

**(Convenience Translation of Consolidated Financial Report Originally  
Issued in Turkish)**

# **Tekstil Bankası Anonim Şirketi**

**Consolidated financial statements as at and  
for the period ended 31 March 2014  
with independent auditors' review report thereon**



Building a better  
working world

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**Convenience Translation of the Independent Auditors' Review Report Originally Prepared and Issued in Turkish, (See Note 3.I)**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

**To the Board of Directors of Tekstil Bankası Anonim Şirketi:**

We have reviewed the consolidated balance sheet of Tekstil Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiary as at 31 March 2014 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows, consolidated statement of changes in shareholders' equity for the period then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with the regulations on account and booking system and accounting and independent principles set out as per the Banking Act No.5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to applying analytical procedures to financial data and making inquiries of the Bank's management, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Tekstil Bankası Anonim Şirketi and its consolidated subsidiary at 31 March 2014 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 and 38 of Banking Law No. 5411 and other regulations, communiqués, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

### **Additional paragraph for convenience translation to English:**

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst&Young Global Limited



İstanbul, Turkey  
8 May 2014

Convenience translation of consolidated financial statements and related disclosures originally issued in Turkish,  
(See Note 3.I)

**TEKSTİL BANKASI A. Ş.**  
**CONSOLIDATED FINANCIAL REPORT AS OF 31 MARCH 2014**

Address of the Bank's

Headquarters : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul  
Telephone Number : (0212) 335 53 35  
Fax Number : (0212) 328 13 28  
Website of the Bank : www.tekstilbank.com.tr  
E-mail : info@tekstilbank.com.tr

The consolidated financial report prepared in accordance with the “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof” as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP AND RISK MANAGEMENT
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S REVIEW REPORT

The financial statements of the subsidiary “**Tekstil Yatırım Menkul Değerler A.Ş.**” is consolidated in this consolidated financial report.

The three-month consolidated financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks”, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in thousands of **Turkish Lira**.

|  |  |  |                          |                |
|--|--|--|--------------------------|----------------|
| Akgün TÜRER  | İ. Sencan DEREBEYOĞLU                            | H.Çim GÜZELAYDINLI                                       | Güliden AKDEMİR          | M.Sercan ÇOBAN |
| Chairman of Board of Directors and Audit Committee | Member of Board of Directors and Audit Committee | Chief Executive Officer and Member of Board of Directors | Executive Vice President | Unit Manager   |

Contact information for questions on this financial report:

Name-Surname : M. Sercan Çoban  
Tel No : 0212 335 54 94  
Fax No : 0212 328 13 23

**SECTION ONE**

## General Information

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**SECTION TWO**

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**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2014  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

**SECTION ONE**

**GENERAL INFORMATION**

**I. Parent Bank’s date of establishment, beginning statute, its history including changes on its statute**

Tekstil Bankası A.Ş. (“the Parent Bank”) was established on 29 April 1986, to carry out all types of banking activities according to the Banking Law and later changes in the laws and regulations, with the permission of the Council of Ministers in accordance with the resolution numbered 85/9890 and dated 24 September 1985 and started its operations on 13 October 1986. “Articles of Association” of the Parent Bank was published in Turkish Trade Registry Gazette no.1511, dated 9 May 1986. The statute of the Parent Bank was not changed since its establishment.

**II. Capital structure, shareholders controlling the management and supervision of the Parent Bank directly or indirectly, and if exists, changes on these issues and the Group that the Parent Bank belongs to and information about the persons and institutions that have qualified shares in the Parent Bank**

The capital of the Parent Bank is TL 420,000 as at 31 March 2014 and is fully paid. The Bank is incorporated by GS Group. 75.50% of the shares of the Parent belongs to GSD Holding Anonim Şirketi (“GSD Holding”). The rest of the shares are traded at Borsa İstanbul (BIST).1% of the shares traded at BIST have been acquired by GSD Dış Ticaret Anonim Şirketi and 0.04% of them were acquired by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. Anonim Şirketi. These companies are incorporated by GSD Group.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding’s shares have been listed on Borsa İstanbul (BIST) since 11 November 1999. The nominal value of its shares is TL 250,000 as at 31 March 2014. A major portion of its shares are held by public.

Main operations of GSD Group Companies are;

|                            |   |
|----------------------------|---|
| <b>Banking:</b>            | Tekstil Bankası A.Ş., GSD Yatırım Bankası A.Ş.  |
| <b>Financial Services:</b> | Tekstil Faktoring A.Ş., Tekstil Yatırım Menkul Değerler A.Ş. (“Tekstil Yatırım”)  |
| <b>Other:</b>              | GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., GSD Dış Ticaret A.Ş., GSD Plan Proje Etüd A.Ş., GSD Gayrimenkul Yatırım ve Geliştirme A.Ş., Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited. |

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2014 (continued)**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**III. President and members of the Board of Directors, audit committee members, general manager and executive vice presidents, and if exists, changes in these positions and Bank’s shares they hold**

| Title  | Name                  | Job Description  | Education      |
|--|-----------------------|--|----------------|
| <b>Chairman of the Board of Directors and Audit Committee:</b> | Akgün TÜRER           | Chairman of the Board of Directors and Audit Committee   | Graduate       |
| <b>Member of Audit Committee:</b>                              | İ.Sencan DEREBEYOĞLU  | Member of Board of Directors and Audit Committee         | Graduate       |
| <b>Member of Board of Directors:</b>                           | İ. Sühan ÖZKAN        | Vice Chairman of Board of Directors                      | Under-Graduate |
|  | Anna GÖZÜBÜYÜKOĞLU    | Independent Member of B.O.D.                             | Under-Graduate |
|  | Mehmet Sedat ÖZKANLI  | Independent Member of B.O.D.                             | Under-Graduate |
| <b>General Manager:</b>  | H. Çim GÜZELAYDINLI   | Chief Executive Officer and Member of Board of Directors | Graduate       |
| <b>Head of Board of Inspectors:</b>                            | Selçuk İÇTEN          | President of Inspectors’ Group                           | Under-Graduate |
| <b>Executive Vice Presidents:</b>                              | Aypergi G. URAS       | Information Technologies and Operations Group            | Graduate       |
|  | Gülden AKDEMİR        | Financial Control Group                                  | Under-Graduate |
|  | D.Halit DÖVER         | International Relations Group                            | Graduate       |
|  | Bozok EVRENOSOĞLU     | Loans Group  | Under-Graduate |
|  | Hüseyin H. İMECE      | Treasury and Investors Relations Group                   | Under-Graduate |
|  | Başbuğ Y. SAMANCIOĞLU | Corporate and Commercial Banking Group                   | Under-Graduate |

These people mentioned above do not own any share of the Parent Bank.

**IV. Type of services provided and the areas of operations of the Parent Bank**

The operations of the Parent Bank consist of corporate and commercial banking services, fund management transactions (foreign currency, money market and securities trading), international banking services, retail banking services and credit card business. The Parent Bank also operates, through its branches, as insurance agent of Sompo Japan Sigorta A.Ş., Aviva Sigorta A.Ş., Vakıf Emeklilik A.Ş. and Ergo Emeklilik ve Hayat A.Ş.

As at 31 March 2014, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 841 employees as at 31 March 2014 (As at 31 December 2013 number of branches was 44, number of employees was 853).

The Parent Bank and its subsidiary, Tekstil Yatırım Menkul Değerler A.Ş. have been consolidated. The Parent Bank and its subsidiary are named as “the Group” as a whole.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2014 (continued)**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**V. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods**

There is no difference for the Bank regarding consolidation methods between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS). Information about consolidated subsidiaries and explanation about consolidation methods are indicated on Section Three, Footnote III.

**VI. The existing or potential, actual or legal obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities**

None.

**VII. Other information**

|                                |  |
|--------------------------------|--|
| Bank’s Official Title          | : Tekstil Bankası Anonim Şirketi                                     |
| Reporting Period               | : 1 January – 31 March 2014  |
| Address of Bank’s Headquarters | : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul      |
| Telephone number               | : (0212) 335 53 35   |
| Fax number                     | : (0212) 328 13 28   |
| Bank’s Internet Address        | : <a href="http://www.tekstilbank.com.tr">www.tekstilbank.com.tr</a> |
| Reporting currency             | : Thousands of Turkish Lira  |

## **SECTION TWO**

### **Consolidated Financial Statements**

- I. Consolidated balance sheets (Consolidated statements of financial position)
- II. Consolidated statements of off-balance sheet items
- III. Consolidated income statements
- IV. Consolidated statements of income and expenses recognized under equity
- V. Consolidated statements of changes in shareholders' equity
- VI. Consolidated statements of cash flows



Convenience translation of consolidated financial statements originally issued in Turkish,  
See Note 3.I

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)**  
**AS AT 31 MARCH 2014 AND 31 DECEMBER 2013**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

