INFORMATION ON CAPITAL ADEQUACY RATIO (Continued)

The Bank’s internal capital requirements within the scope of the internal capital adequacy assessment process in order to evaluate the adequacy of the approach in terms of current and future activities

The Bank has procedures and reports under the name of internal capital assessment process. In order to assess the capital adequacy of the 2014, the Bank analyse the legal ratios and budget expectations to qualitate them for the effect on the legal capital adequacy and economic capital of the Bank. With these procedures and reports the Bank covers all risk in capital adequacy requirements.

II. INFORMATION ON CREDIT RISK

1. For Credit Risk Analysis;

Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals

For credit risk analysis, cash and non-cash loans granted to a debtor or debtors’ group is subject to a risk classification in proportion to the Bank’s shareholders’ equity. In addition the geographical regions and sectoral distribution is investigated periodically and distributions are revised according to the market conditions. The general and other periodical limits of a firm are renewed every year and the extending of loans throughout the day is made with the mentioned limits.

Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis

Limit assignments, controls over loan granting process, marketing strategies, matters related to the daily operations and pay-back process are determined in the Bank’s credit procedures. Issues related to the daily based transactions (especially extending of cash loans) are managed in coordination with Credits Division, Risk Management Department, Treasury, Financial Institutions Division and Central Operations Departments

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables

Loans and other receivables are being followed periodically as per the “Regulation on the Principals and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions shall be set aside by Banks and to the Provisions to be set aside”.

Financial statements of the debtors are examined as per the regulation, loan limits are being updated in parallel to the economic conditions under the authorization of the Credit Evaluation Committee and the Top Management. The Bank obtains sufficient guarantees for the loans and the other receivables. Firms that the Bank works with credit is composed of the top level firms of Turkey, therefore most of the collaterals taken are “firm signature or guarantee”. Beside from this third party guarantees, furthermore mortgage, other bank guarantees, cash blockage, customer or personal checks are also obtained. The guarantees obtained are in parallel with the market conditions and other banks collateral conditions.

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II. INFORMATION ON CREDIT RISK (continued)

The new rating system announced in 2013. System is rating to all credit customers based on qualification and quantity estimating to accomplish financial data entries and answering subjective questions. Scala of the grating is between “D” and “AAA+”. D is the minimum grade, AAA+ is the maximum grade and there is 22 grades in scala.

The table below shows the distribution of corporate and commercial loans grades in respect of weight as of 31 December 2014;

Grade	Description	Current Period	Prior Period
		Weight	
AA	Maximum Reliability	1%	-
AA-	Maximum Reliability	3%	7%
A+	Very Good Firm	7%	11%
A	Very Good Firm	9%	11%
A-	Very Good Firm	11%	14%
BBB+	Reliable and Qualified	15%	16%
BBB	Reliable and Qualified	16%	17%
BBB-	Reliable and Qualified	18%	10%
BB+	Low Reliably and risky	11%	7%
BB	Low Reliably and risky	5%	5%
BB-	Low Reliably and risky	3%	1%
B+	Weak	1%	1%

(*) *The rating distribution above does not include retail loans and loans granted to banks.*

Accounting applications, the definition of non-performing and impaired elements

Determining the Nature of Loans and Other Receivables and Allocation Regulation on Procedures and Principles Regarding Provisions under Article 4, Third, Fourth and Fifth classified in groups of all receivables, accrued interest and similar charges interest on the principal amount owed whether or not additional or refinance, regardless of whether or not the non-performing loans are considered impaired.

Although there are probable repayment, interest due to various reasons justify the collection of principal or interest payments, more than thirty days from the maturity date or dates to be paid late, but without the condition of the third group delay time required for classification as non-performing receivables are defined.

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II. INFORMATION ON CREDIT RISK (continued)

Value adjustments and provisions methods and approaches

Classification of the elements described above, and taking into account the Bank's loans and other receivables, from the date of the third group of at least twenty percent (20%), from the date of the fourth group of at least fifty percent (50%), from the date of the fifth Group One hundred percent (% 100) by a special provision.

In addition to the specific provisions of qualified cash loans of the Bank's standard one percent of the total (1%), and letters of credit, guarantees and sureties and other non-cash loans the two thousandth of the total (0.2%) percent and two percent of the total cash loans under close monitoring (2%), and letters of credit, guarantees and sureties and other four thousandths of the total non-cash loans (0.4%) rate the overall provision.

As at 31 December 2014 the rating distribution of financial instruments is as follows

Financial asset at fair value through profit or loss	Rating Agency	Governm ent Bonds	Private Sector Bonds	Private Bank Bonds	Derivatives	Total
Aaa	Moody's	-	-	-	-	-
Between Aa3 Aa1	Moody's	-	-	-	-	-
Between A3 A1	Moody's	-	-	-	425	425
Between Baa3 Baa1	Moody's	-	-	-	-	-
Between BBB-BBB +	Fitch	57,019	3,467	86,996	357	147,839
Between Ba3 Ba1	Moody's	-	-	-	-	-
Between BB – BB +	Fitch	-	-	-	-	-
Between B3 B1	Moody's	-	-	5,234	-	5,234
Between Caa1 and less	Moody's	-	-	-	-	-
Not rated		-	-	9,933	-	9,933
Total		57,019	3,467	102,163	782	163,431

Investments held to maturity	Rating Agency	Governm ent Bonds	Private Sector Bonds	Private Bank Bonds	Derivatives	Total
Aaa	Moody's	-	-	-	-	-
Between Aa3 Aa1	Moody's	-	-	-	-	-
Between A3 A1	Moody's	-	-	-	-	-
Between Baa3 Baa1	Moody's	-	-	-	-	-
Between BBB-BBB +	Fitch	115,735	-	3,376	-	119,111
Between Ba3 Ba1	Moody's	-	-	-	-	-
Between BB – BB +	Fitch	-	-	-	-	-
Between B3 B1	Moody's	-	-	-	-	-
Between Caa1 and less	Moody's	-	-	-	-	-
Not rated		-	-	22,566	-	22,566
Total		115,735	-	25,942	-	141,677

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II. INFORMATION ON CREDIT RISK (continued)

As of 31 December 2013 the rating distribution of financial instruments is as follows

Financial asset at fair value through profit or loss	Rating Agency	Government Bonds	Private Sector Bonds	Private Bank Bonds	Derivatives	Total
Aaa	Moody's	-	-	-	-	-
Between Aa3 Aa1	Moody's	-	-	-	-	-
Between A3 A1	Moody's	-	-	-	-	-
Between Baa3 Baa1	Moody's	-	-	-	-	-
Between BBB-BBB +	Fitch	-	3,005	76,946	-	79,951
Between Ba3 Ba1	Moody's	-	-	-	-	-
Between BB – BB +	Fitch	-	-	-	-	-
Between B3 B1	Moody's	-	-	4,820	-	4,820
Between Caa1 and less	Moody's	-	-	-	-	-
Not rated		-	-	-	-	-
Total		-	3,005	81,766	-	84,771

Investments held to maturity	Rating Agency	Government Bonds	Private Sector Bonds	Private Bank Bonds	Derivatives	Total
Aaa	Moody's	-	-	-	-	-
Between Aa3 Aa1	Moody's	-	-	-	-	-
Between A3 A1	Moody's	-	-	-	-	-
Between Baa3 Baa1	Moody's	-	-	-	-	-
Between BBB-BBB +	Fitch	102,370	-	3,070	-	105,440
Between Ba3 Ba1	Moody's	-	-	-	-	-
Between BB – BB +	Fitch	-	-	-	-	-
Between B3 B1	Moody's	-	-	-	-	-
Between Caa1 and less	Moody's	-	-	-	-	-
Not rated		46,287	12,898	24,559	-	83,744
Total		148,657	12,898	27,629	-	189,184

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II. INFORMATION ON CREDIT RISK (Continued)

Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with the related risks are differentiated according to the different risk classes and the types of the average amount for the period

Risk Classifications	2014												Average
	January	February	March	April	May	June	July	August	September	October	November	December	
Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	543,383	550,606	539,067	513,504	463,258	456,753	471,051	450,682	463,299	477,290	470,387	463,681	488,580
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	2,681,857	2,701,846	2,575,485	2,194,651	2,218,426	2,360,165	2,097,059	2,217,825	2,452,322	2,238,419	2,279,522	2,662,245	2,389,985
Contingent and Non-Contingent Corporate Receivables	1,522,646	1,546,025	1,546,771	1,475,637	1,473,740	1,570,859	1,567,424	1,658,789	1,640,780	1,668,119	1,541,229	1,474,764	1,557,232
Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Property	75,903	73,077	64,951	63,637	61,827	62,025	59,643	60,988	63,854	60,537	58,223	56,648	63,443
Past Due Loans	286	282	2,752	2,645	2,641	2,444	2,418	2,278	2,256	2,235	3,928	1,878	2,170
Higher-Risk Receivables Defined by BRSA	469,103	377,390	324,253	328,265	348,056	380,114	334,411	277,706	213,166	171,423	244,850	254,158	310,241
Marketable Securities Collateralized Mortgages Securitization Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	93,628	92,623	98,924	96,049	98,113	98,359	99,426	96,027	100,198	96,683	96,019	100,228	97,190
Total exposure to risks	5,386,806	5,341,849	5,152,203	4,674,388	4,666,061	4,930,719	4,631,432	4,764,295	4,935,875	4,714,706	4,694,158	5,013,602	4,908,841

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II. INFORMATION ON CREDIT RISK (Continued)

2. Information on the control limits of the Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions

The Bank evaluates and manages credit risks that are generated from forward transactions and similar contracts together with potential risks in the market.

3. Information on whether the Bank decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not

The Bank tries to mitigate the total risk if it's exposed to huge amount of risk over the forward transactions.

4. For Credit Risk Analysis;

Information on whether the indemnified non-cash loans are evaluated as having the same risk weight with non-performing loans or not

Indemnified non-cash loans are evaluated as having the same risk weight with cash loans which are collected upon maturity. These loans are classified according to their commitments and are recorded under the follow-up accounts.

Information on whether the loans that are structured and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are taken for these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

The Bank acts in frame of the related regulations for the loans that are structured and rescheduled. On the other hand, while doing risk evaluation of the loans and commitments, maturity issue is also taken into consideration.

5. For Credit Risk Analysis;

Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities

The Bank has no banking activities abroad on the branch level. However in the loan lending processes to the foreign based firms, the economic conditions of the country and the financial structure of the company in question is taken into consideration.

Evaluation of the Bank's competitive credit risk being an active participant of the international banking transactions market

The Bank has significant relationship with the North Africa and Middle East Region within the international trade transactions. However in the volume of the banking transactions the Bank defines its credit risk concentration as limited from these regions.

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II. INFORMATION ON CREDIT RISK (continued)

6. For Credit Risk Analysis;

The share of the top 100 and 200 cash loan customers in total loan cash loans portfolio

The share of the top 100 and 200 cash loan customers comprises 97.56% and 99.98% of the total cash loans portfolio of the Bank respectively.

The share of the top 100 and 200 non-cash loan customers in total loan non-cash loans portfolio

The share of the top 100 and 200 non-cash loan customers comprises 98.42% and 100% of the total non-cash loans portfolio of the Bank respectively.

The share of the total cash and non-cash loan balance of the top 100 and 200 loan customers in total assets and off-balance sheet items

The Bank’s total cash and non-cash loans from its top 100 and 200 loan customers comprise 48.68% and 52.22% of the total assets and off-balance sheet items.

7. The general provision amount provided by the Bank for credit risk

The general provision amount provided by Bank for the credit risk is TL 19,684 as of 31 December 2014(31 December 2013: TL 20,411).