| ASSETS   | Footnotes<br>(Section 5) | THOUSANDS OF TURKISH LIRA    |                |                  |                            |                  |                  |
|--|--------------------------|------------------------------|----------------|------------------|----------------------------|------------------|------------------|
|  |                          | CURRENT PERIOD<br>31/03/2014 |                |                  | PRIOR PERIOD<br>31/12/2013 |                  |                  |
|  |                          | TL                           | FC             | TOTAL            | TL                         | FC               | TOTAL            |
| <b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>                                      | (5.1.1)                  | 77,379                       | 319,146        | 396,525          | 82,638                     | 367,635          | 450,273          |
| <b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>                 | (5.1.2)                  | 2,861                        | 1,943          | 4,804            | 12,292                     | 3,558            | 15,850           |
| 2.1 Trading Securities   |                          | 2,861                        | 1,943          | 4,804            | 12,292                     | 3,558            | 15,850           |
| 2.1.1 Public Sector Debt Securities  |                          | -                            | 398            | 398              | -                          | 393              | 393              |
| 2.1.2 Share Certificates   |                          | 37                           | -              | 37               | 37                         | -                | 37               |
| 2.1.3 Positive Value of Trading Derivatives  |                          | 1,777                        | 1,545          | 3,322            | 11,204                     | 3,165            | 14,369           |
| 2.1.4 Other Securities   |                          | 1,047                        | -              | 1,047            | 1,051                      | -                | 1,051            |
| 2.2 Financial Assets Designated at Fair Value  |                          | -                            | -              | -                | -                          | -                | -                |
| 2.2.1 Public Sector Debt Securities  |                          | -                            | -              | -                | -                          | -                | -                |
| 2.2.2 Share Certificates   |                          | -                            | -              | -                | -                          | -                | -                |
| 2.2.3 Loans  |                          | -                            | -              | -                | -                          | -                | -                |
| 2.2.4 Other Securities   |                          | -                            | -              | -                | -                          | -                | -                |
| <b>III. BANKS</b>  | (5.1.3)                  | 26,464                       | 53,215         | 79,679           | 43,317                     | 33,086           | 76,403           |
| <b>IV. INTERBANK MONEY MARKET</b>  |                          | 4,000                        | -              | 4,000            | -                          | -                | -                |
| 4.1 Interbank Money Market Placements  |                          | -                            | -              | -                | -                          | -                | -                |
| 4.2 Istanbul Stock Exchange Money Market Placements                                    |                          | 4,000                        | -              | 4,000            | -                          | -                | -                |
| 4.3 Receivables from Reverse Repurchase Agreements                                     |                          | -                            | -              | -                | -                          | -                | -                |
| <b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>                               | (5.1.4)                  | 407,832                      | 6,722          | 414,554          | 382,267                    | 6,681            | 388,948          |
| 5.1 Share Certificates   |                          | 160                          | -              | 160              | 160                        | -                | 160              |
| 5.2 Public Sector Debt Securities  |                          | 406,921                      | 27             | 406,948          | 381,358                    | 56               | 381,414          |
| 5.3 Other Securities   |                          | 751                          | 6,695          | 7,446            | 749                        | 6,625            | 7,374            |
| <b>VI. LOANS</b>   | (5.1.5)                  | 2,148,999                    | 530,922        | 2,679,921        | 2,237,392                  | 594,772          | 2,832,164        |
| 6.1 Loans  |                          | 2,102,646                    | 530,922        | 2,633,568        | 2,191,209                  | 594,772          | 2,785,981        |
| 6.1.1 Loans Utilized to the Bank's Risk Group  |                          | 19,776                       | 2,783          | 22,559           | 20,515                     | 28               | 20,543           |
| 6.1.2 Public Sector Debt Securities  |                          | -                            | -              | -                | -                          | -                | -                |
| 6.1.3 Others   |                          | 2,082,870                    | 528,139        | 2,611,009        | 2,170,694                  | 594,744          | 2,765,438        |
| 6.2 Loans under Follow-Up  |                          | 130,545                      | -              | 130,545          | 179,800                    | -                | 179,800          |
| 6.3 Specific Provisions (-)  |                          | 84,192                       | -              | 84,192           | 133,617                    | -                | 133,617          |
| <b>VII. FACTORING RECEIVABLES</b>  |                          | -                            | -              | -                | -                          | -                | -                |
| <b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>                              | (5.1.6)                  | -                            | -              | -                | -                          | -                | -                |
| 8.1 Public Sector Debt Securities  |                          | -                            | -              | -                | -                          | -                | -                |
| 8.2 Other Securities   |                          | -                            | -              | -                | -                          | -                | -                |
| <b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>   | (5.1.7)                  | -                            | -              | -                | -                          | -                | -                |
| 9.1 Equity Method Associates   |                          | -                            | -              | -                | -                          | -                | -                |
| 9.2 Unconsolidated Associates  |                          | -                            | -              | -                | -                          | -                | -                |
| 9.2.1 Financial Associates   |                          | -                            | -              | -                | -                          | -                | -                |
| 9.2.2 Non-Financial Associates   |                          | -                            | -              | -                | -                          | -                | -                |
| <b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>  | (5.1.8)                  | -                            | -              | -                | -                          | -                | -                |
| 10.1 Unconsolidated Financial Subsidiaries   |                          | -                            | -              | -                | -                          | -                | -                |
| 10.2 Unconsolidated Non-Financial Subsidiaries   |                          | -                            | -              | -                | -                          | -                | -                |
| <b>XI. JOINT VENTURES (Net)</b>  | (5.1.9)                  | -                            | -              | -                | -                          | -                | -                |
| 11.1 Equity Method Joint Ventures  |                          | -                            | -              | -                | -                          | -                | -                |
| 11.2 Unconsolidated Joint Ventures   |                          | -                            | -              | -                | -                          | -                | -                |
| 11.2.1 Financial Joint Ventures  |                          | -                            | -              | -                | -                          | -                | -                |
| 11.2.2 Non-Financial Joint Ventures  |                          | -                            | -              | -                | -                          | -                | -                |
| <b>XII. LEASE RECEIVABLES (Net)</b>  | (5.1.10)                 | -                            | -              | -                | -                          | -                | -                |
| 12.1 Financial Lease Receivables   |                          | -                            | -              | -                | -                          | -                | -                |
| 12.2 Operational Lease Receivables   |                          | -                            | -              | -                | -                          | -                | -                |
| 12.3 Others  |                          | -                            | -              | -                | -                          | -                | -                |
| 12.4 Unearned Income (-)   |                          | -                            | -              | -                | -                          | -                | -                |
| <b>XIII. HEDGING DERIVATIVES</b>   | (5.1.11)                 | -                            | -              | -                | -                          | -                | -                |
| 13.1 Fair Value Hedge  |                          | -                            | -              | -                | -                          | -                | -                |
| 13.2 Cash Flow Hedge   |                          | -                            | -              | -                | -                          | -                | -                |
| 13.3 Hedging of a Net Investment in Foreign Subsidiaries                               |                          | -                            | -              | -                | -                          | -                | -                |
| <b>XIV. TANGIBLE ASSETS (Net)</b>  |                          | 24,704                       | -              | 24,704           | 16,445                     | -                | 16,445           |
| <b>XV. INTANGIBLE ASSETS (Net)</b>   |                          | 2,203                        | -              | 2,203            | 1,902                      | -                | 1,902            |
| 15.1 Goodwill  |                          | -                            | -              | -                | -                          | -                | -                |
| 15.2 Others  |                          | 2,203                        | -              | 2,203            | 1,902                      | -                | 1,902            |
| <b>XVI. INVESTMENT PROPERTY (Net)</b>  | (5.1.12)                 | -                            | -              | -                | -                          | -                | -                |
| <b>XVII. TAX ASSETS</b>  | (5.1.13)                 | 4,804                        | -              | 4,804            | 5,829                      | -                | 5,829            |
| 17.1 Current Tax Assets  |                          | -                            | -              | -                | 3,134                      | -                | 3,134            |
| 17.2 Deferred Tax Assets   |                          | 4,804                        | -              | 4,804            | 2,695                      | -                | 2,695            |
| <b>XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)</b> | (5.1.14)                 | -                            | -              | -                | -                          | -                | -                |
| 18.1 Held For Sale   |                          | -                            | -              | -                | -                          | -                | -                |
| 18.2 Discontinued Operations   |                          | -                            | -              | -                | -                          | -                | -                |
| <b>XIX. OTHER ASSETS</b>   | (5.1.15)                 | 73,252                       | 19,987         | 93,239           | 48,889                     | 17,551           | 66,440           |
| <b>TOTAL ASSETS</b>  |                          | <b>2,772,498</b>             | <b>931,935</b> | <b>3,704,433</b> | <b>2,830,971</b>           | <b>1,023,283</b> | <b>3,854,254</b> |

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

**Convenience translation of consolidated financial statements originally issued in Turkish,  
See Note 3.I**

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)  
AS AT 31 MARCH 2014 AND 31 DECEMBER 2013  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

| LIABILITIES AND EQUITY  | Footnotes<br>(Section 5) | THOUSANDS OF TURKISH LIRA    |                  |                  |                            |                  |                  |
|---|--------------------------|------------------------------|------------------|------------------|----------------------------|------------------|------------------|
|   |                          | CURRENT PERIOD<br>31/03/2014 |                  |                  | PRIOR PERIOD<br>31/12/2013 |                  |                  |
|   |                          | TL                           | FC               | TOTAL            | TL                         | FC               | TOTAL            |
| <b>I. DEPOSITS</b>  | (5.II.1)                 | <b>1,038,416</b>             | <b>1,261,461</b> | <b>2,299,877</b> | <b>1,249,923</b>           | <b>1,271,890</b> | <b>2,521,813</b> |
| 1.1 Deposits of the Bank's Risk Group                                       |                          | 14,576                       | 49,816           | 64,392           | 10,628                     | 47,034           | 57,662           |
| 1.2 Others  |                          | 1,023,840                    | 1,211,645        | 2,235,485        | 1,239,295                  | 1,224,856        | 2,464,151        |
| <b>II. NEGATIVE VALUE OF TRADING DERIVATIVES</b>                            | (5.II.2)                 | <b>8,833</b>                 | <b>1,229</b>     | <b>10,062</b>    | <b>5,683</b>               | <b>436</b>       | <b>6,119</b>     |
| <b>III. FUNDS BORROWED</b>  | (5.II.3)                 | <b>37,900</b>                | <b>334,683</b>   | <b>372,583</b>   | <b>39,731</b>              | <b>301,269</b>   | <b>341,000</b>   |
| <b>IV. DUE TO MONEY MARKETS</b>   |                          | <b>268,403</b>               | -                | <b>268,403</b>   | <b>258,597</b>             | -                | <b>258,597</b>   |
| 4.1 Interbank Money Market  |                          | -                            | -                | -                | -                          | -                | -                |
| 4.2 Istanbul Stock Exchange   |                          | -                            | -                | -                | -                          | -                | -                |
| 4.3 Obligations under Repurchase Agreements                                 |                          | 268,403                      | -                | 268,403          | 258,597                    | -                | 258,597          |
| <b>V. SECURITIES ISSUED (Net)</b>   |                          | -                            | -                | -                | -                          | -                | -                |
| 5.1 Bills   |                          | -                            | -                | -                | -                          | -                | -                |
| 5.2 Asset Backed Securities   |                          | -                            | -                | -                | -                          | -                | -                |
| 5.3 Bonds   |                          | -                            | -                | -                | -                          | -                | -                |
| <b>VI. FUNDS</b>  |                          | -                            | -                | -                | -                          | -                | -                |
| 6.1 Bank Borrowers' Funds   |                          | -                            | -                | -                | -                          | -                | -                |
| 6.2 Others  |                          | -                            | -                | -                | -                          | -                | -                |
| <b>VII. MISCELLANEOUS PAYABLES</b>  |                          | <b>10,779</b>                | <b>1,696</b>     | <b>12,475</b>    | <b>12,238</b>              | <b>1,905</b>     | <b>14,143</b>    |
| <b>VIII. OTHER EXTERNAL RESOURCES</b>                                       | (5.II.4)                 | <b>69,472</b>                | <b>11,267</b>    | <b>80,739</b>    | <b>46,229</b>              | <b>7,090</b>     | <b>53,319</b>    |
| <b>IX. FACTORING PAYABLES</b>   |                          | -                            | -                | -                | -                          | -                | -                |
| <b>X. LEASE PAYABLES (Net)</b>  | (5.II.5)                 | -                            | -                | -                | -                          | -                | -                |
| 10.1 Financial Lease Payables   |                          | -                            | -                | -                | -                          | -                | -                |
| 10.2 Operational Lease Payables   |                          | -                            | -                | -                | -                          | -                | -                |
| 10.3 Others   |                          | -                            | -                | -                | -                          | -                | -                |
| 10.4 Deferred Financial Leasing Expenses ( - )                              |                          | -                            | -                | -                | -                          | -                | -                |
| <b>XI. HEDGING PURPOSE DERIVATIVES</b>                                      | (5.II.6)                 | -                            | -                | -                | -                          | -                | -                |
| 11.1 Fair Value Hedge   |                          | -                            | -                | -                | -                          | -                | -                |
| 11.2 Cash Flow Hedge  |                          | -                            | -                | -                | -                          | -                | -                |
| 11.3 Hedging of a Net Investment in Foreign Subsidiaries                    |                          | -                            | -                | -                | -                          | -                | -                |
| <b>XII. PROVISIONS</b>  | (5.II.7)                 | <b>39,969</b>                | -                | <b>39,969</b>    | <b>48,010</b>              | -                | <b>48,010</b>    |
| 12.1 General Provisions   |                          | 21,045                       | -                | 21,045           | 23,736                     | -                | 23,736           |
| 12.2 Restructuring Provisions   |                          | -                            | -                | -                | -                          | -                | -                |
| 12.3 Reserve for Employee Benefits  |                          | 9,412                        | -                | 9,412            | 9,194                      | -                | 9,194            |
| 12.4 Insurance Technical Provisions (Net)                                   |                          | -                            | -                | -                | -                          | -                | -                |
| 12.5 Other Provisions   |                          | 9,512                        | -                | 9,512            | 15,080                     | -                | 15,080           |
| <b>XIII. TAX LIABILITIES</b>  | (5.II.8)                 | <b>7,871</b>                 | -                | <b>7,871</b>     | <b>6,945</b>               | -                | <b>6,945</b>     |
| 13.1 Current Tax Liability  |                          | 7,871                        | -                | 7,871            | 6,945                      | -                | 6,945            |
| 13.2 Deferred Tax Liability   |                          | -                            | -                | -                | -                          | -                | -                |
| <b>XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>   |                          | -                            | -                | -                | -                          | -                | -                |
| 14.1 Held For Sale  |                          | -                            | -                | -                | -                          | -                | -                |
| 14.2 Discontinued Operations  |                          | -                            | -                | -                | -                          | -                | -                |
| <b>XV. SUBORDINATED LOANS</b>   |                          | -                            | -                | -                | -                          | -                | -                |
| <b>XVI. SHAREHOLDERS' EQUITY</b>  | (5.II.9)                 | <b>612,455</b>               | <b>(1)</b>       | <b>612,454</b>   | <b>604,311</b>             | <b>(3)</b>       | <b>604,308</b>   |
| 16.1 Paid-In Capital  |                          | 420,000                      | -                | 420,000          | 420,000                    | -                | 420,000          |
| 16.2 Supplementary Capital  |                          | 2,700                        | (1)              | 2,699            | 33,753                     | (3)              | 33,750           |
| 16.2.1 Share Premium  |                          | (814)                        | -                | (814)            | (814)                      | -                | (814)            |
| 16.2.2 Share Cancellation Profits   |                          | -                            | -                | -                | -                          | -                | -                |
| 16.2.3 Valuation Differences of Securities                                  |                          | (1,362)                      | (1)              | (1,363)          | 194                        | (3)              | 191              |
| 16.2.4 Revaluation Fund on Tangible Assets                                  |                          | 4,876                        | -                | 4,876            | 34,373                     | -                | 34,373           |
| 16.2.5 Revaluation Fund on Intangible Assets                                |                          | -                            | -                | -                | -                          | -                | -                |
| 16.2.6 Revaluation Fund on Investment Property                              |                          | -                            | -                | -                | -                          | -                | -                |
| 16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures         |                          | -                            | -                | -                | -                          | -                | -                |
| 16.2.8 Hedging Funds (Effective Portion)                                    |                          | -                            | -                | -                | -                          | -                | -                |
| 16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations |                          | -                            | -                | -                | -                          | -                | -                |
| 16.2.10 Other Supplementary Capital   |                          | -                            | -                | -                | -                          | -                | -                |
| 16.3 Profit Reserves  |                          | 180,055                      | -                | 180,055          | 105,242                    | -                | 105,242          |
| 16.3.1 Legal Reserves   |                          | 10,792                       | -                | 10,792           | 8,531                      | -                | 8,531            |
| 16.3.2 Status Reserves  |                          | -                            | -                | -                | -                          | -                | -                |
| 16.3.3 Extraordinary Reserves   |                          | 111,897                      | -                | 111,897          | 96,711                     | -                | 96,711           |
| 16.3.4 Other Profit Reserves  |                          | 57,366                       | -                | 57,366           | -                          | -                | -                |
| 16.4 Profit or Loss   |                          | 9,700                        | -                | 9,700            | 45,316                     | -                | 45,316           |
| 16.4.1 Prior Periods' Profit or Loss  |                          | -                            | -                | -                | -                          | -                | -                |
| 16.4.2 Current Period Profit or Loss  |                          | 9,700                        | -                | 9,700            | 45,316                     | -                | 45,316           |
| 16.5 Minority Shares  |                          | -                            | -                | -                | -                          | -                | -                |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |                          | <b>2,094,098</b>             | <b>1,610,335</b> | <b>3,704,433</b> | <b>2,271,667</b>           | <b>1,582,587</b> | <b>3,854,254</b> |

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

**Convenience translation of consolidated financial statements originally issued in Turkish,  
See Note 3.I**

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS  
AS AT 31 MARCH 2014 AND 31 DECEMBER 2013  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

|  | Footnotes<br>(Section 5) | THOUSANDS OF TURKISH LIRA |                  |                  |                  |                  |                  |
|--|--------------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|
|  |                          | CURRENT PERIOD            |                  |                  | PRIOR PERIOD     |                  |                  |
|  |                          | 31/03/2014                |                  |                  | 31/12/2013       |                  |                  |
|  |                          | TL                        | FC               | TOTAL            | TL               | FC               | TOTAL            |
| <b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>               |                          | <b>1,271,554</b>          | <b>1,712,446</b> | <b>2,984,000</b> | <b>1,283,414</b> | <b>1,827,497</b> | <b>3,110,911</b> |
| <b>I. GUARANTEES</b>   | (5.IV.1)                 | <b>473,041</b>            | <b>647,887</b>   | <b>1,120,928</b> | <b>582,426</b>   | <b>628,534</b>   | <b>1,210,960</b> |
| 1.1 Letters of Guarantee   |                          | 473,041                   | 351,317          | 824,358          | 582,426          | 350,976          | 933,402          |
| 1.1.1 Guarantees Subject to State Tender Law                                       |                          | -                         | -                | -                | -                | -                | -                |
| 1.1.2 Guarantees Given for Foreign Trade Operations                                |                          | -                         | -                | -                | -                | -                | -                |
| 1.1.3 Other Letters of Guarantee   |                          | 473,041                   | 351,317          | 824,358          | 582,426          | 350,976          | 933,402          |
| 1.2 Bank Acceptances   |                          | -                         | 435              | 435              | -                | 1,458            | 1,458            |
| 1.2.1 Import Letter of Acceptance  |                          | -                         | 435              | 435              | -                | 1,458            | 1,458            |
| 1.2.2 Other Bank Acceptances   |                          | -                         | -                | -                | -                | -                | -                |
| 1.3 Letters of Credit  |                          | -                         | 239,813          | 239,813          | -                | 228,971          | 228,971          |
| 1.3.1 Documentary Letters of Credit  |                          | -                         | 162,505          | 162,505          | -                | 165,585          | 165,585          |
| 1.3.2 Other Letters of Credit  |                          | -                         | 77,308           | 77,308           | -                | 63,386           | 63,386           |
| 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 Purchase Guarantees for Securities Issued                                      |                          | -                         | -                | -                | -                | -                | -                |
| 1.7 Factoring Related Guarantees   |                          | -                         | -                | -                | -                | -                | -                |
| 1.8 Other Guarantees   |                          | -                         | 56,322           | 56,322           | -                | 47,129           | 47,129           |
| 1.9 Other Sureties   |                          | -                         | -                | -                | -                | -                | -                |
| <b>II. COMMITMENTS</b>   | (5.IV.1)                 | <b>255,861</b>            | <b>6,131</b>     | <b>261,992</b>   | <b>214,390</b>   | <b>87,537</b>    | <b>301,927</b>   |
| 2.1 Irrevocable Commitments  |                          | 255,861                   | 6,131            | 261,992          | 214,390          | 87,537           | 301,927          |
| 2.1.1 Asset Purchase and Sale Commitments  |                          | 3,976                     | 6,131            | 10,107           | 6,622            | 87,537           | 94,159           |
| 2.1.2 Deposit Purchase and Sales Commitments                                       |                          | -                         | -                | -                | -                | -                | -                |
| 2.1.3 Share Capital Commitments to Associates and Subsidiaries                     |                          | -                         | -                | -                | -                | -                | -                |
| 2.1.4 Loan Granting Commitments  |                          | 41,259                    | -                | 41,259           | 44,375           | -                | 44,375           |
| 2.1.5 Securities Issuance Brokerage Commitments                                    |                          | -                         | -                | -                | -                | -                | -                |
| 2.1.6 Commitments for Reserve Deposit Requirements                                 |                          | -                         | -                | -                | -                | -                | -                |
| 2.1.7 Commitments for Cheque Payments  |                          | 88,296                    | -                | 88,296           | 83,116           | -                | 83,116           |
| 2.1.8 Tax and Fund Obligations from Export Commitments                             |                          | 3                         | -                | 3                | 3                | -                | 3                |
| 2.1.9 Commitments for Credit Card Limits   |                          | 81,678                    | -                | 81,678           | 79,889           | -                | 79,889           |
| 2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services |                          | 390                       | -                | 390              | 385              | -                | 385              |
| 2.1.11 Receivables from "Short" Sale Commitments On Securities                     |                          | -                         | -                | -                | -                | -                | -                |
| 2.1.12 Payables for "Short" Sale Commitments On Securities                         |                          | -                         | -                | -                | -                | -                | -                |
| 2.1.13 Other Irrevocable Commitments   |                          | 40,259                    | -                | 40,259           | -                | -                | -                |
| 2.2 Revocable Commitments  |                          | -                         | -                | -                | -                | -                | -                |
| 2.2.1 Revocable Loan Granting Commitments  |                          | -                         | -                | -                | -                | -                | -                |
| 2.2.2 Other Revocable Commitments  |                          | -                         | -                | -                | -                | -                | -                |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                                       |                          | <b>542,652</b>            | <b>1,058,428</b> | <b>1,601,080</b> | <b>486,598</b>   | <b>1,111,426</b> | <b>1,598,024</b> |
| 3.1 Hedging Purpose Derivatives  |                          | -                         | -                | -                | -                | -                | -                |
| 3.1.1 Fair Value Hedge   |                          | -                         | -                | -                | -                | -                | -                |
| 3.1.2 Cash Flow Hedge  |                          | -                         | -                | -                | -                | -                | -                |
| 3.1.3 Hedging of a Net Investment in Foreign Subsidiaries                          |                          | -                         | -                | -                | -                | -                | -                |
| 3.2 Trading Purpose Derivatives  |                          | 542,652                   | 1,058,428        | 1,601,080        | 486,598          | 1,111,426        | 1,598,024        |
| 3.2.1 Forward Foreign Currency Purchases/Sales                                     |                          | 66,610                    | 66,637           | 133,247          | 90,001           | 151,802          | 241,803          |
| 3.2.1.1 Forward Foreign Currency Purchases   |                          | 34,167                    | 32,494           | 66,661           | 28,493           | 92,658           | 121,151          |
| 3.2.1.2 Forward Foreign Currency Sales   |                          | 32,443                    | 34,143           | 66,586           | 61,508           | 59,144           | 120,652          |
| 3.2.2 Currency and Interest Rate Swaps   |                          | 468,984                   | 938,970          | 1,407,954        | 336,025          | 804,391          | 1,140,416        |
| 3.2.2.1 Currency Swaps-Purchases   |                          | -                         | 722,779          | 722,779          | 22,536           | 583,047          | 605,583          |
| 3.2.2.2 Currency Swaps-Sales   |                          | 468,984                   | 216,191          | 685,175          | 313,489          | 221,344          | 534,833          |
| 3.2.2.3 Interest Rate Swaps-Purchases  |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.2.4 Interest Rate Swaps-Sales  |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.3 Currency, Interest Rate and Security Options                                 |                          | 7,058                     | 7,762            | 14,820           | 60,572           | 93,519           | 154,091          |
| 3.2.3.1 Currency Options-Purchases   |                          | 4,854                     | 2,377            | 7,231            | 34,007           | 42,782           | 76,789           |
| 3.2.3.2 Currency Options-Sales   |                          | 2,204                     | 5,385            | 7,589            | 26,565           | 50,737           | 77,302           |
| 3.2.3.3 Interest Rate Options-Purchases  |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.3.4 Interest Rate Options-Sales  |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.3.5 Securities Options-Purchases   |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.3.6 Securities Options-Sales   |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.4 Currency Futures   |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.4.1 Currency Futures-Purchases   |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.4.2 Currency Futures-Sales   |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.5 Interest Rate Futures  |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.5.1 Interest Rate Futures-Purchases  |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.5.2 Interest Rate Futures-Sales  |                          | -                         | -                | -                | -                | -                | -                |
| 3.2.6 Others   |                          | -                         | 45,059           | 45,059           | -                | 61,714           | 61,714           |
| <b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>                                 |                          | <b>2,955,147</b>          | <b>850,650</b>   | <b>3,805,797</b> | <b>3,139,692</b> | <b>1,021,816</b> | <b>4,161,508</b> |
| <b>IV. ITEMS HELD IN CUSTODY</b>   |                          | <b>258,962</b>            | <b>35,046</b>    | <b>294,008</b>   | <b>241,582</b>   | <b>31,088</b>    | <b>272,670</b>   |
| 4.1 Customers' Securities and Portfolios Held                                      |                          | -                         | -                | -                | -                | -                | -                |
| 4.2 Securities Held in Custody   |                          | 166,023                   | 10,328           | 176,351          | 155,514          | 10,251           | 165,765          |
| 4.3 Checks Received for Collection   |                          | 63,551                    | 6,681            | 70,232           | 64,656           | 7,152            | 71,808           |
| 4.4 Commercial Notes Received for Collection                                       |                          | 16,772                    | 9,499            | 26,271           | 12,666           | 6,931            | 19,597           |
| 4.5 Other Assets Received for Collection   |                          | -                         | -                | -                | -                | -                | -                |
| 4.6 Assets Received for Public Offering  |                          | -                         | -                | -                | -                | -                | -                |
| 4.7 Other Items under Custody  |                          | 366                       | 4                | 370              | 369              | 130              | 499              |
| 4.8 Custodians   |                          | 12,250                    | 8,534            | 20,784           | 8,377            | 6,624            | 15,001           |
| <b>V. PLEDGED ITEMS</b>  |                          | <b>2,695,865</b>          | <b>815,604</b>   | <b>3,511,469</b> | <b>2,877,118</b> | <b>990,728</b>   | <b>3,867,846</b> |
| 5.1 Securities   |                          | 18,032                    | -                | 18,032           | 17,334           | -                | 17,334           |
| 5.2 Guarantee Notes  |                          | 6,628                     | 39,597           | 46,225           | 8,945            | 38,138           | 47,083           |
| 5.3 Commodities  |                          | 93,883                    | 62,103           | 155,986          | 102,286          | 57,024           | 159,310          |
| 5.4 Warrants   |                          | 919                       | -                | 919              | 469              | -                | 469              |
| 5.5 Immovables   |                          | 1,770,549                 | 647,322          | 2,417,871        | 1,918,718        | 823,100          | 2,741,818        |
| 5.6 Other Pledged Items  |                          | 805,854                   | 66,582           | 872,436          | 829,366          | 72,466           | 901,832          |
| 5.7 Pledged Items-Depository   |                          | -                         | -                | -                | -                | -                | -                |
| <b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>                                |                          | <b>320</b>                | <b>-</b>         | <b>320</b>       | <b>20,992</b>    | <b>-</b>         | <b>20,992</b>    |
| <b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>   |                          | <b>4,226,701</b>          | <b>2,563,096</b> | <b>6,789,797</b> | <b>4,423,106</b> | <b>2,849,313</b> | <b>7,272,419</b> |