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II. INFORMATION ON CREDIT RISK (Continued)

8. Geographical distribution of risk amounts decomposed as part of significant risk groups. (*)

Current Period	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans^(****)	Higher-Risk Receivables Defined by BRSA	Other receivables	Total
Domestic	463,681	2,499,741	1,474,757	56,649	1,878	5,344	34,080	4,536,130
European Union Countries	-	37,073	-	-	-	-	65	37,138
OECD Countries ^(**)	-	1,247	-	-	-	-	-	1,247
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	807	-	-	-	-	-	807
Other Countries	-	123,326	6	-	-	248,814	870	373,016
Associates, subsidiaries and jointly controlled partnership	-	51	-	-	-	-	65,213	65,264
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	-	-
Total	463,681	2,662,245	1,474,763	56,649	1,878	254,158	100,228	5,013,602
Previous Period	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans^(****)	Higher-Risk Receivables Defined by BRSA	Other receivables	Total
Domestic	538,784	2,034,457	1,450,549	61,870	289	694	31,200	4,117,843
European Union Countries	-	39,618	-	-	-	-	68	39,686
OECD Countries ^(**)	-	1,670	-	-	-	-	-	1,670
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	350	-	-	-	-	-	350
Other Countries	-	89,471	-	-	-	443,843	800	534,114
Associates, subsidiaries and jointly controlled partnership	-	31,607	-	-	-	-	60,895	92,502
Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	-	-
Total	538,784	2,197,173	1,450,549	61,870	289	444,537	92,963	4,786,165

(*) Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration.

(**) OECD Countries excluding European countries, USA and Canada.

(***) Assets and liabilities that cannot be allocated on a consistent basis.

(****) Net value of non performing loans

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II. INFORMATION ON CREDIT RISK (continued)

9. Risk profile according to sectors and counterparties (*)

	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans	Higher-Risk Receivables Defined by BRSA	Other Receivables	TL	FC	Total
Agricultural	-	-	97,480	-	-	-	-	92,680	4,800	97,480
Farming and Stockbreeding	-	-	96,981	-	-	-	-	92,200	4,781	96,981
Forestry	-	-	499	-	-	-	-	480	19	499
Fishing	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	796,417	14,881	-	233	1,430	204,527	608,434	812,961
Mining	-	-	39,032	13,937	-	-	-	6,567	46,402	52,969
Production	-	-	757,385	944	-	233	1,430	197,960	562,032	759,992
Electric, gas and water	-	-	-	-	-	-	-	-	-	-
Construction	-	-	533,072	41,768	1,878	4,527	252	131,961	449,536	581,497
Services	348,957	2,662,245	47,500	-	-	248,948	88,176	443,764	2,952,062	3,395,826
Wholesale and retail trade	-	-	47,010	-	-	6	-	20,412	26,604	47,016
Hotel, food and beverage services	-	-	202	-	-	-	-	-	202	202
Transportation and telecommunication	-	-	212	-	-	65	-	48	229	277
Financial institutions	348,957	2,662,245	-	-	-	248,877	88,176	423,234	2,925,021	3,348,255
Real estate and Leasing services	-	-	6	-	-	-	-	-	6	6
“Self-employment” type Services	-	-	-	-	-	-	-	-	-	-
Education services	-	-	57	-	-	-	-	57	-	57
Health and social services	-	-	13	-	-	-	-	13	-	13
Other	114,724	-	294	-	-	450	10,370	28,611	97,227	125,838
Total	463,681	2,662,245	1,474,763	56,649	1,878	254,158	100,228	901,543	4,112,059	5,013,602

(*) Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration

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II. INFORMATION ON CREDIT RISK (continued)

10. Presentation of maturity risk bearing based on their outstanding maturities

Risk Classifications	Payment Term				
	1 Month	1-3 Month	3-6 Month	6-12 Month	1 Year and Over
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	-	19,046	1,423	4,034	91,231
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	1,766,214	393,633	98,056	110,773	288,405
Contingent and Non-Contingent Corporate Receivables	316,160	224,703	212,384	452,329	267,352
Contingent and Non-Contingent Retail Receivables	-	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property	508	21,475	11,636	1,727	21,402
Past Due Loans	-	-	-	-	-
Higher-Risk Receivables Defined by BRSA	40,550	151,143	25,950	576	988
Marketable Securities Collateralized Mortgages	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Receivables from Banks and Corporate Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	2,123,432	810,000	349,449	569,439	669,378

11. Information on risk classes

Assigned credit rating agencies and export credit agencies changed the names and the reasons for these organizations

The Bank uses the announced ratings of international credit rating agency Fitch Ratings and OECD for receivables from central governments and central banks. The Bank does not use credit rating for the domestic domicile counterparties.

With the export credit agency of a credit rating agency assigned to each risk classes are used

The Bank uses Fitch Ratings for receivables from central governments, central banks and foreign domicile receivables. The Bank uses the country risk classification of OEFD, if these counterparties do not rated by Fitch Ratings.

The Bank does not use credit rating for the domestic resident customers and banks.

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The absence of the credit rating of trading for items that are not included in the calculation, instead of the credit rating of the issuer, or if there is for export of these items that are available for information on the process of using credit ratings

For the short term receivables that has been issued by banks and financial intermediaries that has not any short term rating, risk weight of the issuer is used in the context of related regulation Annex-1 29.

Assigned to each grade credit rating agencies and export credit agency ratings of the Regulation on Measurement and Assessment of Capital Adequacy of Banks to which of the credit quality of the stages

Credit Quality Level	Fitch Ratings
1	Between AAA and AA-
2	Between A+ and A-
3	Between BBB+ and BBB-
4	Between BB+ and BB-
5	Between B+ and B-
6	Between CCC+ and below

OECD Country Risk Classification

Credit Quality Levels	0	1	2	3	4	5	6	7
Risk weight (%)	0	0	20	50	100	100	100	150

Risk weight of the total amount of risk before and after credit risk mitigation and equity deducted amounts

Risk amount based on weight of risks

Risk weights	Before credit risk mitigation	After credit risk mitigation
%0	407,731	407,731
%10	-	-
%20	309,700	309,700
%50	2,423,878	2,423,878
%75	-	-
%100	1,618,136	1,615,255
%150	254,158	114,713
%200	-	-
%1250	-	-
Equity Deductions	-	-

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II. INFORMATION ON CREDIT RISK (continued)

12. Sector or counterparty type, individually impaired loans and non-performing loan amounts, value adjustments and provisions during the period information on value adjustments and provisions

Miscellaneous information based on important sectors

Sectors	Loans		Value Adjustment (*)	Provisions
	Impaired Loans	Past Due But Not Impaired		
Agricultural	529	-	1,009	529
Farming and Stockbreeding	529	-	1,004	529
Forestry	-	-	5	-
Fishing	-	-	-	-
Manufacturing	2,484	-	5,459	2,481
Mining	-	-	511	-
Production	2,484	-	4,948	2,481
Electric, gas and water	-	-	-	-
Construction	7,429	-	3,564	5,549
Services	4,650	-	4,903	4,655
Wholesale and retail trade	2,518	-	480	2,523
Hotel, food and beverage services	2,032	-	-	2,032
Transportation and telecommunication	-	-	-	-
Financial institutions	100	-	4,312	100
Real estate and Leasing services	-	-	-	-
“Self-employment” type Services	-	-	-	-
Education services	-	-	-	-
Health and social services	-	-	111	-
Other	-	-	80	-
Total	15,092	-	15,015	13,214

(*) General Loan Loss provision for cash loans were distributed in value adjustments section.

13. Value adjustments and provisions on the exchange of credit information

	Specific Provision	General Provision
Opening Balance	8,446	20,411
The amount of provision during the period	4,911	444
Reversal of provision	(143)	(1,171)
Other adjustments	-	-
Closing Balance	13,214	19,684

(*) According to set exchange rate differences, business combinations, acquisitions transactions and disposals of subsidiaries

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II. INFORMATION ON CREDIT RISK (continued)

14. Other information on credit risk

Sectoral concentrations for cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	91,573	13.84	-	-	83,290	15.50	14,354	1.58
Farming and stockbreeding	91,094	13.77	-	-	82,540	15.36	14,354	1.58
Forestry	479	0.07	-	-	750	0.14	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	163,522	24.72	331,788	47.34	177,701	33.06	296,886	32.62
Mining	-	-	46,403	6.62	3,974	0.74	14,528	1.60
Production	163,522	24.72	285,385	40.72	172,977	32.18	282,358	31.03
Electric, gas and water	-	-	-	-	750	0.14	-	-
Construction	74,373	11.24	249,026	35.53	65,141	12.12	308,135	33.86
Services	330,517	49.96	114,327	16.31	210,656	39.19	290,623	31.94
Wholesale and retail trade	20,283	3.07	23,244	3.32	30,435	5.66	43,323	4.76
Hotel, food and beverage	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	2,501	0.47	-	-
Financial institutions	300,195	45.38	91,083	13.00	177,582	33.04	247,300	27.18
Real estate and Leasing	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
“Self-employment” type	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	10,039	1.52	-	-	138	0.03	-	-
Other	1,549	0.23	5,745	0.82	696	0.13	-	-
Total	661,534	100	700,886	100	537,484	100	909,998	100

Sectoral and regional concentration of impaired loans and receivables

Sectoral	Current Period	Prior Period
Farming and Stockbreeding	529	528
Manufacturing	2,484	2,544
Construction	7,429	998
Financial institutions	100	100
Hotel and Restaurant Services	2,032	2,032
Wholesale and retail trade	2,518	2,533
Total impaired loans and receivables	15,092	8,735
Regional	Current Period	Prior Period
Algeria	100	100
Turkey	14,992	8,635
Total impaired loans and receivables	15,092	8,735

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II. INFORMATION ON CREDIT RISK (continued)

Past due but not impaired loans and receivables

	Current Period	Prior Period
Degree 1: Low risk loans and receivables	-	-
Degree 2:close monitoring loans and receivables	-	2,410
Total	-	2,410

Past due but not impaired loans and receivables aging

	Current Period	Prior Period
0-30 days	-	-
30-60 days	-	-
60-90 days	-	2,410
90 days or more	-	-
Total	-	2,410

III. INFORMATION ON MARKET RISK

Bank’s operations about risk management are carried out complying with “Regulation on Bank’s regulation about internal systems” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”.

To be in compliance with governances, Bank has regulated its operations about market risk management within the scope of “Regulation on Internal Systems of Banks” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” published in Official Journal No 28337 as of 28 June 2012 lastly.

To implement methods of risk managements’ policy, strategy, implementations that approved by board of directors; to report bank’s potential important risks to board of directors on time and accurately, internal control about units, to evaluate risk and internal auditing reports and to correct risks, faults, inadequacies occurred in those units or to take necessary measures and to be incorporate into process of determining risk limits are in charge of senior management.

Board of directors is reviewing efficiency of risk management systems through the agency of auditing committee, other relevant committees, senior management and also in consideration of various risk reports and evaluations made by auditing committee.

Risk policies and methods of implementations which are determined for market risk that bank is exposed to, is approved by board of directors and being reviewed regularly. Market risk is managed by the way of measuring, limiting risks in compliance with international standards and putting capital aside according to those results.

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III. INFORMATION ON MARKET RISK (Continued)

Risk Management Department is analyzing and calculating bank interest rate in consideration of various dimensions within the scope of market risk management operations.

Interest rate and currency risk is being measured within the scope of market risk that calculated according to standard method and included to calculation of capital requirement standard ratio.

Besides of standard method, value at risk method (VRM) is used for calculating changes in risk factors and its’ effects on bank portfolio. Subjected method is tested by retrospective test method.

Stress tests are made to analyze the possible effects of Interest and rate fluctuations on bank on a monthly basis.

Moreover, scenario analyses are made to classify expectations of possible changes at risk factors based on various interest rate and exchange rate level expectations.

Board of directors determined limits to evaluate the results of standard methods and daily value at risk method results. Also limits are determined for credit risk and capital requirements ratio by board of directors.

The Bank’s market risk is calculated on a monthly basis using the “Standard Method”. Interest rate risks and exchange rate risks, factors of the market risks, are periodically analyzed using different methods (ratio analysis, duration, gap, sensitivity, etc.).

With stress testing methods, the effect of extraordinary fluctuations of risk factors on the Bank is measured on a monthly basis and in case the necessity arises. Different scenarios based on changes in risk factors are measured with scenario analysis. All the analysis mentioned above are tested in a retrospective manner to ensure the reliability of the tests.