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

**Convenience translation of consolidated financial statements originally issued in Turkish,  
See Note 3.I**

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
CONSOLIDATED INCOME STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2014 AND 2013  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

| INCOME AND EXPENSE ITEMS   | Footnotes<br>(Section 5) | THOUSANDS OF TURKISH LIRA                      |  |
|--|--------------------------|--|--|
|  |                          | CURRENT PERIOD<br>(01/01/2014 -<br>31/03/2014) | PRIOR PERIOD<br>(01/01/2013 -<br>31/03/2013) |
| <b>I. INTEREST INCOME</b>  | (5.III.1)                | <b>90,597</b>                                  | <b>75,417</b>                                |
| 1.1 Interest from Loans  |                          | 74,841   | 66,390                                       |
| 1.2 Interest from Reserve Deposits                                   |                          | -  | -  |
| 1.3 Interest from Banks  |                          | 773  | 294  |
| 1.4 Interest from Money Market Transactions                          |                          | 35   | 14   |
| 1.5 Interest from Securities Portfolio                               |                          | 11,879   | 8,539  |
| 1.5.1 Trading Securities   |                          | 10   | 5  |
| 1.5.2 Financial Assets at Fair Value Through Profit or Loss          |                          | -  | -  |
| 1.5.3 Available for Sale Securities                                  |                          | 11,869   | 8,534  |
| 1.5.4 Held to Maturity Securities                                    |                          | -  | -  |
| 1.6 Interest from Financial Leases                                   |                          | -  | -  |
| 1.7 Other Interest Income  |                          | 3,069  | 180  |
| <b>II. INTEREST EXPENSE</b>  | (5.III.2)                | <b>42,692</b>                                  | <b>39,568</b>                                |
| 2.1 Interest on Deposits   |                          | 34,926   | 34,336                                       |
| 2.2 Interest on Funds Borrowed                                       |                          | 2,489  | 2,289  |
| 2.3 Interest on Money Market Transactions                            |                          | 5,220  | 1,296  |
| 2.4 Interest on Securities Issued                                    |                          | -  | -  |
| 2.5 Other Interest Expense   |                          | 57   | 1,647  |
| <b>III. NET INTEREST INCOME (I - II)</b>                             |                          | <b>47,905</b>                                  | <b>35,849</b>                                |
| <b>IV. NET FEE AND COMMISSION INCOME</b>                             |                          | <b>3,889</b>                                   | <b>4,458</b>                                 |
| 4.1 Fees and Commissions Received                                    |                          | 5,054  | 5,352  |
| 4.1.1 Non-Cash Loans   |                          | 2,524  | 2,787  |
| 4.1.2 Other  |                          | 2,530  | 2,565  |
| 4.2 Fees and Commissions Paid  |                          | 1,165  | 894  |
| 4.2.1 Non-Cash Loans   |                          | 111  | 63   |
| 4.2.2 Other  |                          | 1,054  | 831  |
| <b>V. DIVIDEND INCOME</b>  |                          | -  | -  |
| <b>VI. TRADING INCOME/LOSS (Net)</b>                                 | (5.III.3)                | <b>(7,802)</b>                                 | <b>2,091</b>                                 |
| 6.1 Profit / Loss on Capital Market Transactions                     |                          | 1,271  | 2,756  |
| 6.2 Derivative Instruments Gain / Loss                               |                          | 3,907  | (9,919)                                      |
| 6.3 Foreign Exchange Gain / Loss                                     |                          | (12,980)                                       | 9,254  |
| <b>VII. OTHER OPERATING INCOME</b>                                   | (5.III.4)                | <b>10,055</b>                                  | <b>5,585</b>                                 |
| <b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>                |                          | <b>54,047</b>                                  | <b>47,983</b>                                |
| <b>IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>             | (5.III.5)                | <b>8,675</b>                                   | <b>11,353</b>                                |
| <b>X. OTHER OPERATING EXPENSES (-)</b>                               | (5.III.6)                | <b>33,978</b>                                  | <b>27,496</b>                                |
| <b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>                     |                          | <b>11,394</b>                                  | <b>9,134</b>                                 |
| <b>XII. NEGATIVE GOODWILL</b>  |                          | -  | -  |
| <b>XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>            |                          | -  | -  |
| <b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>                       |                          | -  | -  |
| <b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>  |                          | <b>11,394</b>                                  | <b>9,134</b>                                 |
| <b>XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>           | (5.III.7)                | <b>(1,694)</b>                                 | <b>(2,031)</b>                               |
| 16.1 Current Tax Provision   |                          | (3,581)  | (3,851)                                      |
| 16.2 Deferred Tax Provision  |                          | 1,887  | 1,820  |
| <b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>   |                          | <b>9,700</b>                                   | <b>7,103</b>                                 |
| <b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>                    |                          | -  | -  |
| 18.1 Assets Held for Sale  |                          | -  | -  |
| 18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures   |                          | -  | -  |
| 18.3 Others  |                          | -  | -  |
| <b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>                    |                          | -  | -  |
| 19.1 Assets Held for Sale  |                          | -  | -  |
| 19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures     |                          | -  | -  |
| 19.3 Others  |                          | -  | -  |
| <b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b> |                          | -  | -  |
| <b>XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>         | (5.III.7)                | -  | -  |
| 21.1 Current Tax Provision   |                          | -  | -  |
| 21.2 Deferred Tax Provision  |                          | -  | -  |
| <b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b> |                          | -  | -  |
| <b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>                            | (5.III.8)                | <b>9,700</b>                                   | <b>7,103</b>                                 |
| 23.1 Group's Profit / Loss   |                          | 9,700  | 7,103  |
| 23.2 Minority Shares   |                          | -  | -  |
| Earnings / Losses per Share (Full TL)                                |                          | 0.0023   | 0.0017                                       |

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

Convenience translation of consolidated financial statements originally issued in Turkish,  
See Note 3.I

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY**  
**FOR THE PERIODS ENDED 31 MARCH 2014 AND 2013**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

| PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY |   | THOUSANDS OF TURKISH LIRA                   |   |
|--|---|---|---|
|  |   | CURRENT PERIOD<br>(01/01/2014 - 31/03/2014) | PRIOR PERIOD<br>(01/01/2013 - 31/03/2013) |
| <b>I.</b>                              | <b>ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS</b>                                   | (1,942)                                     | (2,517)                                   |
| <b>II.</b>                             | <b>REVALUATION ON TANGIBLE ASSETS</b>   | -   | -   |
| <b>III.</b>                            | <b>REVALUATION ON INTANGIBLE ASSETS</b>   | -   | -   |
| <b>IV.</b>                             | <b>FOREIGN EXCHANGE DIFFERENCES</b>   | -   | -   |
| <b>V.</b>                              | <b>PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)</b>                                  | -   | -   |
| <b>VI.</b>                             | <b>PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)</b> | -   | -   |
| <b>VII.</b>                            | <b>EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS</b>   | -   | -   |
| <b>VIII.</b>                           | <b>OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS</b>                                    | -   | -   |
| <b>IX.</b>                             | <b>DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES</b>  | 388   | 503                                       |
| <b>X.</b>                              | <b>NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)</b>   | (1,554)                                     | (2,014)                                   |
| <b>XI.</b>                             | <b>CURRENT PERIOD PROFIT/LOSS</b>   | 9,700                                       | 7,103                                     |
| 11.1                                   | Net Change in Fair Value of Securities (Transfer to Profit & Loss)  | 60  | 801                                       |
| 11.2                                   | Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges                                      | -   | -   |
| 11.3                                   | Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries     | -   | -   |
| 11.4                                   | Others  | 9,640                                       | 6,302                                     |
| <b>XII.</b>                            | <b>TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)</b>  | 8,146                                       | 5,089                                     |

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Convenience translation of consolidated financial statements originally issued in Turkish,  
See Note 3.I

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 31 MARCH 2014 AND 2013**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

|   |  | THOUSANDS OF TURKISH LIRA |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
|---|--|---------------------------|--|---------------|----------------------------|----------------|-----------------|------------------------|----------------|------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|--------------------------------|-------------|--|---|---------------------------|----------------------------|
|   |  | Paid-in Capital           | Capital Reserves from Inflation Adjustments to Paid-in Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit / (Loss) | Prior Period Net Profit / (Loss) | Valuation Differences of Securities | Revaluation Fund on Tangible Assets | Securities Value Increase Fund | Hedge Funds | Revaluation Fund on Assets Held for Sale and Discontinued Operations | Total Equity Attributable to Equity Holders of the Parent | Non-controlling Interests | Total Shareholders' Equity |
| CHANGES IN SHAREHOLDERS' EQUITY   |  |                           |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
| PRIOR PERIOD<br>31/03/2013  |  |                           |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
| I.  | Balances at the Beginning of Period - 01/01/2013               | 420,000                   | -  | (814)         | -                          | 7,110          | -               | 72,074                 | -              | 26,058                             | -                                | 17,057                              | 33,416                              | -                              | -           | -  | 574,901   | -                         | 574,901                    |
| II.   | Corrections According to Turkish Accounting Standard No.8      | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 2.1   | Corrections of Errors  | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 2.2   | Changes in Accounting Policies                                 | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| III.  | Adjusted Beginning Balance (I + II)                            | 420,000                   | -  | (814)         | -                          | 7,110          | -               | 72,074                 | -              | 26,058                             | -                                | 17,057                              | 33,416                              | -                              | -           | -  | 574,901   | -                         | 574,901                    |
|   | Changes in the Period  |                           |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
| IV.   | Increase / Decrease Related to Mergers                         | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| V.  | Valuation Difference of Available-for-Sale Securities          | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | (2,014)                             | -                                   | -                              | -           | -  | (2,014)   | -                         | (2,014)                    |
| VI.   | Hedging Transactions (Effective Portion)                       | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 6.1   | Cash Flow Hedge  | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 6.2   | Hedging of a Net Investment in Foreign Subsidiaries            | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| VII.  | Revaluation fund on tangible assets                            | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| VIII.   | Revaluation fund on intangible assets                          | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| IX.   | Capital Bonus of Associates,Subsidiaries and Joint Ventures    | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| X.  | Foreign Exchange Differences                                   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XI.   | Changes Related to Sale of Assets                              | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XII.  | Changes Related to Reclassification of Assets                  | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XIII.   | Effect of Changes in Equities of Associates                    | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XIV.  | Capital Increase   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 14.1  | Cash   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 14.2  | Domestic sources   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XV.   | Issuances of Share Certificates                                | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XVI.  | Abolition profit of Share Certificates                         | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XVII.   | Capital Reserves from Inflation Adjustments to Paid-In Capital | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XVIII.  | Others   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XIX.  | Current Period Net Profit / Loss                               | -                         | -  | -             | -                          | -              | -               | -                      | -              | 7,103                              | -                                | -                                   | -                                   | -                              | -           | -  | 7,103   | -                         | 7,103                      |
| XX.   | Profit Distribution  | -                         | -  | -             | -                          | 1,421          | -               | 24,637                 | -              | (26,058)                           | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 20.1  | Dividends  | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 20.2  | Transferred to Reserves  | -                         | -  | -             | -                          | 1,421          | -               | 24,637                 | -              | (26,058)                           | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 20.3  | Others   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| Balances at the End of Period<br>(III+IV+V+.....+XVIII+XIX+XX) - 31/03/2013 |  | 420,000                   | -  | (814)         | -                          | 8,531          | -               | 96,711                 | -              | 7,103                              | -                                | 15,043                              | 33,416                              | -                              | -           | -  | 579,990   | -                         | 579,990                    |

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**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 31 MARCH 2014 AND 2013**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

|   |  | THOUSANDS OF TURKISH LIRA |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
|---|--|---------------------------|--|---------------|----------------------------|----------------|-----------------|------------------------|----------------|------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|--------------------------------|-------------|--|---|---------------------------|----------------------------|
|   |  | Paid-in Capital           | Capital Reserves from Inflation Adjustments to Paid-in Capital | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit / (Loss) | Prior Period Net Profit / (Loss) | Valuation Differences of Securities | Revaluation Fund on Tangible Assets | Securities Value Increase Fund | Hedge Funds | Revaluation Fund on Assets Held for Sale and Discontinued Operations | Total Equity Attributable to Equity Holders of the Parent | Non-controlling Interests | Total Shareholders' Equity |
| CHANGES IN SHAREHOLDERS' EQUITY   |  |                           |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
| CURRENT PERIOD<br>31/03/2014  |  |                           |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
| I.  | Balances at the Beginning of Period - 01/01/2014               | 420,000                   | -  | (814)         | -                          | 8,531          | -               | 96,711                 | -              | 45,316                             | -                                | 191                                 | 34,373                              | -                              | -           | -  | 604,308   | -                         | 604,308                    |
|   | Changes in the Period  |                           |  |               |                            |                |                 |                        |                |                                    |                                  |                                     |                                     |                                |             |  |   |                           |                            |
| II.   | Increase / Decrease Related to Mergers                         | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| III.  | Valuation Difference of Available-for-Sale Securities          | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | (1,554)                             | -                                   | -                              | -           | -  | (1,554)   | -                         | (1,554)                    |
| IV.   | Hedging Transactions (Effective Portion)                       | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 4.1   | Cash Flow Hedge  | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 4.2   | Hedging of a Net Investment in Foreign Subsidiaries            | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| V.  | Revaluation fund on tangible assets                            | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| VI.   | Revaluation fund on intangible assets                          | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| VII.  | Capital Bonus of Associates,Subsidiaries and Joint Ventures    | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| VIII.   | Foreign Exchange Differences                                   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| IX.   | Changes Related to Sale of Assets                              | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| X.  | Changes Related to Reclassification of Assets                  | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XI.   | Effect of Changes in Equities of Associates                    | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XII.  | Capital Increase   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 12.1  | Cash   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 12.2  | Domestic sources   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XIII.   | Issuances of Share Certificates                                | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XIV.  | Abolition profit of Share Certificates                         | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XV.   | Capital Reserves from Inflation Adjustments to Paid-In Capital | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XVI.  | Others   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| XVII.   | Current Period Net Profit / Loss                               | -                         | -  | -             | -                          | -              | -               | -                      | -              | 9,700                              | -                                | -                                   | -                                   | -                              | -           | -  | 9,700   | -                         | 9,700                      |
| XVIII.  | Profit Distribution  | -                         | -  | -             | -                          | 2,261          | -               | 15,186                 | 57,366         | (45,316)                           | -                                | -                                   | (29,497)                            | -                              | -           | -  | -   | -                         | -                          |
| 18.1  | Dividends  | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| 18.2  | Transferred to Reserves  | -                         | -  | -             | -                          | 2,261          | -               | 15,186                 | 57,366         | (45,316)                           | -                                | -                                   | (29,497)                            | -                              | -           | -  | -   | -                         | -                          |
| 18.3  | Others   | -                         | -  | -             | -                          | -              | -               | -                      | -              | -                                  | -                                | -                                   | -                                   | -                              | -           | -  | -   | -                         | -                          |
| Balances at the End of Period<br>(I+II+III+...+XVI+XVII+XVIII) - 31/03/2014 |  | 420,000                   | -  | (814)         | -                          | 10,792         | -               | 111,897                | 57,366         | 9,700                              | -                                | (1,363)                             | 4,876                               | -                              | -           | -  | 612,454   | -                         | 612,454                    |

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED 31 MARCH 2014 AND 2013**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

|             |   | THOUSANDS OF TURKISH LIRA                      |  |
|-------------|---|--|--|
|             |   | CURRENT PERIOD<br>(01/01/2014 -<br>31/03/2014) | PRIOR PERIOD<br>(01/01/2013 -<br>31/03/2013) |
| <b>A.</b>   | <b>CASH FLOWS FROM BANKING OPERATIONS</b>                                     |  |  |
| <b>1.1</b>  | <b>Operating Profit before Changes in Operating Assets and Liabilities</b>    | <b>27,538</b>                                  | <b>30,007</b>                                |
| 1.1.1       | Interest Received   | 78,400   | 77,933                                       |
| 1.1.2       | Interest Paid   | (42,423)                                       | (39,332)                                     |
| 1.1.3       | Dividend Received   | -  | -  |
| 1.1.4       | Fees And Commissions Received   | 3,478  | 3,997  |
| 1.1.5       | Other Income  | 11,236   | 12,870                                       |
| 1.1.6       | Collections from Non-performing Loans   | 9,147  | 3,978  |
| 1.1.7       | Payments to Personnel and Service Suppliers                                   | (20,190)                                       | (17,240)                                     |
| 1.1.8       | Taxes Paid  | (2,169)  | (4,792)                                      |
| 1.1.9       | Other   | (9,941)  | (7,407)                                      |
| <b>1.2</b>  | <b>Changes in Operating Assets and Liabilities</b>                            | <b>(38,453)</b>                                | <b>(92,872)</b>                              |
| 1.2.1       | Net (Increase) Decrease in Trading Securities                                 | 39   | 47   |
| 1.2.2       | Net (Increase) Decrease in Financial Assets Designated at FV                  | -  | -  |
| 1.2.3       | Net (Increase) Decrease in Banks  | 3,382  | (30,704)                                     |
| 1.2.4       | Net (Increase) Decrease in Loans  | 142,768  | 42,208                                       |
| 1.2.5       | Net (Increase) Decrease in Other Assets                                       | (26,406)                                       | (8,453)                                      |
| 1.2.6       | Net Increase (Decrease) in Bank Deposits                                      | 111,646  | (53,508)                                     |
| 1.2.7       | Net Increase (Decrease) in Other Deposits                                     | (332,559)                                      | (202,136)                                    |
| 1.2.8       | Net Increase (Decrease) in Funds Borrowed                                     | 40,098   | 163,624                                      |
| 1.2.9       | Net Increase (Decrease) in Due Payables                                       | -  | -  |
| 1.2.10      | Net Increase (Decrease) in Other Liabilities                                  | 22,579   | (3,950)                                      |
| <b>I.</b>   | <b>Net Cash Provided by / (Used in) Banking Operations</b>                    | <b>(10,915)</b>                                | <b>(62,865)</b>                              |
| <b>B.</b>   | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |  |  |
| <b>II.</b>  | <b>Net Cash Provided by / (Used in) Investing Activities</b>                  | <b>(29,928)</b>                                | <b>13,744</b>                                |
| 2.1         | Cash Paid for Purchase of Investments, Associates and Subsidiaries            | -  | -  |
| 2.2         | Cash Obtained From Sale of Investments, Associates And Subsidiaries           | -  | -  |
| 2.3         | Fixed Assets Purchases  | (8,755)  | (179)  |
| 2.4         | Fixed Assets Sales  | 90   | -  |
| 2.5         | Cash Paid for Purchase of Investments Available for Sale                      | (61,669)                                       | (28,971)                                     |
| 2.6         | Cash Obtained From Sale of Investments Available for Sale                     | 40,846   | 43,328                                       |
| 2.7         | Cash Paid for Purchase of Investment Securities                               | -  | -  |
| 2.8         | Cash Obtained from Sale of Investment Securities                              | -  | -  |
| 2.9         | Other   | (440)  | (434)  |
| <b>C.</b>   | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |  |  |
| <b>III.</b> | <b>Net Cash Provided by / (Used in) Financing Activities</b>                  | <b>-</b>                                       | <b>-</b>                                     |
| 3.1         | Cash Obtained from Funds Borrowed and Securities Issued                       | -  | -  |
| 3.2         | Cash Used for Repayment of Funds Borrowed and Securities Issued               | -  | -  |
| 3.3         | Capital Increase  | -  | -  |
| 3.4         | Dividends Paid  | -  | -  |
| 3.5         | Payments for Finance Leases   | -  | -  |
| 3.6         | Other   | -  | -  |
| <b>IV.</b>  | <b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b> | <b>(2,245)</b>                                 | <b>2,755</b>                                 |
| <b>V.</b>   | <b>Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>     | <b>(43,088)</b>                                | <b>(46,366)</b>                              |
| <b>VI.</b>  | <b>Cash and Cash Equivalents at the Beginning of Period</b>                   | <b>378,580</b>                                 | <b>393,703</b>                               |
| <b>VII.</b> | <b>Cash and Cash Equivalents at the End of Period (V+VI)</b>                  | <b>335,492</b>                                 | <b>347,337</b>                               |

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



**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2014 (continued)  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

**SECTION THREE  
ACCOUNTING POLICIES**

**I. Basis of presentation**

**Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks:**

The consolidated financial statements have been prepared in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” published in the Official Gazette no.26333 dated 1 November 2006 with regard to Banking Law No. 5411, in accordance with “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the “Public Oversight Accounting and Auditing Standards Authority” and additional explanations and notes related to them (all “Turkish Accounting Standards” or “TAS”) and other decrees, notes and explanations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Unless stated otherwise, the consolidated financial statements and balances in related disclosures are presented in thousands of Turkish Lira.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain accounting estimates and assumptions by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being audited regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective, have no impact on the accounting policies, financial condition and performance of the Group. The Group assess the impact of TFRS 9 Financial Instruments standard.

**Additional paragraph for convenience translation to English**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these consolidated financial statements. Accordingly, these consolidated 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.

**Accounting policies and valuation principles used in the preparation of the consolidated financial statements:**

Accounting policies and valuation principles used in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended 31 December 2013. TAS/TFRS changes which are effective from January 1, 2014 do not have a significant effect on the Group’s accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2014 (continued)**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**II. Strategy for the use of financial instruments and the foreign currency operations**

**Strategy for the use of financial instruments:**

The Parent Bank’s main area of activities consist corporate, commercial and retail banking, fund management transactions and international banking services. The Parent Bank gives loans mainly to domestic customers by external sources of funds comprised mainly of domestic deposits and foreign borrowings and invests in marketable securities and banks placements to maintain liquidity.

The liability side of the balance sheet is intensively composed of short-term deposits and medium/long term borrowings in line with the general trend in the banking sector. Foreign currency borrowings are predominately floating rate and thus, the Parent Bank aims to minimize the effects of fluctuations in currency and interest rates in the market. Deposits collected are fixed rate and balanced with fixed rate loans and other investments. The fundamental strategy to manage the liquidity risk is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The Parent Bank invests some of its resources to domestic government bonds and short-term placements to reduce liquidity risk.

In order to avoid currency risk, the Parent Bank aims to balance foreign currency assets and liabilities through currency swaps. Currency risk, interest rate risk and liquidity risk are monitored and measured instantly by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

The Parent Bank designates its loan strategy considering international and national economic data and expectations, market conditions, interest, liquidity, currency, credit and other risks. Loan portfolio of the Parent Bank is not concentrated on a specific segment and concentration risk is taken in consideration as much as possible.

**Transactions denominated in foreign currencies:**

Monetary assets and liabilities denominated in foreign currencies are translated by using currency exchange rates on the balance sheet date. The resulting exchange differences are recorded in the income statement as “Foreign Exchange Gain/Loss”.

As at 31 March 2014, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 2.1898, Euro: TL 3.0072, JPY: TL 0.0214.

There is no goodwill related to the Parent Bank’s foreign operations.

**III. Presentation of information regarding consolidated subsidiaries and associates**

The Parent Bank has no consolidating associate.

Tekstil Yatırım which is financial subsidiary of the Parent Bank is consolidated to accompanying consolidated financial statements by using “Full Consolidation” method as at 31 March 2014 and 31 December 2013.

The Parent Bank and its consolidated subsidiary are named as “the Group”.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank’s returns.

The carrying amount of the Parent Bank’s investment in its subsidiary and the Parent Bank’s portion of equity of its subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiary and the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as at 31 March 2014 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**IV. Forward transactions, options and derivative instruments**

The derivative transactions of the Group mainly consist of foreign currency swaps, foreign currency options and forward contracts. Spot currency buying-selling transactions and currency swaps with two days value date of the Group are classified under assets purchase and sale commitments.

Derivatives are classified as held for trading in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”. The Parent Bank does not have any embedded derivatives.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are initially recognized at fair value and measured at fair value subsequent to initial recognition and are presented in the “Positive Value of Trading Derivatives” under the “Financial Assets at Fair Value Through Profit or Loss” or “Negative Value of Trading Derivatives” items of the balance sheet depending on the resulting positive or negative amounts of the fair value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the consolidated income statement. Fair values of derivatives are determined using quoted market prices in active markets or using discounted cash flow techniques within current market interest rates.

Fair values of option agreements are calculated using option pricing models and unrealized profit and loss amounts are presented in income statement for the current period.

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

**V. Interest income and expense**

Interest is recognized using the effective interest method (the effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability) defined in TAS 39. Interest income and expense computed by using internal rate of return are recognized on an accrual basis. In accordance with the related legislation, the Parent Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection.

**VI. Fees and commissions**

Fee and commission income and expenses are accounted on accrual or cash basis relatively, depending on the nature of the transaction. Upfront commissions from cash and non-cash loans are allocated to related periods. Upfront commissions from consumer loans are discounted with effective interest rate method and allocated to related period’s income statement.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**VII. Financial assets**

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

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

Financial assets at fair value through profit or loss consist of “trading securities” and “financial assets designated at fair value”. The Group does not have any financial assets classified as “financial assets designated at fair value”.

Trading securities are financial assets acquired for generating a profit from short term fluctuations in price or in similar elements or which are part of a portfolio used for generating profit in the short term regardless of their reason of acquisition. Trading securities are recognized and derecognized on settlement date basis when purchased and disposed of. Trading securities are initially recognized at fair value and also evaluated at fair value subsequent to initial recognition. Gains and losses arising from evaluation of such assets are recognized in the income statement. Interest earned from trading securities is reported under interest income. Any profit or loss resulting from the disposal of those assets before their maturity dates is recognized within “Profit/loss on capital market transactions” account in the income statement.

**b. Investment securities available-for-sale:**

Available-for-sale assets are financial assets other than financial assets at fair value through profit or loss, loans and advances to banks and customers, or financial assets held to maturity.

Purchase and sale transactions of available-for-sale securities are recorded on settlement date. Such financial assets are measured at their fair values subsequently following the initial recognition. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “Valuation Differences of Securities” under the shareholders’ equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference inflation index at the issue date and the reference inflation index at the balance sheet date to reflect the effects of inflation.