The Board of Directors has determined the early warning limit of Amount Exposed to Market Risk / Equity ratio as maximum %50, in order to limit market risk is calculated with Standard method. In order to limit daily VaR results, the early warning limit of daily VaR / Equity ratio is determined as max. %1.

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III. INFORMATION ON MARKET RISK (Continued)

Information related to market risk

	Current Period	Prior Period
(I) Capital requirement to be employed for general market risk -	2,010	1,624
(II) Capital requirement to be employed for specific risk - Standard method	2,045	1,503
(III) Standard method for specific risk of necessary capital requirement on securitization positions	-	-
(IV) Capital requirement to be employed for currency risk - Standard method	15,034	10,891
(V) Capital requirement to be employed for commodity risk - Standard method	-	-
(VI) Capital requirement to be employed for settlement risk - Standard method	-	-
(VII) Total capital requirement to be employed for market risk resulting from options-Standard method	-	-
(VIII) Counterparty credit risk capital requirement - Standard method	40	-
(IX) Total capital requirement to be employed for market risk in banks using risk measurement model	-	-
(X) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII+VIII)	19,129	14,018
(XI) Market Value at Risk (12.5 x IX) or (12.5 x X)	239,113	175,225

Information related to market risk calculated by the month ends of the current period

	Average	Highest	Lowest
Interest Rate Risk	39,293	50,688	36,313
Share Certificates Risk	-	-	-
Currency Risk	204,582	650,113	147,625
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Option Risk	-	-	-
Counterparty Risk	78	500	-
Total Value at Risk	243,952	691,750	186,688

Information on counterparty credit risk

Credit limits for counterparty credit risks and internal capital allocation and distribution method

Risk Assessment process, Customer Credit Packs all the potential risk factors associated with taking into account the analysis, evaluation and assessment, which will further Department of Credits to present. "Limit Allocation" process as a result of the evaluation of loan packages give customers credit limits. General limits and sub-limits are negotiated and determined by the Department of Credits submitted to the Senior Management. The main task of Department of Credits is evaluation of the Credit Package according to customer's basic capabilities and financial strength by measuring the adequacy.

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III. INFORMATION ON MARKET RISK (Continued)

Provisions for guarantees and credit policies

The credit worthiness of the debtors of loans and other receivables monitored in accordance "Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves Regulation on the Procedures and Principles".

The necessary documentation for the loans, as provided for in the legislation are audited and credit limits at the discretion of the Bank's Department of Credit and Executive Management and updated in line with economic conditions. The Bank has sufficient collateral for the loans and other receivables. Credit studied the vast majority of companies guarantees the majority of the leading companies in Turkey due to the "firm's signature and / or the surety" is. In addition, real estate mortgages, bank counter-guarantee, cash blockage, financial securities and real customer checks / securities as collateral taken. Guarantees received, market conditions and other conditions of guarantee are in parallel banks.

Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves in accordance with Article 4 of the Regulation on the Procedures and Principles, Third, Fourth and Fifth classified in groups of all receivables, accrued interest and similar charges interest on the principal amount owed, or whether or not additional regardless of whether or not to refinance the non-performing loans are considered impaired.

Classifications described above, and taking into account the elements of the Bank's loans and other receivables from the date of the third group of at least twenty percent (20%), from the date of the fourth group of at least fifty percent (50%) percent of the face from the date of the fifth group (100%), by special provision.

The Bank, in addition to specific provisions, standard qualities one percent of the total cash loans (1%) and letters of credit, guarantees and sureties two thousand and other non-cash loans (0.2%) percent, two per cent of the total cash loans under close monitoring (2%) and letters of credit, guarantees and sureties and other four thousandths of the total non-cash loans (0.4%) rate the overall provision.

Regulation on Measurement and Assessment of Capital Adequacy of Banks reverse the trend described in Annex-2 amounts of risk policies related to risk.

The Bank do not use an internal model and calculate the probability of default. In this context, risk is not calculated in the opposite tendency.

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III. INFORMATION ON MARKET RISK (Continued)

Assessing the amount of collateral required to provide to the credit rating of the bank in the event of decrease.

The Bank's management, corporate credit risk ratings and credit worthiness of all the companies customer rating system established with the purpose of detection and identification. "Customer Rating" process, a variety of pre-set customer credit worthiness "qualitative" (the company's market position, competitiveness, customer and supplier portfolio, certificates and documents issued by independent organizations, organizational structure, such as relations with other financial institutions) and "financial" (current ratio, liquidity ratio, profitability and debt), the factors to be analyzed according to the process. After the completion of financial data inputs which constituting the basis for qualitative and quantitative measurement and answers to subjective questions, the system grades all loan customers. Grading scale has a wide range vary from minimum "D" to maximum "AAA+" up to 22 stages. If the credit risk rating of any firm is decreasing, there will be an investigation about coverage of guarantees. Considering the guarantee lack, the Bank make a work through about additional guarantees which can be taken from firm. And then, related department take an action about investigating and cancelling credit protection in case of the guarantee protection system has failed.

Gross positive fair value of contracts, netting benefits, net of current risk amount, the amount of the net position held for guarantees and derivatives

The Bank does not have any derivative agreement in this context.

Credit Regulation on Measurement and Assessment of Capital Adequacy of Banks in Annex 2 of the 3 to 5 risk amount obtained by the method specified in Sections

There is no agreement in this context.

The amount of the credit derivative and the current credit risk, risk classes, with the distribution of the guards.

There is no protection with credit derivatives.

Protection purchased and sold within each product group based on the distribution of the credit derivatives products, including the bank's loan portfolio, credit derivative transactions or the amount used in intermediary activities

None.

Measurement and Assessment of Capital Adequacy of Banks within the scope of Annex-2 "a" if the estimated value to obtain permission from the Authority, "a" value estimation

Measurement and Assessment of Capital Adequacy of Banks within the scope of Annex-2, the Internal Model Method is not used.

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III. INFORMATION ON MARKET RISK (Continued)

Quantitative information on counterparty credit risk

	Amount
Interest Rate-Based Contract	-
Exchange Rate-Based Contract	-
Commodity Based Contract	-
Shares Based Contract	-
Other	26,908
Gross Positive Fair Value	-
Benefits to clarify	-
Net Current Risk Amount	-
Securities Held	-
Derivatives on the Net Positions	73,650

Bank does not calculate its capital requirements with a risk measurement model which permitted by the authority.

IV. INFORMATION RELATED TO VALUE AT OPERATIONAL RISK

“Basic Indicator Method” is used to calculate Bank’s value at operational risk. Value at operational risk is calculated in accordance with the “Regulation Regarding Measurement and Assessment of Capital Adequacy Ratio of Banks” that published at 6 September 2014 official gazette numbered 29111 and according to the 4th section of the regulation “Computation of the Value at Operational Risk”, using the Bank’s the last three years; 2013, 2012 and 2011 year end gross revenues.

	2011	2012	2013	Total/Positive BG year Count	Ratio (%)	Total
Gross Income	110,068	127,784	113,516	117,123	15	17,568
Operational Risk (Total*12,5)						219,605

V. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK

Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the board of directors of the Bank sets limits for positions that are monitored daily

The Bank complies with net general position-shareholder’s equity limits. The Bank has the possibility to borrow a significant amount of foreign currency.

Within the context of the market risk management work of the Risk Management Department, the Bank’s Exchange rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. For testing effects of the unexpected exchange rate fluctuations on the Bank monthly basis stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

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V. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)

The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using hedging derivatives

The Bank does not have any financial derivatives used for hedging.

Foreign exchange risk management policy

Transactions are being hedged according to the Central Bank of Turkey’s basket of currencies instantly. Managable and measurable risks are taken in the scope of the regulatory limits.

Foreign exchange buying rates of the last five business days before the balance sheet date as publicly announced by the Bank, are as follows

Date	USD Dollars	Euro
24 December 2014	TL 2.3165	TL 2.8317
25 December 2014	TL 2.3209	TL 2.8312
26 December 2014	TL 2.3177	TL 2.8368
29 December 2014	TL 2.3182	TL 2.8255
30 December 2014	TL 2.3235	TL 2.8339
31 December 2014	TL 2.3189	TL 2.8207

The basic arithmetical average of the bank’s foreign exchange bid rate for the last thirty days:

The basic arithmetical average of the Bank’s foreign exchange bid rate for December 2014 TL 2.2868 is for USD , TL 2.8202 for EURO.

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V. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)

Information on Currency Risk

Current Period	Euro	USD Dollars	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	137,977	209,521	178	347,676
Banks	940,409	615,927	1,979	1,558,315
Financial Assets through Profit or Loss	-	119,715	-	119,715
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	65	870	-	935
Loans ¹	71,912	775,318	-	847,230
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	26,167	91,007	-	117,174
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	2,109	1,303	-	3,412
Total Assets	1,178,639	1,813,661	2,157	2,994,457
Liabilities				
Bank Deposits	1,013,903	1,523,609	352	2,537,864
Foreign Currency Deposits	221,406	295,413	1,003	517,822
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	817	-	817
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	286	814	4	1,104
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	4,738	4,436	324	9,498
Total Liabilities	1,240,333	1,825,089	1,683	3,067,105
Net “Balance Sheet Position”	(61,694)	(11,428)	474	(72,648)
Net “Off Balance Sheet Position”	62,197	11,686	-	73,883
Financial Derivatives (Assets)	63,387	13,016	-	76,403
Financial Derivatives (Liabilities)	(1,190)	(1,330)	-	(2,520)
Non-Cash Loans	678,343	1,006,029	393,639	2,078,011
Prior Period				
Total Assets	822,273	1,943,822	927	2,767,022
Total Liabilities	823,663	1,941,477	733	2,765,873
Balance Sheet Position, net	(1,390)	2,345	194	1,149
Off Balance Sheet Position, net	-	-	-	-
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	-	-	-	-
Non-cash Loans	758,132	1,043,885	367,232	2,169,249

¹ As of 31 December 2014 loan balance includes foreign currency indexed loans amounting to TL 146,344. (31 December 2013: 173,878)

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V. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)

Exposed currency risk

The possible increases or decreases in the shareholders’ equity and the profit/loss as per an assumption of devaluation/appreciation by 10% of TL against currencies mentioned below as of 31 December 2014 and 31 December 2013 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10% devaluation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders’ Equity (*)	Income Statement	Shareholders’ Equity
Euro	(50)	(50)	139	139
US Dollar	(26)	(26)	(235)	(235)
Other Currencies	(47)	(47)	(19)	(19)
Total	(123)	(123)	(115)	(115)

(*) The effect on shareholders’ equity also includes the effect on the profit/loss.

Assuming 10% appreciation of TL;

	Current Period		Prior Period	
	Income Statement	Shareholders’ Equity (*)	Income Statement	Shareholders’ Equity (*)
Euro	50	50	(139)	(139)
US Dollar	26	26	235	235
Other Currencies	47	47	19	19
Total	123	123	115	115

(*) The effect on shareholders’ equity also includes the effect on the profit/loss.

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VI. INFORMATION ON INTEREST RATE RISK

Interest rate sensitivity of the assets, liabilities and off-balance sheet items

Within the context of the market risk management of the Risk Management Department, the Bank’s interest rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The interest rate risk is measured according to market risk calculated using the standard method and is included in the capital adequacy ratio. To test the effect of the interest rate fluctuations on the Bank monthly based stress test analysis are done.

In addition, by classifying the changes in risk factors different scenario analysis are done based on different interest rate expectations. The sensitivity of assets, liabilities and off-balance sheets against interest rate are measured by an analysis on a monthly basis.

The expected effects of the fluctuations of market interest rates on the Bank’s financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates

The Board of Directors has determined limits for the amount exposed to market risk/ shareholder’s equity, to be maximum %45 for the early warning limit, %50 for limit maximum, and maximum %55 for limit exception in order to follow interest rate risk, exchange rate risk and equity price risk.

The precautions taken for the interest rate risk the Bank was exposed to during the current year and their expected effects on net income and shareholders’ equity in the future periods

Although the increase in interest rates have a limited negative effect on the Bank’s financial position the Bank’s Equity structure is able to confront the negative effects of possible fluctuations in the interest rates.

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VI. INFORMATION ON INTEREST RATE RISK (Continued)

Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	5,172	-	-	-	-	349,068	354,240
Banks	1,342,056	216,368	-	-	-	-	1,558,424
Financial assets at fair value through Profit or Loss	11,199	1,109	63,620	87,503	-	-	163,431
Interbank Money Market Placements	26,908	-	-	-	-	-	26,908
Financial assets available-for-sale	-	-	-	-	-	1,159	1,159
Loans	578,374	320,983	351,265	111,798	-	1,878	1,364,298
Investment securities held-to-maturity	-	20,308	28,979	61,491	30,899	-	141,677
Other assets ¹	-	-	-	-	-	106,583	106,583
Total assets	1,963,709	558,768	443,864	260,792	30,899	458,688	3,716,720
Liabilities							
Bank deposits	863,390	963,996	710,600	-	-	-	2,537,986
Other deposits	26,705	11,490	13,472	-	-	518,080	569,747
Money market borrowings	2,935	-	-	-	-	-	2,935
Miscellaneous payables	-	-	-	-	-	1,227	1,227
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	259	817	5,808	-	-	-	6,884
Other liabilities ²	188	-	-	-	-	597,753	597,941
Total liabilities	893,477	976,303	729,880	-	-	1,117,060	3,716,720
Long Position in the Balance Sheet	1,070,232	-	-	260,792	30,899	-	1,361,923
Short Position in the Balance Sheet	-	(417,535)	(286,016)	-	-	(658,372)	(1,361,923)
Long Position in the Off-balance Sheet	59,546	14,104	-	-	-	-	73,650
Short Position in the Off-balance Sheet	(59,173)	(14,259)	-	-	-	-	(73,432)
Total Position	1,070,605	(417,690)	(286,016)	260,792	30,899	(658,372)	218

1. Other Assets: The amount of TL 106,583 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 65,214, Tangible Assets amounting to TL 21,067, Intangible Assets amounting to TL 2,977, Deferred Tax Assets amounting to TL 2,080, Assets Held for Sale amounting to TL 10, Miscellaneous Receivables amounting to TL 1,816, and Other Assets amounting to TL 13,419.
2. Other Liabilities: The amount of TL 597,753 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 532,187. Provisions amounting to TL 38,893, Tax, Duty and Premium Payable amounting to TL 7,099 and Other Foreign Resources amounting to TL 19,574.

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VI. INFORMATION ON INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	394,379	394,379
Banks	762,855	334,952	-	-	-	-	1,097,807
Financial assets at fair value through Profit or Loss	225	330	709	83,507	-	-	84,771
Interbank Money Market Placements	31,907	-	-	-	-	-	31,907
Financial assets available-for-sale	-	-	-	-	-	1,080	1,080
Loans	403,475	281,577	442,722	319,708	-	289	1,447,771
Investment securities held-to-maturity	17,601	27,159	56,336	46,648	41,440	-	189,184
Other assets ¹	965	-	-	-	-	103,816	104,781
Total assets	1,217,028	644,018	499,767	449,863	41,440	499,564	3,351,680
Liabilities							
Bank deposits	768,300	1,007,575	528,486	-	-	-	2,304,361
Other deposits	24,925	4,284	13,325	-	-	339,864	382,398
Money market borrowings	36,508	-	-	-	-	-	36,508
Miscellaneous payables	-	-	-	-	-	1,523	1,523
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	107,481	510	3,847	-	-	-	111,838
Other liabilities ²	-	874	-	-	-	514,178	515,052
Total liabilities	937,214	1,013,243	545,658	-	-	855,565	3,351,680
Long Position in the Balance Sheet	279,814	-	-	449,863	41,440	-	771,117
Short Position in the Balance Sheet	-	(369,225)	(45,891)	-	-	(356,001)	(771,117)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	279,814	(369,225)	(45,891)	449,863	41,440	(356,001)	-

1 Other Assets: The amount of TL 103,816 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 60,895 Tangible Assets amounting to TL 20,825, Intangible Assets amounting to TL 2,630 Deferred Tax Assets amounting to TL 2,481, Assets Held for Sale amounting to TL 11, Miscellaneous Receivables amounting to TL 888, and Other Assets amounting to TL 16,086.

2 Other Liabilities: The amount of TL 514,178 in the Non-Interest Bearing Column is composed of Shareholders’ Equity amounting to TL 461,977, Provisions amounting to TL 28,625, Tax, Duty and Premium Payable amounting to TL 6,160 and Other Foreign Resources amounting to TL 17,416.

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VI. INFORMATION ON INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments (%)

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	-	-	1.40
Banks	1.20	2.25	-	-
Financial assets at fair value through profit or loss	-	-	-	-
Money market placement	-	-	-	11.24
Financial assets available-for-sale	-	-	-	-
Loans	2.66	4.13	-	11.19
Investment securities held-to-maturity	-	-	-	10.09
Liabilities				
Interbank deposits	0.62	1.54	-	8.24
Other deposits	1.49	1.81	-	7.70
Money market borrowings	-	-	-	8.25
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	-	2.58	-	7.15
Prior Period				
Assets				
Cash (cash in vault, , effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey,	-	-	-	-
Banks	2.01	2.72	-	8.15
Financial Assets at Fair Value Through Profit or Loss	-	5.33	-	-
Money market placements	-	-	-	7.74
Financial assets available-for-sale	-	-	-	-
Loans	3.58	3.88	-	9.34
Investment securities held-to-maturity	5.21	6.60	-	7.15
Liabilities				
Interbank deposits	0.76	1.49	-	-
Other deposits	0.46	1.62	-	7.89
Money market borrowings	-	-	-	4.50
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	-	1.60	-	5.43

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VI. INFORMATION ON INTEREST RATE RISK (Continued)

The interest rate risk of the banking book items

The nature of interest rate risk which banking books and early repayment of loans and measurement frequency of interest rate risk with significant assumptions including related to the movement deposits except time deposit

The interest rate sensitivity of assets, liabilities and off-balance sheet items are considered taking into account the developments in the market by Asset-Liability Committee regularly.

The interest rate risk of the banking book items measurement is included The Bank’s interest rate positions which is defined as banking accounts created and performed relevant re-pricing and maturity data take into account.

The interest rate sensitivity of assets and liabilities cash flows calculated present values using yield curves which generated using market interest rates.

The interest rate risk of the banking book items is measured legally in accordance with the “Regulation on Measurement and Assessment of Standard Shock Method on the interest rate risk arising from banking accounts”, published in the Official Gazette numbered 28034 and dated 23 August 2011, and this legal limit is monitored and reported monthly, based on this measurement. The Bank maintains its capital proportionally with the interest rate risk arising from banking accounts.

The interest rate risks of financial instruments on trading portfolio are considered within the scope of the market risk.

The economic value differences that will be occurred due to fluctuations on interest rates with the Regulation on Standard Shock Method on the interest rate risk arising from banking accounts

Current Period:

	Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders’Equity Loss/ Shareholders’ Equity
1	TRY	500	(19,833)	%(0.0356)
		(400)	34,207	%0.0614
2	EURO	200	36,506	%0.0655
		(200)	342,112	%0.6142
3	USD	200	42,562	%0.0764
		(200)	(333,307)	%(0.5984)
Total (For negative shocks)			43,012	%0.11
Total (For positive shocks)			59,235	%0.08

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VI. INFORMATION ON INTEREST RATE RISK (Continued)

Prior Period

	Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders'Equity Loss/ Shareholders' Equity
1	TRY	500	(15,244)	%(3.1859)
		(400)	24,528	%5.1263
2	EURO	200	9,143	%1.9108
		(200)	(36,706)	%(7.6713)
3	USD	200	14,158	%2.9590
		(200)	25	%0.0051
Total (For negative shocks)			(12,153)	%(2.54)
Total (For positive shocks)			8,057	%1.68

VII. INFORMATION ON STOCK POSITION RISK

Equity investment risk due from banking book

The Bank does not have equity investment risk due to subsidiary and securities issued capital which classified banking accounts are not traded on the stock exchange.

Information on booking value, fair value and market value of equity investments

None.

Information on equity investments realized gains or losses, revaluation increases and unrealized gains or losses and these amounts including capital contribution.

None.

VIII. INFORMATION ON LIQUIDITY RISK

Source of Bank's current liquidity risk and whether the related precautions are taken to eliminate the risk, Restrictions on fund sources established by the board of directors for the purpose of meeting urgent liquidity demand and making payments for matured debts

The Bank's liquidity risk has been analyzed within the context of risk management operations. Within this context Bank's liquidity risk has been analyzed by common ratio analysis and liquidity position analysis based on payment terms. The periodic reporting requirement to BRSA is being performed in accordance with the regulation regarding liquidity adequacy measurement.

Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured

The main reason of liquidity risk is the existence of long term assets versus short term funds borrowed from abroad. On the other hand, these short term funds have the capability of being renewed. Bank has strong fund sources besides there is no restriction on fund sources for the purpose of meeting urgent liquidity demand and making payments for matured debts. As a result of this, the Bank has not been encountered with liquidity problems and there is no expectation of possible liquidity risk for the future for the Bank.

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VIII. INFORMATION ON LIQUIDITY RISK (Continued)

Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized

Shareholder’s Equity has an important portion in the funding resources. The Bank is also capable of funding itself through domestic money markets and funding resources provided by its main shareholder.

As per the BRSA Communiqué published on the Official Gazette dated 1 November 2006 and became effective starting, “Measurement and Assessment of the Adequacy of Banks’ Liquidity”, the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios as of 31 December 2014 are as follows;

<i>Current Period</i>	Primary Maturity Split (Weekly)		Secondary Maturity Split (Monthly)	
	FC	FC+TL	FC	FC+TL
Average	159	204	112	138
Highest (%)	291	327	174	216
Lowest (%)	88	119	82	101

<i>Prior Period</i>	Primary Maturity Split (Weekly)		Secondary Maturity Split (Monthly)	
	FC	FC+TL	FC	FC+TL
Average	166	232	109	143
Highest (%)	277	349	166	213
Lowest (%)	97	151	81	101

Evaluation of amount and sources of the Bank’s cash flows

As mentioned above, the Bank has sufficient cash and cash inflow to supply its cash outflow literally and on time.

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VIII. INFORMATION ON LIQUIDITY RISK (Continued)

Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	13,563	340,677	-	-	-	-	-	354,240
Banks	6,851	1,335,205	216,368	-	-	-	-	1,558,424
Financial Assets at Fair Value through Profit or Loss	-	11,199	1,109	63,620	87,503	-	-	163,431
Money Market Placements	-	26,908	-	-	-	-	-	26,908
Financial assets available-for-sale	-	-	-	-	-	-	1,159	1,159
Loans	-	543,590	172,604	536,306	111,798	-	-	1,364,298
Investment securities held-to-maturity	-	-	20,310	7,208	83,260	30,899	-	141,677
Other assets ¹	-	-	-	-	-	-	106,583	106,583
Total Assets	20,414	2,257,579	410,391	607,134	282,561	30,899	107,742	3,716,720
Liabilities								
Interbank Deposits	287,476	575,914	963,997	710,600	-	-	-	2,537,987
Other Deposits	518,080	26,705	11,489	13,472	-	-	-	569,746
Funds provided from other financial institutions	-	259	817	5,808	-	-	-	6,884
Money market borrowings	-	2,935	-	-	-	-	-	2,935
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	1,227	1,227
Other liabilities ²	-	9,116	3,267	-	-	-	585,558	597,941
Total Liabilities	805,556	614,929	979,570	729,880	-	-	586,785	3,716,720
Liquidity Gap	(785,142)	1,642,650	(569,179)	(122,746)	282,561	30,899	(479,043)	-
Prior Period								
Total Assets	14,476	1,596,931	470,451	652,259	471,227	41,440	104,896	3,351,680
Total Liabilities	640,995	639,812	1,017,016	545,658	-	-	508,199	3,351,680
Liquidity Gap	(626,519)	957,119	(546,565)	106,601	471,227	41,440	(403,303)	-

1 Other assets amounting TL 106,583; at the undistributed part consists of Subsidiaries amounting TL 65,214, Tangible Assets amounting TL 21,067 Intangible Assets amounting TL 2,977 , Deferred Tax Asset amounting TL 2,080, Assets Held for Sale amounting TL 10 Miscellaneous Receivables amounting to TL 1,816 and Other Assets amounting to TL 13,419.