**c. Loans and receivables:**

Loans and receivables arise when the Parent Bank provides money, goods or services directly to a debtor. Such assets are initially recognized at cost and are carried at amortized cost using the effective interest method. Duties paid, transaction expenditures and other similar expenses on assets received against such risks are not considered as a part of transaction cost and are recorded as expense.

Based on the regular reviews of the loan portfolio by the Parent Bank management, loans that are identified as being impaired are transferred to “loans under follow-up” accounts. Thereby, specific and general allowances are made against the carrying amount of these loans in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published on the Official Gazette no.26333 dated 1 November 2006. Provisions are deducted from the income of the current year. When collections are made on loans that have been provided for, they are credited to the income statement accounts “Provision for Loan Losses or Other Receivables” if the provision was made in the current year, otherwise such collections are credited to “Other Operating Income” account with respect to allowances made in the prior years. Uncollectible receivables are written-off after all the legal procedures are finalized. The Bank’s general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law’s verdicts.

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**VII. Financial assets (continued)**

**d. Investment securities held-to-maturity:**

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Parent Bank has the intent and ability to hold until maturity, excluding loans and receivables. Investment securities held-to-maturity are initially recognized at cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Interest earned on held-to-maturity securities are recognized as interest income in the consolidated income statement.

**VIII. Impairment of financial assets**

Financial asset or a group of financial assets is reviewed at each balance sheet date to determine whether there is an objective indicator of impairment. If any such indicator exists, the Group estimates the amount of impairment.

Impairment loss incurs if, and only if, there is an 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 Parent Bank provides specific and general allowances for loan and other receivables classified in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published on the Official Gazette no.26333 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

As at 31 March 2014, since the consumer loans of the Parent Bank do not exceed the ratios mentioned in the regulation published in the Official Gazette no. 27968 dated 18 June 2011 and in the Official Gazette no. 28789 (repeated) dated 8 October 2013 amending the “The Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” additional general loan loss provision has not been calculated.

**IX. Offsetting financial instruments**

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

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

The Group provides specific allowances for loans and other receivables under follow-up in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside”. The allowances are recorded under “loans” account as negative balances on the asset side.

Otherwise, the financial assets and liabilities are netted off only when there is a legal right to do so.

**X. Sale and repurchase agreements and transactions related to the lending of securities**

Securities sold under repurchase agreements (“repo”) are classified as “trading”, “available for sale” or “held to maturity” based on the Parent Bank management’s intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate method.

Securities purchased under resale agreements (“reverse repo”) are classified under “Receivables from Reverse Repurchase Agreements”. An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.

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**XI. Assets held for sale and discontinued operations**

Assets held for sale consist of assets that have high sales probability, have been planned to be sold, and an active program has been started to complete the plan and determine the buyers. Asset should be marketed the price compatible with fair value. Furthermore, the sales, starting from the day of classifications as held for sale, should be expected to be completed at within a year and the necessary activities should demonstrate that the possibility of having significant change in the plan or the cancellation of the plan is low.

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

**XII. Goodwill and other intangible assets**

There is no goodwill in the accompanying consolidated financial statements as at 31 March 2014 and 31 December 2013.

Intangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Intangibles are reflected in the consolidated balance sheet at cost less amortization and any accumulated impairment losses. Intangible assets are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets are amortized on amortization rates between 6.66% and 33.33%.

Intangible assets are amortized on a straight-line basis based on their estimated useful lives. Useful life of an asset is estimated by assessment of the expected life span of the asset and technical and technological wear outs of the asset. The amortization rates used approximate the useful lives of the assets.

**XIII. Tangible assets**

Tangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Tangible assets (except buildings as stated below) are reflected in the consolidated financial statements at cost less accumulated depreciation and any accumulated impairment.

Tangible assets are depreciated on a straight-line basis based on the in estimated useful lives.

The estimated useful lives are as follows:

|                        |              |
|------------------------|--------------|
| Buildings              | 50 years     |
| Furniture and fixtures | 3 – 50 years |
| Leasehold improvements | 3 – 5 years  |

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

In cases where the expected future benefits of the assets are less than their book values, the book values of such assets are reduced to their net realizable values and impairment losses are recorded as expense.

Gains and losses on disposal of an item of assets are determined by deducting the carrying amount of the asset from the proceeds from disposal.

The regular maintenance and repair expenditures are accounted as expense. The investment expenditures, made to increase the future benefits of the asset by improving the capacity of the asset, are added to the cost of the asset. Investment expenditures comprised of the costs which increase the useful life of the asset, improve the capacity of the asset, increase the quality or decrease the cost of production.

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 “Property, Plant and Equipment”. For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in “Revaluation Fund on Tangible Assets” within the equity items. As at 31 Mart 2014, revaluation surplus on tangible assets amounts to TL 5,132 (31 December 2013: TL 5,132).

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**XIV. Leasing activities**

Assets acquired by financial leasing are recorded by considering the lower of the fair value of the leased asset and the present value of leasing payments. Tangible assets acquired by way of financial leasing are recognized in tangible assets and depreciated in line with tangible assets group they relate to. In cases where leased assets are impaired or the expected future benefits of the assets are less than their book values, the book values of such leased assets are reduced to their net realizable values. The obligations under financial leases arising from the lease contracts are presented under “Financial Lease Payables” account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement. The Group does not enter into financial lease transactions by acting as the “lessor”.

In operating leases, the rent payments are charged to the income statement on an accrual basis.

**XV. Provisions and contingencies**

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank management. Whenever the amount of such obligations cannot be measured, they are regarded as “Contingent”. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the notes to the consolidated financial statements.

**XVI. Contingent assets**

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. Since recognizing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the consolidated financial statements. Developments related to the contingent assets are constantly evaluated to be reflected rightly in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs.

**XVII. Obligations concerning employee rights**

Obligations concerning employee severance indemnities and vacation pay are accounted for in accordance with the Turkish Accounting Standard 19 (“TAS 19”) “Employee Benefits”.

In accordance with existing legislation in Turkey, the Group have to make certain lump-sum payments to employees who has completed one year of service and whose employment is terminated due to retirement or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

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**XVIII. Taxation**

**a. Current taxes:**

In Turkey, the corporate tax rate is 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 20%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance are deducted from the final corporate tax liability.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

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 returns are open 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.

**b. Deferred taxes:**

In accordance with TAS 12 “Income Taxes”, the Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are based on tax rates that have been enacted at the balance sheet date.

If transactions and other occurrences are accounted at profit or loss; tax effects which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts. Tax provision of items that are directly related to equity is offsetted with related equity accounts.

Deferred tax liabilities are recognized for all deductible temporary differences, however deferred tax assets composed of deductible temporary differences and tax losses are accounted with considering that it is probable that taxable profit will be available and such deductible temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities of the Parent Bank have been offset in the Parent Bank’s financial statements. Net deferred tax assets or liabilities of the entities in the Group which are calculated individually have not been offset.

The Group has calculated deferred tax based on the principles above and reflected to the consolidated financial statements.



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**XVIII. Taxation (continued)**

**c. Transfer pricing:**

In Turkey, the transfer pricing provisions have 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 a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Corporate tax-payers required in “section 7.1 annual documentation” part of related communiqué, have to fill the “form relating to transfer pricing, controlled foreign companies and thin capitalization” as associated with purchasing and selling goods or services with related parties in an accounting period and send it to the tax office submitted as an appendix to the corporate tax return.

**XIX. Additional explanations on borrowings**

Financial liabilities held for trading and negative value of derivative instruments are carried at fair value and all other financial liabilities are carried at amortized cost using effective interest rate method.

**XX. Issued stock**

There is no issued stock in the current period.

**XXI. Acceptances**

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

**XXII. Government grants**

As at 31 March 2014 and 31 December 2013, the Group does not have any government grants.

**XXIII. Reserves and profit distribution**

Retained earnings at statutory books are allowed for distribution except for the following clause on legal reserves.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

**XXIV. Related parties**

For the purpose of the consolidated financial statements, shareholders, members of board of directors, related companies managed by their own and families, associates and jointly controlled entities are accepted as related party in accordance with the article 49 of the Banking Law No.5411. Transactions regarding related parties are presented in Note V of Section Five.

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**XXV. Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and balances with central banks, deposits with banks and other financial institutions, other money market placements with an original maturity of three months or less and receivables from reverse repo. The reserve requirements blocked at the Central Bank of Turkey are not recognized as “cash equivalent assets” in the statements of cash flow.

**XXVI. Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment reporting is presented in Section Four, Note XI.

**XXVII. Reclassifications**

In order to achieve convenience presentation of financial statements as at 31 March 2014, classification has been made on the statement of consolidated cash flows dated 31 March 2013. This classification includes the presentation of cash outflows related to the acquisition of intangible assets amounting to TL 434 under the “Other” line in the “Cash flows from investing activities” section in the statement of cash flows prepared in the current period which has been presented under the “Fixed assets purchases” line of the same section in the statement of cash flows prepared in the previous period.

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**SECTION FOUR**

**CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Consolidated capital adequacy ratio**

As at 31 March 2014, the Group's consolidated capital adequacy ratio is 17.67% (31 December 2013: 17.37%).

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", "Communiqué on Credit Risk Mitigation Techniques" and "Communiqué on Capital Requirement Calculation for Market Risk of Options" published in the Official Gazette no. 28337 dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no. 28756 dated 5 September 2013.

In the calculation of consolidated capital adequacy standard ratio, the accounts and transactions are evaluated by taking into account the relevant legislation. Accounts and transactions are classified in two separate portfolios as "trading accounts" and "banking accounts" and are used in the calculation of market and credit risks. Trading accounts and items deducted from the capital are not considered in the calculation of credit risks. In the calculation of risk weighted assets, amortized and impaired assets are accounted by net amounts after deducting the related amortization and provision amounts.

In the calculation of the amount subject to credit risk, the Parent Bank assesses its loans and receivables by taking the risk classes, rating notes and risk mitigation into consideration. "Simple financial collateral method" is used for banking accounts while "comprehensive financial collateral method" is used for trading accounts for taking risk mitigation elements under consideration.

Counterparty Credit Risk is calculated for derivative transactions, repo transactions, security-stock lending transactions, overdraft security transactions and long term trade transactions.

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**I. Consolidated capital adequacy ratio (continued)**

**Consolidated Capital Adequacy Ratio:**

| 31 March 2014   |              |         |         |         |           |        |         |      |
|---|--------------|---------|---------|---------|-----------|--------|---------|------|
|   | Risk Weights |         |         |         |           |        |         |      |
|   | Parent Bank  |         |         |         |           |        |         |      |
|   | %0           | %20     | %50     | %75     | %100      | %150   | %200    | %250 |
| <b>Value at Credit Risk</b>   | -            | 35,871  | 231,258 | 200,360 | 2,395,016 | 59,813 | 271,544 | 2    |
| <b>Risk Classifications</b>   |              |         |         |         |           |        |         |      |
| Contingent and Non-Contingent Claims on Sovereigns and Central Bank                         | 861,979      | -       | -       | -       | 27        | -      | -       | -    |
| Contingent and Non-Contingent Claims on Regional Governments and Local Authorities          | -            | -       | -       | -       | -         | -      | -       | -    |
| Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises | -            | -       | -       | -       | 881       | -      | -       | -    |
| Contingent and Non-Contingent Claims on Multilateral Development Banks                      | -            | -       | -       | -       | -         | -      | -       | -    |
| Contingent and Non-Contingent Claims on International Organizations                         | -            | -       | -       | -       | -         | -      | -       | -    |
| Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary               | 183,896      | 37,839  | 16,964  | -       | 65,997    | -      | -       | -    |
| Contingent and Non-Contingent Claims on Corporate Receivables                               | 37,456       | 138,665 | 16,000  | -       | 2,007,945 | -      | -       | -    |
| Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios           | 3,417        | 591     | 774     | 267,147 | 5,738     | -      | -       | -    |
| Contingent and Non-Contingent Claims Secured by Residential Property                        | 538          | 1,127   | 425,939 | -       | 155,829   | -      | -       | -    |
| Non-performing Receivables  | -            | -       | 2,838   | -       | 43,234    | 281    | -       | -    |
| Higher-Risk Categories Defined by Agency  | 3,403        | 1,132   | -       | -       | -         | 39,594 | 135,772 | 1    |
| Mortgage Collateralized Marketable Securities   | -            | -       | -       | -       | -         | -      | -       | -    |
| Securitization Exposures  | -            | -       | -       | -       | -         | -      | -       | -    |
| Short-Term Claims on Banks and Intermediary Institutions and Corporate Receivables          | -            | -       | -       | -       | -         | -      | -       | -    |
| Undertakings for Collective Investments in Transferable Securities                          | -            | -       | -       | -       | -         | -      | -       | -    |
| Other Receivables   | 31,942       | -       | -       | -       | 115,365   | -      | -       | -    |

| 31 March 2014   |              |         |         |         |           |        |         |      |
|---|--------------|---------|---------|---------|-----------|--------|---------|------|
|   | Risk Weights |         |         |         |           |        |         |      |
|   | Consolidated |         |         |         |           |        |         |      |
|   | %0           | %20     | %50     | %75     | %100      | %150   | %200    | %250 |
| <b>Value at Credit Risk</b>   | -            | 36,781  | 231,541 | 205,450 | 2,386,900 | 59,813 | 271,544 | 2    |
| <b>Risk Classifications</b>   |              |         |         |         |           |        |         |      |
| Contingent and Non-Contingent Claims on Sovereigns and Central Bank                         | 862,166      | -       | -       | -       | 27        | -      | -       | -    |
| Contingent and Non-Contingent Claims on Regional Governments and Local Authorities          | -            | -       | -       | -       | -         | -      | -       | -    |
| Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises | -            | -       | -       | -       | 881       | -      | -       | -    |
| Contingent and Non-Contingent Claims on Multilateral Development Banks                      | -            | -       | -       | -       | -         | -      | -       | -    |
| Contingent and Non-Contingent Claims on International Organizations                         | -            | -       | -       | -       | -         | -      | -       | -    |
| Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary               | 183,891      | 42,391  | 17,531  | -       | 65,997    | -      | -       | -    |
| Contingent and Non-Contingent Claims on Corporate Receivables                               | 37,456       | 138,665 | 16,000  | -       | 2,009,864 | -      | -       | -    |
| Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios           | 3,417        | 591     | 774     | 273,933 | 5,738     | -      | -       | -    |
| Contingent and Non-Contingent Claims Secured by Residential Property                        | 538          | 1,127   | 425,939 | -       | 155,829   | -      | -       | -    |
| Non-performing Receivables  | -            | -       | 2,838   | -       | 43,234    | 281    | -       | -    |
| Higher-Risk Categories Defined by Agency  | 3,403        | 1,132   | -       | -       | -         | 39,594 | 135,772 | 1    |
| Mortgage Collateralized Marketable Securities   | -            | -       | -       | -       | -         | -      | -       | -    |
| Securitization Exposures  | -            | -       | -       | -       | -         | -      | -       | -    |
| Short-Term Claims on Banks and Intermediary Institutions and Corporate Receivables          | -            | -       | -       | -       | -         | -      | -       | -    |
| Undertakings for Collective Investments in Transferable Securities                          | -            | -       | -       | -       | -         | -      | -       | -    |
| Other Receivables   | 31,942       | -       | -       | -       | 105,330   | -      | -       | -    |

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**I. Consolidated capital adequacy ratio (continued)**

**Summary information related to consolidated and unconsolidated capital adequacy ratios:**

|  | <b>31 March 2014</b> |                     |
|--|----------------------|---------------------|
|  | <b>Parent Bank</b>   | <b>Consolidated</b> |
| Capital Requirement for Credit Risk (VaCR*0.08) (CRCR) | 255,509              | 255,363             |
| Capital Requirement for Market Risk (CRMR)             | 810                  | 1,143               |
| Capital Requirement for Operational Risk (CROR)        | 22,599               | 24,008              |
| Shareholders' Equity                                   | 615,307              | 619,419             |
| Shareholders' Equity/((CRCR+CRMR+CROR) *12.5)*100      | 17.65                | 17.67               |
| Tier I Capital/(( CRCR+CRMR+CROR)*12.5*100)            | 17.19                | 17.21               |
| Common Equity/(( CRCR+CRMR+CROR)*12.5*100)             | 17.24                | 17.26               |

|  | <b>31 December 2013(*)</b> |                     |
|--|----------------------------|---------------------|
|  | <b>Parent Bank</b>         | <b>Consolidated</b> |
| Capital Requirement for Credit Risk (VaCR*0.08) (CRCR) | 259,822                    | 259,946             |
| Capital Requirement for Market Risk (CRMR)             | 2,275                      | 2,584               |
| Capital Requirement for Operational Risk (CROR)        | 20,916                     | 22,363              |
| Shareholders' Equity                                   | 614,749                    | 618,550             |
| Shareholders' Equity/((CRCR+CRMR+CROR) *12.5)*100      | 17.38                      | 17.37               |

(\*) Total Capital calculation has been changed with the “Regulation on Equity of Banks” which has become effective as of 1 January 2014. The information given regarding the prior period, has been calculated in accordance with the abolished Regulation.

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**I. Consolidated capital adequacy ratio (continued)**

**Components of shareholders' equity:**

|  | <b>31 Mart 2014</b> |
|--|---------------------|
| <b>COMMON EQUITY</b>   |                     |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank   | 420,000             |
| Share premium  | (814)               |
| Share cancellation profits   | -                   |
| Reserves   | 180,055             |
| Gains reflected in equity in accordance with TAS   | 4,876               |
| Profit   | 9,700               |
| Current Period Profit  | 9,700               |
| Prior Years' Profit  | -                   |
| Provisions for Possible Risks  | -                   |
| Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit   | -                   |
| Minority Shares  | -                   |
| <b>Common Equity Before Deductions</b>   | <b>613,817</b>      |
| <b>Deductions from Common Equity</b>   |                     |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)  | 1,363               |
| Leasehold improvements (-)   | 6,904               |
| Goodwill or other intangible assets and deferred tax liability related to these items (-)  | 441                 |
| Net deferred tax asset/liability (-)   | -                   |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)  | -                   |
| Direct and indirect investments of the Bank in its own Common Equity (-)   | -                   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)  | -                   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)  | -                   |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity (-)  | -                   |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity (-)   | -                   |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)  | -                   |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)  | -                   |
| Excess amount arising from mortgage servicing rights (-)   | -                   |
| Excess amount arising from deferred tax assets based on temporary differences (-)  | -                   |
| Other items to be defined by the BRSA (-)  | -                   |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)   | -                   |
| <b>Total Deductions From Common Equity</b>   | <b>8,708</b>        |
| <b>Total Common Equity</b>   | <b>605,109</b>      |
| <b>ADDITIONAL TIER I CAPITAL</b>   |                     |
| Capital amount and related premiums corresponding to preference shares that are not included in common equity  | -                   |
| Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)   | -                   |
| Debt instruments and premiums deemed suitable by the BRSA (issued before 1.1.2014)   | -                   |
| Third parties' shares in the Additional Tier I Capital   | -                   |
| <b>Additional Tier I Capital before Deductions</b>   | -                   |
| <b>Deductions from Additional Tier I Capital</b>   |                     |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)   | -                   |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)  | -                   |
| Portion of the total of net long positions of investments made in Additional Tier I Capital and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-) | -                   |
| Other items to be defined by the BRSA (-)  | -                   |
| Deductions to be made from Additional Tier I Capital in the case that adequate Tier II Capital is not available (-)  | -                   |
| <b>Total Deductions From Additional Tier I Capital</b>   | -                   |
| <b>Total Additional Tier I Capital</b>   | -                   |

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**I. Consolidated capital adequacy ratio (continued)**

**Deductions from Tier I Capital**

|  |       |
|--|-------|
| Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-) | 1,762 |
| Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)   | -     |

**Total Tier I Capital**

**603,347**

**TIER II CAPITAL**

|   |               |
|---|---------------|
| Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)  | -             |
| Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014) | -             |
| Sources pledged to the Bank by shareholders to be used in capital increases of the Bank     | -             |
| General Loan Loss Provisions  | 21,045        |
| Third parties' shares in the Tier II Capital  | -             |
| <b>Tier II Capital Before Deductions</b>  | <b>21,045</b> |

**Deductions From Tier II Capital**

|  |   |
|--|---|
| Direct and indirect investments of the Bank in its own Tier II Capital (-)   | - |
| Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)                         | - |
| Portion of the total of net long positions of investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-) | - |
| Other items to be defined by the BRSA (-)  | - |

**Total Deductions from Tier II Capital**

**21,045**

**Total Tier II Capital**

**21,045**

**CAPITAL BEFORE DEDUCTIONS**

**624,392**

|  |       |
|--|-------|
| Loans granted contrary to the 50th and 51th Article of the Law (-)   | -     |
| Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)   | 4,292 |
| Loans granted to banks and financial institutions, including those established abroad, and to bank's qualified shareholders or investments made to debt instruments issued by them (-)   | 681   |
| Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)   | -     |
| Other items to be defined by the BRSA (-)  | -     |
| Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)                                | -     |
| Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-) | -     |
| Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)                   | -     |

**TOTAL CAPITAL**

**619,419**

**Amounts below the Excess Limits as per the Deduction Principles**

|  |   |
|--|---|
| Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital  | - |
| Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital | - |
| Amounts arising from mortgage servicing rights   | - |
| Amounts arising from deferred tax assets based on temporary differences  | - |

**Information on items subject to provisional acts in Capital calculation:**

None.

**Information on debt instruments included in Capital calculation:**

None.

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**I. Consolidated capital adequacy ratio (continued)**

|   | <b>31 December 2013(*)</b> |
|---|----------------------------|
| <b>CORE CAPITAL</b>   |                            |
| Paid-In Capital   | 420,000                    |
| Nominal Capital   | 420,000                    |
| Capital Commitments (-)   | -                          |
| Capital Reserves Arising From Inflation Adjustments to Paid-in Capital  | -                          |
| Share Premium   | (814)                      |
| Share Cancellation Profits  | -                          |
| Reserves  | 105,242                    |
| Inflation Adjustment on Reserves  | -                          |
| Profit  | 45,316                     |
| Current Period Profit   | 45,316                     |
| Prior Years' Profit   | -                          |
| Provision for Possible Losses up to 25% of the Core Capital   | -                          |
| Gain on Sale of Associates, Subsidiaries and Real Estates   | 29,497                     |
| Primary Subordinated Loans  | -                          |
| Minority Shares   | -                          |
| Losses Excess of Reserves (-)   | -                          |
| Current Period Loss   | -                          |
| Prior Periods' Loss   | -                          |
| Leasehold Improvements (-)  | 447                        |
| Intangible Assets (-)   | 1,902                      |
| Deferred Tax Asset excess of 10% of the Core Capital (-)  | -                          |
| Excess Amount of Article 56/3 of the Law (-)  | -                          |
| Consolidation Goodwill (Net) (-)  | -                          |
| <b>Total Core Capital</b>   | <b>596,892</b>             |
| <b>SUPPLEMENTARY CAPITAL</b>  |                            |
| General Loan Loss Provision   | 23,736                     |
| 45% of Revaluation Fund of Movables   | -                          |
| 45% of Revaluation Fund of Real Estate  | 2,194                      |
| Bonus Shares Obtained from Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)  | -                          |
| Amount of Primary Subordinated Loans Not Accounted in the Calculation of the Core Capital   | -                          |
| Secondary Subordinated Loans  | -                          |
| 45% of Revaluation Surplus of Marketable Securities and Investment Securities (100% if deficit)   | 86                         |
| Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)  | -                          |
| Minority Shares   | -                          |
| <b>Total Supplementary Capital</b>  | <b>26,016</b>              |
| <b>CAPITAL</b>  | <b>622,908</b>             |
| <b>DEDUCTIONS FROM THE CAPITAL</b>  | <b>4,358</b>               |
| Investments in Unconsolidated Banks and Financial Institutions  | -                          |
| Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements in Securities of These Entities That Possess the Nature of Their Primary or Secondary Subordinated Debt   | -                          |
| Investments in Banks and Financial Institutions, to which Equity Method has been applied but whose Assets and Liabilities are Unconsolidated  | -                          |
| Loan Granted in Violation of the Articles 50 and 51 of the Law  | -                          |
| The Net Book Value of Properties Exceeding Fifty Percent of Equity and Net Book Value of Properties and Commodity Acquired in Exchange of Loans and Receivables and should be disposed of according to the Article 57 of the Banking Law which have not been Disposed since 5 Years After Foreclosure | 4,358                      |
| Securitization Positions Deducted – preferably – from Equity  | -                          |
| Others  | -                          |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>618,550</b>             |

(\*) Total Capital calculation has been changed with the “Regulation on Equity of Banks” which has become effective as of 1 January 2014. The information given regarding the prior period, has been calculated in accordance with the abolished Regulation.



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**II. Consolidated market risk**

Consolidated market risk is the potential risk of loss on the assets and liabilities of the Group's on and off balance sheet items, arising from changes in interest rates, foreign currency exchange rates and equity prices.

The capital requirement for market risk and for specific risks are calculated in accordance with "Method of Market Risk Calculation with Standard Method" in 2<sup>nd</sup> Section of "Calculation of Market Risk" of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in Official Gazette no. 28337 dated 28 June 2012 and "Communiqué on Capital Requirement Calculation for Market Risk of Options" and reported by Parent Bank on monthly basis.