2 Other liabilities amounting TL 585,558 at the undistributed part consists of Shareholders Equity amounting TL 532,187 Provisions amounting TL 38,893, and Other Foreign Resources TL 14,478.

Explanations on securitization positions

None.

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VIII. INFORMATION ON LIQUIDITY RISK (Continued)

Information on Credit risk mitigation techniques

Bank applies the Regulation on Credit risk mitigation techniques’ 34th article that the standard volatility adjustments are taken into account regarding to portfolios in which comprehensive approach is used.

Cash collateral is used for credit risk mitigation.

Volatility adjustments on receivables, guarantees and collateral currency mismatches applied with the standard volatility adjustment approach with the Article 37 of the regulation.

In the case of the maturity mismatch that occurred because of the maturity of the collateral is less than the remaining maturity of the receivable, the collateral value considered as adjusted volatility.

Collaterals which are grouped according to asset type:

Risk Types -Current Period	Amount ⁽¹⁾	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	463,681	-	-	-
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	2,662,245	506	-	-
Contingent and Non-Contingent Corporate Receivables	1,474,764	3,962	-	-
Contingent and Non-Contingent Retail Receivables	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property ⁽²⁾	56,648	-	-	-
Past Due Loans	1,878	394	-	-
Higher-Risk Receivables Defined by BRSA	254,158	198,371	-	-
Marketable Securities Collateralized Mortgages	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Receivables from Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Receivables	100,228	-	-	-
Total	5,013,602	203,233	-	-

(1) Includes the total amount before taking into account the effects of credit risk mitigation.

(2) The real estate mortgages that used to determine the risk classes are taken into consideration regarding the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, Article 6

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VIII. INFORMATION ON LIQUIDITY RISK (Continued)

Information on Credit risk mitigation techniques (continued)

Collaterals which are grouped according to asset type (continued):

Risk Types -Prior Period	Amount ⁽¹⁾	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	538,784	-	-	-
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	2,197,173	-	-	-
Contingent and Non-Contingent Corporate Receivables	1,450,549	8,377	-	-
Contingent and Non-Contingent Retail Receivables	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property ⁽²⁾	61,870	-	-	-
Past Due Loans	289	-	-	-
Higher-Risk Receivables Defined by BRSA	444,537	301,305	-	-
Marketable Securities Collateralized Mortgages	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Receivables from Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Receivables	92,963	-	-	-
Total	4,786,165	309,682	-	-

(1) Includes the total amount before taking into account the effects of credit risk mitigation.

(2) The real estate mortgages that used to determine the risk classes are taken into consideration regarding the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, Article 6

Risk Management Target and Policies

The Bank’s risk strategy, policy, and procedures are approved by board of directors in order to make policies that are determined, to be approved, to evaluate and manage the risk that bank is exposed to, and to make it in compliance with changing circumstances, necessary conditions are determined.

Strategies and implementations related to risk management

The objectives of the Risk Management Department are identifying, evaluating, reporting, monitoring and establishing control over the risks imposed by the bank and the risk groups that the bank is involved in.

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VIII. INFORMATION ON LIQUIDITY RISK (Continued)

Structure and organization of the risk management system

The Risk Management Department is independent from executive actions and is directly affiliated with the Board of Directors. The Department is structured to operate under the responsibility of the Bank’s Audit Committee and the Internal Systems Director.

Risk management system

The Risk Management System is composed of identifying, evaluating, tracing, controlling, administrating, reporting the potential risks that the Bank may encounter and the limitation procedures mechanism of these risks.

Risk management principles

The Bank's risk management principles are being selective about taken risks, Identifying risks effectively, measuring, analyzing and managing, Ensuring the risk-return balance, Taking robust guarantees level to meet the existing and potential risks and monitoring closely the adequacy of collateral, Having enough capital structure to provide present and future potential risks, Ensuring risks that are kept within defined limits, Controlling all activities compliance with approved policies and procedures, Provide activities in accordance with laws and regulations, Establish corporate risk culture within the Bank, Providing effective reporting channels which will help to inform management level to prevent delay about every type of inconsistencies, In order to follow and to manage risks, Bank and market data reviewed regularly. Within the scope of classifying risks besides of legal limits also bank internal limits are provided.

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IX. INFORMATION ON FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the held to maturity financial assets; in case of situations where market price or fair value cannot be determined; is calculated over the quoted market prices of other investment securities that are of the same interest, maturity and similar in other clauses.

The estimated fair value of the demand deposit represents the amount to be paid at the moment of demand. Placements of changing rates and the fair value of the overnight deposit equal to their book values. The fair value of the fixed yield deposit is calculated over the cash flows discounted using the market interest rates implicated on similar borrowing and other payables.

The estimated fair value of the loans is calculated over the cash flows discounted using the market interest rates implicated on the constant interest loans. The carrying values of floating-rate loans are deemed a reasonable proxy for their fair values.

In the table below; fair values and book values of some of the financial assets and liabilities are presented. The book value of the assets and liabilities is the total of the cost and accumulated interest accruals.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	3,092,466	2,767,749	3,106,959	2,774,348
Banks	1,558,424	1,097,807	1,558,424	1,097,807
Money market receivables	26,908	31,907	26,908	31,907
Financial assets available-for-sale	1,159	1,080	1,159	1,080
Investment securities held-to- maturity	141,677	189,184	156,170	195,783
Loans	1,364,298	1,447,771	1,364,298	1,447,771
Financial Liabilities	3,118,779	2,836,628	3,118,779	2,836,628
Interbank deposits	2,537,987	2,304,361	2,537,987	2,304,361
Other Deposits	569,746	382,398	569,746	382,398
Funds provided from other financial institutions	6,884	111,838	6,884	111,838
Money market borrowings	2,935	36,508	2,935	36,508
Marketable securities issued	-	-	-	-
Miscellaneous Payables	1,227	1,523	1,227	1,523

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**IX. INFORMATION ON FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES
(Continued)**

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or,

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at fair value through Profit or Loss	162,649	782	-	163,431
<i>Public sector debt securities</i>	57,019	-	-	57,019
<i>Financial assets held for trading</i>	-	782	-	782
<i>Other marketable securities</i>	105,630	-	-	105,630
Financial Liabilities				
Derivative financial liabilities held for trading	-	187	-	187
Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets held for trading	84,771	-	-	84,771
<i>Other marketable securities</i>	84,771	-	-	84,771

Activities carried out on behalf of and account of third parties, activities based on assurance

Information on whether Bank carries out trading, custody, consulting, management services for third parties

The Bank carries out trading of government bonds and treasury bills and repurchase agreements on others’ behalf and account. Apart from such services; the Bank does not carry out any other trading, custody, management and consulting services on behalf and account of others.

Information on trust transactions with other financial institutions or direct financial services given within the context of trust transactions to other financial institutions and possible affects of such transactions on Bank’s financial situation

The Bank does not have transactions based on trust.

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X. INFORMATION ON BUSINESS SEGMENTS

Information on operational segments on 31 December 2014 and 31 December 2013 are presented in the table below:

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(661)	86,804	23,426	-	109,569
Commission Income (Net)	-	48,062	-	-	48,062
Unallocated Income/Expenses (Net)	-	-	-	(72,561)	(72,561)
Operating Income	(661)	134,866	23,426	(72,561)	85,070
Income from Subsidiaries					4,319
Income before tax					89,389
Tax Provision					(18,883)
Net Profit for the period					70,506

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	740	1,363,558	2,269,600	-	3,633,898
Associates and Subsidiaries	-	-	-	65,214	65,214
Unallocated assets	-	-	-	17,608	17,608
Total Assets	740	1,363,558	2,269,600	82,822	3,716,720
Segment Liabilities	159,260	414,769	2,543,523	-	3,117,552
Unallocated Liabilities	-	-	-	66,981	66,981
Equity	-	-	-	532,187	532,187
Total Liabilities	159,260	414,769	2,543,523	599,168	3,716,720

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	673	56,895	22,268	-	79,223
Commission Income (Net)	-	34,853	-	-	34,853
Unallocated Income/Expenses (Net)	-	-	-	(57,208)	(57,208)
Operating Income	673	91,748	22,268	(57,208)	56,868
Income from Subsidiaries					4,951
Income before tax					61,819
Tax Provision					(12,229)
Net Profit for the period					49,590

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	696	1,447,076	1,499,675	-	2,947,447
Associates and Subsidiaries	-	-	-	60,895	60,895
Unallocated assets	-	-	-	343,338	343,338
Total Assets	696	1,447,076	1,499,675	404,233	3,351,680
Segment Liabilities	98,284	287,553	2,449,268	-	2,835,105
Unallocated Liabilities	-	-	-	54,598	54,598
Equity	-	-	-	461,977	461,977
Total Liabilities	98,284	287,553	2,449,268	516,575	3,351,680

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SECTION FIVE

INFORMATION ON DISCLOSURES AND FOOTNOTES OF
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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS

1. Information on cash equivalents and Central Bank of Turkey

Information on cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,367	7,006	1,124	5,671
Central Bank of Turkey	5,197	340,670	1,075	386,509
Other	-	-	-	-
Total	6,564	347,676	2,199	392,180

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	5,197	-	1,075	-
Unrestricted Time Deposits	-	83,191	-	89,980
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	257,479	-	296,529
Total	5,197	340,670	1,075	386,509

Information on Reserve Deposits

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 5% and 11.5% (31 December 2013: between 5% and 11.5%), and for USD or EUR at the rates of 6% and 13% respectively according to their maturities as per the Communiqué no.2005/1 “Reserve Deposits” of the Central Bank of Turkey (31 December 2013: between 6% and 13). According to change, in the Communiqué which is no of 2013/15, with the number of 2014/3 practice direction effectuated at 5 November 2014, Central Bank has started charging interest to TRY Reserve Deposits.

2. Information on financial assets at fair value through profit/loss

Among financial assets at fair value through profit or loss; there is amount of TL 3,015 marketable securities subjected to repurchase transaction. There is amount of TL 9,853 provided as collateral /blocked financial assets at fair value through profit or loss in the current period.(31 December 2013: None.).

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Positive differences on derivative financial assets held for trading showed as below:

Derivative Financial Assets Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	782	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	782	-	-	-

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC		TL
Banks				
Domestic banks	109	1,551,920	18,354	1,062,880
Foreign banks	-	6,395	-	16,573
Foreign head offices and branches	-	-	-	-
Total	109	1,558,315	18,354	1,079,453

Information on foreign banks

	Free Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
	EU Countries	3,068	4,223	-
USA, Canada	807	230	-	-
OECD Countries (*)	27	400	-	-
Off-Shore Banking Regions	-	-	-	-
Other	2,493	11,720	-	-
Total	6,395	16,573	-	-

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

4. Information on available for sale financial assets

Information on transaction of repo and collateral/blocked financial assets (Net)

As of 31 December 2014, the Bank does not have marketable securities subjected to repurchase transactions on financial assets available-for-sale (31 December 2013: None). As of 31 December 2014, there is no security is held on collateral/blocked for guarantee from assets available-for-sale (31 December 2013: None).

Major types of available for sale financial assets

Available for sale financial assets are composed shares that are not quoted in the stock market.

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Information on available for sale financial assets

	Current period	Prior period
Debt Securities	-	-
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
Share Certificates	1,159	1,080
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	1,159	1,080
Impairment provision (-)	-	-
Total	1,159	1,080

5. Information on Loans

Information on all types of loans and advances given to shareholders and employees of the Bank

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	-	161	4,267	13,686
Corporate Shareholders	-	161	4,267	13,686
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to the Bank’s personnel	656	4	632	4
Total	656	165	4,899	13,690

Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	<i>Total Loans and Other Receivables</i>	<i>Restructured or Rescheduled</i>		<i>Total Loans and Other Receivables</i>	<i>Restructured or Rescheduled</i>	
		<i>Extended compensation plans</i>	<i>Other</i>		<i>Extended compensation on plans</i>	<i>Other</i>
Cash Loans						
Non-specialized loans	1,362,420	-	-	-	-	-
Corporate loans	-	-	-	-	-	-
Export loans	206,950	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	369,055	-	-	-	-	-
Consumer loans	740	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	785,675	-	-	-	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	1,362,420	-	-	-	-	-

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Loan distribution according to term structure

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables (Total) <i>r</i>	Amendments on Conditions of Contract	Loans and other receivables (Total)	Amendments on Conditions of Contract
Short Term Loans and other receivables	765,077	-	-	-
Non-specialized loans	765,077	-	-	-
Specialized Loans	-	-	-	-
Other receivables	-	-	-	-
Middle Term Loans and other receivables	597,343	-	-	-
Non-specialized loans	597,343	-	-	-
Specialized Loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,362,420	-	-	-

Number of amendments related to the plan extension of the payment plan

None.

The time extended via the amendment on payment plan

None.

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Information on consumer loans, credit cards and loans given to employees

	Short Term	Middle and Long Term	Total
Consumer Loans-TL	-	84	84
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	84	84
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	148	508	656
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	148	508	656
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	148	592	740

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Information on installment commercial loans and commercial credit cards

	Short Term	Middle and Long Term	Total
Commercial Installment Loans-TL	4,296	1,257	5,553
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	4,296	1,257	5,553
Commercial Installment Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans -FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credited Deposit Account-TL (Legal Person)	138	-	138
Credited Deposit Account -FC (Legal Person)	-	-	-
Total	4,434	1,257	5,691

Allocation of loans according to customer type

	Current Period	Prior Period
Public	-	-
Private	1,362,420	1,447,482
Total	1,362,420	1,447,482

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	1,324,223	1,406,287
Foreign loans	38,197	41,195
Total	1,362,420	1,447,482

Loans granted to subsidiaries and associates

	Current Period	Prior Period
Loans to subsidiaries and associates	-	31,597
Total	-	31,597

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Specific provisions for loans

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	290
Uncollectible loans and receivables	13,214	8,156
Total	13,214	8,446

Information related to non-performing loans

Information on restructured loans of non-performing loans

None.

Information on movement of total non-performing loans

	III. Group	IV. Group	V. Group
	<i>Loans and receivables with limited collectibles</i>	<i>Loans and receivables with doubtful collectibles</i>	<i>Uncollectible loans and receivables</i>
Balances at Beginning of Period	-	579	8,156
Additions (+)	2,629	4,027	4
Transfers from other categories of nonperforming loans (+)	-	2,629	7,111
Transfers to other categories of nonperforming loans (-)	2,629	7,111	-
Collections (-)	-	124	179
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	15,092
Specific provisions (-)	-	-	13,214
Net Balance on Balance Sheet	-	-	1,878

Information on foreign currency non-performing loans

There are non-performing loan receivables in foreign currency amounting TL 2,427 which is followed in TL accounts.

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Information on gross and net loans under follow-up according to the borrowers

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful	V. Group Non-performing loans and receivables
Current Period (Net)	-	-	1,878
Loans granted to real persons and legal entities (Gross)	-	-	14,992
Specific provisions (-)	-	-	13,114
Loans granted to real persons and legal entities (Net)	-	-	1,878
Banks (Gross) ¹	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	289	-
Loans granted to real persons and legal entities (Gross)	-	579	8,056
Specific provisions (-)	-	290	8,056
Loans granted to real persons and legal entities (Net)	-	289	-
Banks (Gross) ¹	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

1 Foreign bank

Collection policy on loans determined as loss and other receivables

Loans determined as loans and other receivables are collected via legal follow-up and conversion of guarantees to cash.

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Information on write-off policy

Loans under legal follow-up are classified and are made provision according to “Regulation on Procedures and Principles Concerning Loans and Other Receivable’s Nature Definition and Provisions”. These loans are collected in collaboration with Department of Loan Trace and Follow, Department of Law Services and Consultancy and other related departments. However if mentioned loans could not be collected in any way, write-off procedure is implemented. This procedure is implemented by getting the opinion of Department of Law Services and Consultancy and by obtaining approvals from Loan Trace and Follow Department and the Board of Directors.

6. Information on held to maturity financial assets

Information on transaction of repo and collateral/blocked financial assets (Net)

There are no marketable securities as held to maturity and subject to repurchase transactions (31 December 2013: TL 37,959) as of 31 December 2014. There are no financial assets as collateral/blocked as of 31December 2014 (31 December 2013: TL 7,003).

Information on government held to maturity financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	24,503	-	48,391	-
Treasury Bonds	-	-	-	-
Other Public Bonds	-	91,232	-	100,266
Total	24,503	91,232	48,391	100,266

Information of investments held to maturity

	Current Period	Prior Period
Debt Instruments	141,677	190,037
Quoted at stock exchange	115,735	149,510
Not-quoted at stock exchange	25,942	40,527
Impairment loss provision (-)	-	(853)
Total	141,677	189,184

Movement of marketable securities held to maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	189,184	135,149
Foreign Currency Gains / Losses on Monetary assets	18,663	24,727
Purchases during the Period	29,234	84,255
Disposals through sales and redemptions ¹	(94,796)	(54,556)
Impairment loss provision ²	(608)	(391)
Period end balance	141,677	189,184

1 In the current period redemption amounting to TL 94,796 (31 December 2013: TL 54,556) has been realized from the portfolio.

2 Represents provisions allocated for impairment in the current year.

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

7. Information on associates

The Bank does not have an associate.

8. Information on subsidiaries (Net)

Information on unconsolidated subsidiaries

The Bank does not have an unconsolidated subsidiary.

Information on subsidiaries

Information on Shareholders’ Equity for A&T Finansal Kiralama A.Ş.

	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	65,000	60,680
Capital Reserves	97	106
Legal Reserves	1,983	1,787
Extraordinary Reserves – Legal Reserve per General Legislation	-	3
Profit / Loss	7,477	6,052
<i>Net Profit</i>	5,940	2,157
<i>Prior Period Profit/Loss</i>	1,537	3,895
Intangible Assets (-)	202	240
Total Core Capital	74,355	68,388
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	74,355	68,388
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL¹	74,355	68,388

1 There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 74,355.

There is no internal capital adequacy assessment approach for the subsidiary. There is no additional requirements in terms of the capital of the subsidiary.

Summary information on basic features of equity items

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves.

Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the third clause of first and second paragraph of 519 and 521 articles of Turkish Commercial Code no. 6102.

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

Description	Address (City/Country)	Bank’s share percentage-If different voting percentage (%)	Bank’s risk group share percentage (%)
1	A&T Finansal Kiralama A.Ş.	İstanbul	99.98

Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value (*)
254,426	74,557	4,232	17,598	-	5,940	3,895	-

(*) The related subsidiary has no fair value as of 31 December 2014.

Movement related to subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	60,895	40,452
Movements during the Period	4,319	20,443
Purchases	-	15,492
Bonus Shares Received	4,319	4,951
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision	-	-
Balance at the End of the Period	65,214	60,895
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99.98	99.98

Sectoral Information on the subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	65,214	60,895
Finance Companies	-	-
Other Affiliates	-	-

Quoted Subsidiaries

There is no subsidiaries quoted at stock exchange of the bank. There is no additional requirement for capital.

9. Information on jointly ventures

The Bank does not have joint ventures.

10. Information on Financial Lease Receivables (Net)

The Bank does not have any financial lease operation.

11. Information on financial derivatives for hedging

The Bank does not have any financial derivatives for hedging .

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

12. Information on tangible assets

Current Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period- 31 December 2013	16,874	-	547	3,404	20,825
Cost	29,331	4,530	880	10,209	44,950
Accumulated Depreciation (-)	12,457	4,530	333	6,805	24,125
Net Book Value Balance at the End of the Current Period - 31 December 2014	16,874	-	547	3,404	20,825
Net Book Value at the Beginning of the Current Period	29,331	4,530	880	10,209	44,950
Additions	521	-	-	2,953	3,474
Disposals (-)	-	572	735	62	1,369
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period	29,852	3,958	145	13,100	47,055
Accumulated Depreciation (-)	12,457	4,530	333	6,805	24,125
Depreciation Expense (-)	745	-	72	1,962	2,779
Depreciation of Disposals (-)	-	(572)	(305)	(39)	(916)
Accumulated Depreciation at the End of the Current Period (-)	13,202	3,958	100	8,728	25,988
Net Book Value at the End of the Current Period	16,650	-	45	4,372	21,067

Prior Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period- 31 December 2012	17,441	122	805	4,634	23,002
Cost	29,175	4,659	1,092	9,852	44,778
Accumulated Depreciation (-)	11,734	4,537	287	5,218	21,776
Net Book Value Balance at the End of the Current Period - 31 December 2013	17,441	122	805	4,634	23,002
Net Book Value at the Beginning of the Current Period	29,175	4,659	1,092	9,852	44,778
Additions	156	-	-	377	533
Disposals (-)	-	129	212	20	361
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period	29,331	4,530	880	10,209	44,950
Accumulated Depreciation (-)	11,734	4,537	287	5,218	21,776
Depreciation expense(-)	723	103	186	1,608	2,620
Depreciation of Disposals (-)	-	(110)	(140)	(21)	(271)
Accumulated Depreciation at the End of the Current Period (-)	12,457	4,530	333	6,805	24,125
Net Book Value at the End of the Current Period	16,874	-	547	3,404	20,825

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I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)

13. Information on Intangible assets

	31 December 2014	31 December 2013
Balance at the End of the Prior Period		
Cost	8,071	6,503
Accumulated Depreciation (-)	5,441	4,469
Net Book Value	2,630	2,034
Balance at the End of the Current Period		
Net Book Value at the Beginning of the	8,071	6,503
Additions	1,522	1,568
Disposals (-)	-	-
Impairment(-)	-	-
Cost at the Beginning of the current period	9,593	8,071
Accumulated Depreciation (-)	5,441	4,469
Amortization and amortization	1,175	972
Impairment Depreciation(-)	-	-
Accumulated Amortization at end of the	6,616	5,441
Net Book Value at end of the current period	2,977	2,630

14. Information on investment property

The bank does not have any investment property.

15. Information on tax assets

As of 31 December 2014, there is no tax receivable under current tax asset after the deduction of tax liability.

The Bank has calculated TL 2,557 deferred tax asset and TL 477 deferred tax liability over taxable temporary differences as of 31 December 2014 and recorded the net amount of asset and liability to the financial statement (31 December 2013: TL 2,543 deferred tax asset and TL 62 deferred tax liability).

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The detail of deferred tax asset and liability is as follows:

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/(liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions for employee rights	8,595	1,719	7,582	1,516
Unearned Income	3,148	630	3,362	672
Interest accruals	-	-	697	139
Depreciation difference for tangible and intangible assets	908	182	624	125
Derivative financial instruments	1	-	-	-
Other	131	26	453	91
Deferred tax asset	12,783	2,557	12,718	2,543
Interest accruals	1,411	282	-	-
Other	973	195	311	62
Deferred tax liability	2,384	477	311	62
Deferred tax asset / (liability), net		2,080		2,481

16. Information about fixed assets held for sale

	Current Period	Prior Period
Cost	17	412
Impairment (-)	6	5
Accumulated Depreciation (-)	-	119
Prior Period Net Book Value	11	288
Opening Balance	17	412
Additions	-	-
Disposals (-).net	-	395
Accumulated Impairment (-)	6	6
Impairment (-)	1	1
Accumulated Depreciation (-)	-	119
Depreciation	-	126
Depreciation Expenses (-)	-	8
Closing Net Book Value	10	11

17. Information on other assets

As of 31 December 2014 other assets is amounting to TL 15,235 (31 December 2013: TL 17,939) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumu- lating Deposit Accounts	Total
Saving Deposits	5,818	-	276	3,922	1,385	141	-	-	11,542
Foreign Currency Deposits	473,215	-	12,398	7,612	3,899	7,509	13,189	-	517,822
Residents in Turkey	161,961	-	3,629	4,746	420	6,972	103	-	177,831
Residents Abroad	311,254	-	8,769	2,866	3,479	537	13,086	-	339,991
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	9,590	-	7	1,197	97	-	-	-	10,891
Other Ins. Deposits	29,457	-	-	34	-	-	-	-	29,491
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	287,476	-	442,190	881,768	215,953	710,600	-	-	2,537,987
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	287,476	-	442,190	881,768	215,953	710,600	-	-	2,537,987
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	805,556	-	454,871	894,533	221,334	718,250	13,189	-	3,107,733

Prior Period	Demand	7 Days Notice	Up to 1 Months	1-3 Months	3-6 Months	6 Months- 1 Year 1 Year and over	Accumu- lating Deposit Accounts	Total	
Saving Deposits	3,199	-	281	1,050	1,384	-	-	5,914	
Foreign Currency Deposits	321,612	-	667	12,513	3,947	710	13,657	353,106	
Residents in Turkey	145,810	-	427	1,892	681	98	1,163	150,071	
Residents Abroad	175,802	-	240	10,621	3,266	612	12,494	203,035	
Public Sector Deposits	-	-	-	-	-	-	-	-	
Commercial Deposits	12,571	-	255	346	93	-	7,615	20,880	
Other Ins. Deposits	2,482	-	-	16	-	-	-	2,498	
Precious Metal Deposits	-	-	-	-	-	-	-	-	
Bank Deposits	301,131	-	172,134	685,911	342,979	375,199	427,007	2,304,361	
Central Bank	-	-	-	-	-	-	-	-	
Domestic Banks	-	-	-	-	-	-	-	-	
Foreign Banks	301,131	-	172,134	685,911	342,979	375,199	427,007	2,304,361	
Special Financial Inst.	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	
Total	640,995	-	173,337	699,836	348,403	375,909	448,279	-	2,686,759

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	6,632	4,185	4,910	1,729
Foreign Currency Saving Deposits	45,366	24,435	102,352	67,936
Other Saving Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	51,998	28,620	107,262	69,665

Saving deposits not covered by deposit insurance

There are no foreign or off-shore branches of the Bank.

The real persons who are out of scope of Savings and Deposits Insurance Fund have not any current or participation account.

The deposits that are covered in foreign branches of the Bank’s that headquarters located in abroad

The Bank’s headquarter is located in Turkey.

Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	714	1,200
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 December 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-
Total	714	1,200

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

2. Information on financial derivatives through profit or loss

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	187	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	187	-	-	-

3. Information on Funds Borrowed

Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing from Central Bank	-	-	-	-
From Domestic Banks and Institutions	6,067	817	4,357	-
From Foreign Banks, Institutions and Funds	-	-	-	107,481
Total	6,067	817	4,357	107,481

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	6,067	817	3,694	107,481
Long-Term	-	-	663	-
Total	6,067	817	4,357	107,481

Additional explanation related to the concentrations of the Bank’s major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed

Domestic borrowings consist of Eximbank loans. Borrowings from abroad consist of foreign banks.

4. Information on other foreign resources

The other external resources is amounting to TL 19,575 (31 December 2013: TL 18,290) and this amount does not exceed 10% of the total balance sheet.

5. Information on financial lease obligations

None.

6. Information on liabilities arised from financial derivative transactions for hedging purposes

The Bank does not have financial derivative instruments for hedging purposes.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

7. Information on provisions

Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	15,004	15,567
Additional provisions for the loans with extended payment plan	-	-
Provisions for Loans and Receivables in Group II	-	54
Additional provisions for the loans with extended payment plan	-	-
Provisions for Non-Cash Loans	4,680	4,790
Other	-	-
Total	19,684	20,411

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

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans (*)	30	-

(*) Foreign exchange differences of foreign currency indexed loans are netted off with loans.

Special provisions set aside for non-funded and non-cash loans

As of 31 December 2014, special provisions set aside for non-funded and non-cash loans are TL 1,547 (31 December 2013: TL 589)

Reserve for employee termination benefits

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated TAS 19 - Employee Benefits. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

As at 31 December 2014 and 31 December 2013, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	%2.84	%2.83
Expected Rate of Salary/Limit Increase	%5.00	%6.00
Estimated Employee Turnover Rate	%5.44	%5.42

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 31 December 2014 is TL 3,438 (full TL) (31 December 2013: TL 3,254 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

Movement of employee termination benefits are as follows:

	Current Period	Prior Period
Balances at Beginning of Period	4,272	4,910
Provision booked in current period	1,060	738
Provision paid in current period (-)	442	1,376
Balances at End of the Period	4,890	4,272

The employee termination benefit liability of the Bank is the amount as at 31 December 2014 is TL 4,890 (31 December 2013: TL 4,272). In addition to this, the unused vacation provision and other employee benefits amount as at 31 December 2014 is TL 3,705 (31 December 2013: TL 3,310).

Information on other provisions

The provisions for probable risks are below:

These financial statements include a free provision that is out of reporting standarts, amounting to TL 9,000 thousand which was charged to the income statement in the current period, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

In the case of the other provisions, exceeds the 10% of the total provisions, those accounts and balances.

	Current Period	Prior Period
Free provisions for possible risks	9,000	-
Provisions for non-cash loans	1,547	589
Provisions for law suits	67	43

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Information on tax payables

Information on corporate tax liability

As of 31 December 2014, corporate tax payable after deducting the prepaid tax is TL 3,267 (31 December 2013: TL3,773)

Information on tax payables

	Current Period	Prior Period
Corporate Tax	3,267	3,773
Banking Insurance Transaction Tax (BITT)	612	858
Taxation of Securities	1,798	232
Value added taxes payable	78	58
Corporate tax payable-limited	5	7
Foreign Exchange Legislation Tax	-	-
Property tax	18	15
Other	772	702
Total	6,550	5,645

Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee	64	191
Social Security Premiums - Employer	442	283
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee share	14	14
Unemployment Insurance - Employer share	29	27
Other	-	-
Total	549	515

Information on deferred tax liability

The net amount of assets and liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset with an amount of TL 2,080. Detailed information on net deferred tax is presented in footnote I-13 in Section Five.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on liabilities of fixed asset held for sale and discontinued operations

The Bank has no liability related to assets held for sale and discontinued operations.

Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that loan was borrowed from, and conversation option, if any

The Banks has no subordinated loans.

9. Information on Shareholder’s Equity

Presentation of Paid-in Capital

	Current Period	Prior Period
Common Stock	440,000	240,000
Preferred Stock	-	-

Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Registered share capital system is not implemented in the Bank.

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

Date of Increase in Capital	Amount of Capital Increase	Cash	Income/loss of Prior Year Used for Capital Increase	Share Capital Reserves Used for Capital Increase
3 April 2014	200,000	-	190,904	9,096

Information on share capital increases from capital reserves

In the current period, amount of TL 9,096 has been transferred to capital from capital reserves from inflation adjustments to paid in capital.

Capital commitments for current financial year and following period, general purpose of these commitments and estimated resources necessary for these commitments

No capital commitments have been made to current financial year and following period.

The impacts of the foresights, which are prophesied according to Bank’s prior periods income, profitability, and liquidity indicators and uncertainty, to shareholders’ equity

None.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on the privileges given to stocks representing the capital

The share capital can be increased or decreased one or more times. Such an increase may be accomplished through the transfer of monies from the reserves to the capital account and the issuance of “bonus” shares in consequence thereof.

Every shareholder shall have the preferential (pre-emptive) right to subscribe for a proportion of new shares corresponding to the number of shares held by him and such right may be exercised within a period of thirty days from the date of receipt by each shareholder of an invitation to the shareholders to that effect. Such invitation shall be made by registered mail to the address contained in the share register.

These preferential (pre-emptive) rights may only be assigned by approval of the Board of Directors upon the favourable vote of 80% of the members, present or represented.

New shares may not be issued at a price less than the nominal value of the original shares issued.

Fractional shares shall be allocated by the Board of Directors.

The Bank may not finance the acquisition of its own shares whether dire.

Arabian shareholders are treated under the same legislation with Turkish citizens. This includes the transfer of distributed other revenues, guarantees, shares, dividends. And in a similar manner Arabian shareholders are benefited and protected by law No.6224, Foreign Capital Incentive Law.

Information on marketable securities value increase fund

The Bank does not have marketable securities value increase fund.

Information on legal reserve

As decided in the annual general meeting which is held on 28 March 2014, in the current period, amount of TL 2,533 have been transferred to legal reserves from profits of previous years according to 519th amendment of Turkish Commercial Code no 6102. (31 December 2013: TL 2,916).

Information on minority shares

None.

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS

1. Information on contingent liabilities in the off-balance sheets

Type and amount of irrevocable commitments

The Bank has TL 79,418 (31 December 2013: TL 5,637) as irrevocable commitments.

Type and amount of possible losses from off-balance sheet items

As of 31 December 2014, the Bank has allocated the provision amounting TL 6,227 over total non-cash loans (31 December 2013: TL 5,379).

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

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 558,697 (31 December 2013: TL 591,973).

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Bank’s guarantee letters is TL 1,695,666 (31 December 2013: TL 1,789,502).

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	285,396	97,324
Less Than or Equal to One Year with Original Maturity	121,070	-
More Than One Year with Original Maturity	164,326	97,324
Other Non-Cash Loans	1,968,967	2,284,151
Total	2,254,363	2,381,475

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**IV. INFORMATION AND FOOTNOTES RELATED TO OFF-BALANCE SHEET
(Continued)**

3. Information on sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	1,377	0.78	4,780	0.23	2,897	1.37	1,742	0.08
Farming and Raising livestock	1,338	0.76	4,780	0.23	2,858	1.35	1,742	0.08
Forestry	39	0.02	-	-	39	0.02	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	58,817	33.35	297,695	14.33	66,296	31.24	204,821	9.44
Mining	13,035	7.39	-	-	6,435	3.03	10,672	0.49
Production	45,782	25.96	297,695	14.33	59,861	28.21	194,149	8.95
Electric, gas and water	-	-	-	-	-	-	-	-
Construction	111,367	63.15	388,779	18.71	137,591	64.83	373,594	17.22
Services	4,791	2.72	1,386,757	66.73	5,442	2.56	1,589,092	73.26
Wholesale and Retail Trade Hotel, Food and Beverage Services	257	0.15	3,844	0.18	12	0.01	2,934	0.14
Transportation and Telecommunication	-	-	403	0.02	-	-	-	-
Financial Institutions	98	0.06	457	0.02	810	0.38	1,735	0.08
Real Estate and Renting Services	4,323	2.45	1,380,604	66.44	4,507	2.12	1,584,423	73.04
Self-Employment Services	-	-	11	0.00	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	113	0.06	-	-	113	0.05	-	-
Other	-	-	1,438	0.07	-	-	-	-
Total	176,352	100	2,078,011	100	212,226	100	2,169,249	100

4. Information on non-cash loans classified as I and II group loans

	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	176,190	1,519,476	-	-
Bank acceptances	-	1,460	-	-
Letters of credit	-	404,791	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	162	152,284	-	-
Non-Cash Loans	176,352	2,078,011	-	-

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**IV. INFORMATION AND FOOTNOTES RELATED TO OFF-BALANCE SHEET
(Continued)**

5. Information on derivative transactions

	Current Period	Prior Period
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	147,082	-
Currency Forward	-	-
Currency Swaps	147,082	-
Currency Futures	-	-
Currency Option	-	-
Interest Rate Related Derivative Transactions (II)	-	-
Interest Rate Forwards	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I+II+III)	147,082	-
Hedging Derivatives		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
	-	-
Total Derivative Transactions (A+B)	147,082	-

6. Information on credit derivatives and related imposed risks

The Bank does not have any credit derivative contract.

7. Information on contingent liabilities and assets

The Bank has provided TL 67 (31 December 2013: TL 43) of provision for the disputed legal cases filed by various persons and institutions, high probability of occurrence and requiring cash outflow. The amount is shown under the Other Provisions Section Five Note II -7. Although there are other ongoing lawsuits that against the Bank, do not expect high possibility of against result and cash outflows related to these cases.

8. Services supplied on behalf of others

None.

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IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
(Continued)

1. Information on interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans ^(*)				
Short- Term Loans	52,357	6,382	28,543	6,038
Medium and Long- Term Loans	2,321	27,732	1,908	21,566
Interest Received From Non Performing Loans	140	-	322	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	54,818	34,114	30,773	27,604

(*) It contains fee and commission income related to cash loans.

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	-	-	-	-
From Domestic Banks	1,321	26,530	734	25,560
From Foreign Banks	191	105	2	41
From Foreign Headquarter and Branches	-	-	-	-
Total	1,512	26,635	736	25,601

Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	1,712	6,417	1,874	2,217
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	-	-	-	-
Investments held to maturity	4,355	7,721	3,864	7,206
Total	6,067	14,138	5,738	9,423

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest income received from associates and subsidiaries	273	1,073

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IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
(Continued)

2. Interest Expense

Information on interest paid for funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	270	134	278	15,113
Central Bank	-	-	-	-
Domestic Banks	270	25	278	16
Foreign Banks	-	109	-	15,097
Other Institutions	-	-	-	-
Total	270	134	278	15,113

Information on interest expense paid to subsidiaries and associates

	Current Period	Prior Period
Interest Expense Paid to Subsidiaries and Associates	-	4

Information on interest expense given on securities issued

None.

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IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
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Maturity structure of the interest expense on deposits

	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	-	158	-	-	-	-	-	158
Saving deposits	-	35	194	114	3	1	-	347
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	39	16	1,015	291	51	-	1,412
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	-	232	210	1,129	294	52	-	1,917
Foreign Currency								
Foreign currency deposits	-	95	156	51	64	278	-	644
Interbank deposits	706	5,047	9,357	2,464	8,109	-	-	25,683
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	706	5,142	9,513	2,515	8,173	278	-	26,327
Grand Total	706	5,374	9,723	3,644	8,467	330	-	28,244

3. Information on dividend income

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets through profit or loss	-	-
Financial Assets available for sale	62	66
Other	4,319	4,951
Total	4,381	5,017

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**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
(Continued)**

4. Information on trading gain/loss

	Current Period	Prior Period
Gain	3,754,113	3,588,974
Gain from money market transactions	-	-
Gain from financial derivative transactions	1,664	22,421
Gain from exchange transactions	3,752,449	3,566,553
Loss (-)	(3,753,301)	(3,590,373)
Loss from money market transactions	-	-
Loss from financial derivative transactions	(2,360)	(24,323)
Loss from exchange transactions	(3,750,941)	(3,566,050)
Net Trading Gain/(Loss)	812	(1,399)

5. Information on income from other operations

	Current Period	Prior Period
From Reversal of Provisions of Prior Year	2,006	5,200
From Communication Income	1,542	1,273
Gain on sales of assets	744	250
Other Income	176	148
Total	4,468	6,871

6. Information on impairment in loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	5,798	225
<i>Loans and Receivables in Group III</i>	-	50
<i>Loans and Receivables in Group IV</i>	1	167
<i>Loans and Receivables in Group V</i>	5,797	8
<i>Doubtful Receivables</i>	-	-
General Provision Expenses	443	8,600
Provision for Possible Losses	9,000	-
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	63	502
<i>Financial Assets through Profit or Loss</i>	63	502
<i>Investment Securities Available-for-Sale</i>	-	-
Other Impairment Losses	608	391
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	608	391
Other	26	1
Total	15,938	9,719

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**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
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7. Information on other operating expense

	Current Period	Prior Period
Personnel Expenses	42,306	36,416
Employee Termination Benefits Expense	690	1,167
Tangible Fixed Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	2,779	2,620
Intangible Fixed Asset Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	1,175	972
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Fixed Asset Impairment Expense	1	1
Amortization Expense of Assets Held for Resale	-	8
Impairment Expense related to Fixed Assets held for sale and discontinued operations	-	-
Other Operating Expenses	10,110	8,166
<i>Operating Lease Expenses</i>	1,440	1,219
<i>Maintenance Expenses</i>	261	168
<i>Advertisement Expenses</i>	568	466
<i>Other Expenses</i>	7,841	6,313
Losses from sales of Assets	3	-
Other	4,901	3,677
Total	61,965	53,027

8. Information on profit/loss before taxes including profit/loss from discontinued operations

The pre-tax income amount from continued operations is TL 89,389 (31 December 2013: TL 61,819).

9. Information on tax provision related to continued operations and discontinued operations

Current period taxation benefit or charge and deferred tax benefit or charge

As of 31 December 2014, taxation charge is TL 18,407 (31 December 2013: TL 12,151) and deferred tax expense is TL 476 (31 December 2013: TL 78 as deferred tax income).

Deferred tax charge/income represented in the income statement within the context of temporary difference, financial loss and tax reduction.

The Bank has TL 476 as deferred tax expense reflected in the income statement computed over temporary difference and tax deductions and exemptions (31 December 2013: TL 78 deferred tax income).

10. Information on net profit or loss of the period including profit/loss from continued and discontinued operations:

Current period profit from continued operations is TL 70,506 (31 December 2013: TL 49,590 profit).

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IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME
(Continued)

11. Information on net profit or loss of the period

Information on nature, dimension and frequency rate of income and expense accounts resulting from ordinary banking transactions if they are necessary for explaining the Bank’s current period performance

None.

Information on the profit or loss affect of a change in an estimation related to financial statements and future period affect of the change in this estimation

There is no change in accounting estimation related to consolidated financial statements.

Profit/loss regarding minority rights

There is no profit/loss regarding minority rights in the accompanying unconsolidated financial statements since the Parent Bank owns 99.98% of the consolidated subsidiary

12. Information on 20% of other accounts in income statement, if other accounts exceed 10% of total income statement.

Other accounts which exceed the 10% of the income statement ,other than other operating income and other operating expense, amounting to TL 28,505 (31 December 2013: TL 20,988) consist of transfer commissions, letter of credit commissions and other.

	Current Period
Letter of Credit Commissions	23,158
Transer Commissions	3,933
Other	1,414
Total	28,505

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF
CHANGES IN SHAREHOLDERS’ EQUITY

1. Changes due to revaluation of financial assets available-for-sale

None.

2. Increases due to cash flow hedges

None.

3. Confirmation on exchange rate differences between beginning and ending

None.

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**V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF
CHANGES IN SHAREHOLDERS' EQUITY (Continued)**

4. Information on issuance of common stock

Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital

None.

5. Information on dividend

Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statement

None.

Net profit per share proposed to be distributed after the balance sheet date

None.

6. Amounts transferred to reserves

In the current period, amount of TL 2,533 have been transferred to legal reserves.

7. Information on other capital increment accounts at the equity movement table

Information on inflation restatement differences of shareholders equity accounts

In BRSA's Circular on 28 April 2005 and in accordance with the decision dated 21 April 2005 and numbered 1623. Due to the fact that the majority of the criteria's confirming the existence of a hyperinflationary economy are not valid anymore. The inflation accounting had been ceased beginning from 1 January 2005.

Explanations about the Share Capital increase

The TL 9,096 amounted capital reserves due to inflation accounting, which is followed in the "Paid capital inflation difference correction" account is added to the capital according to the subjected circular. (31 December 2013: the TL 7,611 amounted capital reserves due to inflation accounting was transferred to the "Other Capital Reserves" account.

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VI. INFORMATION AND FOOTNOTES RELATED TO CASH FLOWS STATEMENT

1. Information on cash and cash equivalent assets

Balances that form the cash and cash equivalent assets, and the accounting policy used in the formation of these balances

Subject to the preparation of cash flows statements “Cash” refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; “Cash equivalents” refers to money market placements of original maturity less than three months and time deposits at banks, and investments in financial securities.

Information on cash and cash equivalents at the beginning of the period

	31 December 2014	31 December 2013
Cash	6,795	5,846
Cash and cash equivalents	1,219,830	1,372,670
Total	1,226,625	1,378,516

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

	31 December 2014	31 December 2013
Cash	8,373	6,795
Cash and cash equivalents	1,672,707	1,219,830
Total	1,681,080	1,226,625

2. Information on unrestricted cash and cash equivalents that is in the possession of the Group however not in the restricted usage due to legal limitations and other reasons

The Group does not have restricted cash and cash equivalents that is in the possession of the Group due to legal limitations and other reasons.

3. Information on the effect on cash and cash equivalent assets due to changes in other accounts in the cash flows statement and exchange rates

The TL (-) 29,322 (31 December 2013: (-) TL 28,485) in the “Other” account that is under the “Operational Profit Before Operations of Banking on Assets and Liabilities” account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses and exchange gain/loss.

The “Net increase/decrease in other assets” account under the “Changes in assets and liabilities subject to banking activities” amounting to TL 3,180 (31 December 2013: TL (-) 2,981 is composed of changes in fixed assets, associates, tax assets and other assets.

The “Net increase/decrease in other debts” account under the “Changes in assets and liabilities subject to banking activities” amounting to TL (-) 33,561 (31 December 2013: TL 40,909) is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents” is computed by TL (-) 61,835 (31 December 2013: TL 114,389).

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VII. INFORMATION ON THE BANK’S RISK GROUP

1. Information on the volume of transactions with the Bank’s risk group, lending and deposits outstanding at period end and income and expenses in the current period

Information on the loans of the Bank’s risk group

Current Period

Bank’s Risk Group ^(*)	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	31,597	21	4,267	13,686	47,872	98,201
Balance at the end of the period	-	101	-	161	36,570	158,329
Interest and Commission Income received	273	-	-	-	65	-

^(*) Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

Loans given to the Bank’s direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms.

Prior Period

Bank’s Risk Group ^(*)	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	25,570	329	-	14,852	10,522	116,416
Balance at the end of the period	31,597	21	4,267	13,686	47,872	98,201
Interest and Commission Income received	1,073	-	18	-	26	-

^(*) Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

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VII. INFORMATION ON THE BANK’S RISK GROUP (Continued)

Information on deposits of the Bank’s risk group

Bank’s Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	126	98	1,378,134	637,403	508,101	26,355
Balance at the end of the period	96	126	1,525,229	1,378,134	545,393	508,101
Interest expense on deposits	-	-	18,803	1,436	3,484	132

(*) Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act..

Information on forward transactions, options and other contracts related to Bank’s risk group

None.

Information on benefits provided for top level management:

For the period then ended 31 December 2014, TL 6,576 (31 December 2013: TL 5,198) has been paid to the top level management of the Bank as salaries and fringe benefit.

VIII. DOMESTIC, FOREIGN AND OFF SHORE BRANCHES or INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES

1. Information on Bank’s domestic branches, foreign branches and representatives

	Number of branches	Number of employees	Country		Total assets	Legal capital
Domestic Branch	7	282				
Foreign representative office	-	-				
Foreign branch	-	-			-	-
Off shore branches	-	-			-	-

2. Bank open or close branches or representative offices in the country and abroad, information on significant changes in the organization

There’s no Branch was opened in the year 2014 in Turkey (2013: None). There are no Branches closed over the same period (2013: None).

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SECTION SIX

OTHER DISCLOSURES AND FOOTNOTES

I. OTHER INFORMATION ON BANK’S OPERATIONS

None.

II. INFORMATION ON EVENTS AFTER THE BALANCE SHEET DATE

None.

SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. INFORMATION ON INDEPENDENT AUDITOR’S REPORT

As of 31 December 2014, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Report is presented preceding the financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.