Market risk is calculated by employing the Standard Method and internal risk measurement models using value at risk (VaR) methodology. VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

The internal models used by the Parent Bank are Parametric Method, Historical Simulation and Monte Carlo Simulation. In calculating VaR, a one-tailed 99% confidence level is used regarding one-day holding period. In scope of internal management of market risk and determination of limits are based on historic VAR results, the other two calculation methods are used for comparison and monitoring. Back tests are performed to test the reliability of the VAR model. In order VAR calculations to reflect market fluctuations, stress tests and scenario analyzes are also applied.

In addition to VAR limits, in order to limit market risk, limits approved by the Board of Directors for the trading portfolio are present.

**Consolidated market risk**

|  | <b>Amount</b> |
|--|---------------|
| (I) Capital Requirement to be Employed for General Market Risk - Standard Method                 | 570           |
| (II) Capital Requirement to be Employed for Specific Risk - Standard Method                      | 203           |
| Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method     | -             |
| (III) Capital Requirement to be Employed for Currency Risk - Standard Method                     | 113           |
| (IV) Capital Requirement to be Employed for Commodity Risk - Standard Method                     | -             |
| (V) Capital Requirement to be Employed for Settlement Risk - Standard Method                     | -             |
| (VI) Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method | 10            |
| (VII) Capital Requirement for Counterparty Credit Risk - Standard Method                         | 247           |
| (VIII) Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model  | -             |
| (IX) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII) (*)         | 1,143         |
| <b>(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)</b>                                     | <b>14,288</b> |

(\*) For the purpose of the capital adequacy ratio calculation, 8% of total amount of TL 14,288, which is TL 1,143 was used for the market risk. TL 1,143 also represents the minimum capital amount to eliminate the related market risk.

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**III. Consolidated foreign currency exchange rate risk**

Foreign currency risk indicates the possibilities of the potential losses that banks are subject to due to adverse movements between currencies. The Parent Bank monitors foreign currency exchange rate risk in currency/TL and parity basis and uses different risk methods and tools for each. The Parent Bank hedges parity risks through spot/arbitrage and future transactions.

The Parent Bank's foreign currency exchange rate risk is measured by Standard Method and Value at Risk Method.

The Group considers all foreign currency assets and liabilities and currency forward transactions in measuring capital obligation against currency risk. Net short and long positions of TL equivalents of all types of currencies are calculated. Position with the higher absolute value, which is the basis for the capital obligation, is used measuring the capital obligation for currency risk.

The Parent Bank's Board of Directors determines the Parent Bank's limits, within regulatory limitations, related to short/long positions at any period. The Treasury Department of the Parent Bank is responsible from the management of price and liquidity risks on Turkish Lira or foreign currency in the domestic and international markets. Risk Management Department exercises continuous control on risks in the money markets and transactions creating these risks and reports to the Asset-Liability Committee of the Parent Bank weekly.

The Parent Bank's spot foreign exchange bid rates as at the balance sheet date and for each of the five days prior to that date (TL full).

|             | 24/03/14 | 25/03/14 | 26/03/14 | 27/03/14 | 28/03/14 | 31/03/14 |
|-------------|----------|----------|----------|----------|----------|----------|
| <b>USD</b>  | 2.2350   | 2.2370   | 2.2319   | 2.2121   | 2.1912   | 2.1898   |
| <b>GBP</b>  | 3.6811   | 3.6822   | 3.6772   | 3.6527   | 3.6322   | 3.6343   |
| <b>EURO</b> | 3.0824   | 3.0823   | 3.0831   | 3.0524   | 3.0148   | 3.0072   |
| <b>JPY</b>  | 0.0218   | 0.0218   | 0.0218   | 0.0216   | 0.0214   | 0.0214   |

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty-one days ending 31 March 2014 (TL full):

|             | Monthly Average<br>FC Exchange Bid<br>Rates |
|-------------|---|
| <b>USD</b>  | 2.2177                                      |
| <b>GBP</b>  | 3.6811                                      |
| <b>EURO</b> | 3.0624                                      |
| <b>JPY</b>  | 0.0216                                      |

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**III. Consolidated foreign currency exchange rate risk (continued)**

**Information on consolidated foreign currency exchange rate risk:**

| <b>31 March 2014</b>  | <b>EURO</b>      | <b>USD</b>       | <b>OTHER FC</b> | <b>TOTAL</b>     |
|---|------------------|------------------|-----------------|------------------|
| <b>Assets</b>   |                  |                  |                 |                  |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (*) | 8,303            | 263,979          | 46,864          | 319,146          |
| Banks   | 33,225           | 16,405           | 3,585           | 53,215           |
| Financial Assets at Fair Value Through Profit or Loss (**)  | 54               | 344              | -               | 398              |
| Interbank Money Market Placements   | -                | -                | -               | -                |
| Investment Securities Available-for-Sale  | -                | 6,722            | -               | 6,722            |
| Loans (***)   | 189,665          | 557,092          | 5,485           | 752,242          |
| Investments in Subsidiaries and Associates  | -                | -                | -               | -                |
| Investment Securities Held-to-Maturity  | -                | -                | -               | -                |
| Hedging Purpose Financial Derivatives   | -                | -                | -               | -                |
| Tangible Assets   | -                | -                | -               | -                |
| Intangible Assets   | -                | -                | -               | -                |
| Other Assets (**)   | 3,265            | 16,719           | -               | 19,984           |
| <b>Total Assets</b>   | <b>234,512</b>   | <b>861,261</b>   | <b>55,934</b>   | <b>1,151,707</b> |
| <b>Liabilities</b>  |                  |                  |                 |                  |
| Bank Deposits   | 60,203           | 51,535           | -               | 111,738          |
| Foreign Currency Deposits   | 303,271          | 836,752          | 9,700           | 1,149,723        |
| Interbank Money Markets   | -                | -                | -               | -                |
| Funds Borrowed from Other Financial Institutions  | 112,686          | 220,164          | 1,833           | 334,683          |
| Marketable Securities Issued  | -                | -                | -               | -                |
| Miscellaneous Payables  | 941              | 755              | -               | 1,696            |
| Hedging Purpose Financial Derivatives   | -                | -                | -               | -                |
| Other Liabilities (**) (*****)  | 3,187            | 7,828            | 251             | 11,266           |
| <b>Total Liabilities (**) (*****)</b>   | <b>480,288</b>   | <b>1,117,034</b> | <b>11,784</b>   | <b>1,609,106</b> |
| <b>Net On Balance Sheet Position</b>  | <b>(245,776)</b> | <b>(255,773)</b> | <b>44,150</b>   | <b>(457,399)</b> |
| <b>Net Off Balance Sheet Position</b>   | <b>244,576</b>   | <b>255,950</b>   | <b>(43,733)</b> | <b>456,793</b>   |
| Financial Derivatives (Assets) (*****)  | 253,297          | 500,985          | 6,394           | 760,676          |
| Financial Derivatives (Liabilities) (*****)   | 8,721            | 245,035          | 50,127          | 303,883          |
| <b>Non-cash Loans (****)</b>  | <b>123,513</b>   | <b>518,706</b>   | <b>5,668</b>    | <b>647,887</b>   |
| <b>31 December 2013</b>   |                  |                  |                 |                  |
| <b>Total Assets (*) (**) (***)</b>  | <b>282,654</b>   | <b>922,340</b>   | <b>49,189</b>   | <b>1,254,183</b> |
| <b>Total Liabilities (*) (*****)</b>  | <b>461,730</b>   | <b>1,110,896</b> | <b>9,468</b>    | <b>1,582,094</b> |
| <b>Net On Balance Sheet Position</b>  | <b>(179,076)</b> | <b>(188,556)</b> | <b>39,721</b>   | <b>(327,911)</b> |
| <b>Net Off Balance Sheet Position</b>   | <b>171,608</b>   | <b>188,138</b>   | <b>(38,815)</b> | <b>320,931</b>   |
| Financial Derivatives (Assets) (*****)  | 220,277          | 478,784          | 60,886          | 759,947          |
| Financial Derivatives (Liabilities) (*****)   | 48,669           | 290,646          | 99,701          | 439,016          |
| <b>Non-cash Loans (****)</b>  | <b>116,021</b>   | <b>506,848</b>   | <b>5,665</b>    | <b>628,534</b>   |

(\*) As at 31 March 2014 precious metals balance in the Central Bank accounts amounting to TL 45,059 is included in Other FC (31 December 2013 – TL 41,143).

(\*\*) As at 31 March 2014, accrual differences of derivative transactions presented in "Financial Assets At Fair Value Through Profit Or Loss" and "Negative Value Of Trading Derivatives" amounting to TL 1,545 and TL 1,229, respectively, (31 December 2013: TL 3,165 and TL 436) and accrual differences of value dated transactions presented under assets in "Other Assets" and under liabilities in "Other External Resources" amounting to TL 3 and TL 1 (31 December 2013: TL 138 and TL 60) are not included in the table, respectively.

(\*\*\*) As at 31 March 2014, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 221,320 (31 December 2013: TL 234,203).

(\*\*\*\*) Has no effect on net off balance sheet position.

(\*\*\*\*\*) As at 31 March 2014, value dated FX buying and FX selling transactions amounting to TL 3,026 and TL 3,105, respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2013: TL 41,460 and TL 46,077). As at 31 March 2014 precious metal swap transactions amounting to TL 45,059 in "Other" item of Derivatives Financial Instruments section of off-balance sheet items is included in Other FC column (31 December 2013 – TL 61,714 ).

(\*\*\*\*\*) As at 31 March 2014, "Valuation differences of securities" in equity amounting to TL (1) (31 December 2013: TL (3)) are not included.

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**III. Consolidated foreign currency exchange rate risk (continued)**

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 31 March 2014 and 31 December 2013 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

| Change in foreign<br>currency rate | 31 March 2014    |                 |                 |                 | 31 December 2013 |                 |                 |                 |
|------------------------------------|------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
|                                    | Income Statement |                 | Equity (*)      |                 | Income Statement |                 | Equity (*)      |                 |
|                                    | 10%<br>increase  | 10%<br>decrease | 10%<br>increase | 10%<br>decrease | 10%<br>increase  | 10%<br>decrease | 10%<br>increase | 10%<br>decrease |
| USD                                | 18               | (18)            | 18              | (18)            | (42)             | 42              | (42)            | 42              |
| EURO                               | (120)            | 120             | (120)           | 120             | (747)            | 747             | (747)           | 747             |
| Other FC                           | 42               | (42)            | 42              | (42)            | 91               | (91)            | 91              | (91)            |
|                                    | <b>(60)</b>      | <b>60</b>       | <b>(60)</b>     | <b>60</b>       | <b>(698)</b>     | <b>698</b>      | <b>(698)</b>    | <b>698</b>      |

(\*) Equity effect includes income statement effect in the table.

**IV. Consolidated interest rate risk**

Consolidated interest rate risk is the probability of loss due to changes in interest rates depending on the Group's position regarding the interest bearing financial instruments.

Interest rate risk arises as a result of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and, unexpected changes in the shape and slope of yield curves. Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities.

Interest rate risk is a key component of the Parent Bank's market risk and asset and liability management.

As part of asset and liability management, duration and sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet. The Parent Bank's management daily monitors interest rate movements in the market and revises the Parent Bank's interest rates.

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**IV. Consolidated interest rate risk (continued)**

**Interest sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates):**

|   | Up to 1<br>Month | 1 – 3<br>Months  | 3 –12<br>Months | 1 – 5<br>Years | 5 Years and<br>Over | Non-Interest<br>Bearing (*) | Total            |
|---|------------------|------------------|-----------------|----------------|---------------------|-----------------------------|------------------|
| <b>31 March 2014</b>  |                  |                  |                 |                |                     |                             |                  |
| <b>Assets</b>   |                  |                  |                 |                |                     |                             |                  |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -                | -                | -               | -              | -                   | 396,525                     | 396,525          |
| Banks   | 72,752           | -                | -               | -              | -                   | 6,927                       | 79,679           |
| Financial Assets at Fair Value Through Profit or Loss   | 1,996            | 919              | 545             | 54             | 206                 | 1,084                       | 4,804            |
| Interbank Money Market Placements   | 4,000            | -                | -               | -              | -                   | -                           | 4,000            |
| Investment Securities Av.-for-Sale  | 165,880          | 20,217           | 189,948         | 35,386         | 2,963               | 160                         | 414,554          |
| Loans   | 1,013,528        | 227,100          | 620,042         | 627,657        | 145,241             | 46,353                      | 2,679,921        |
| Investment Securities Held-to-Mat.  | -                | -                | -               | -              | -                   | -                           | -                |
| Other Assets  | 150              | -                | -               | -              | -                   | 124,800                     | 124,950          |
| <b>Total Assets</b>   | <b>1,258,306</b> | <b>248,236</b>   | <b>810,535</b>  | <b>663,097</b> | <b>148,410</b>      | <b>575,849</b>              | <b>3,704,433</b> |
| <b>Liabilities</b>  |                  |                  |                 |                |                     |                             |                  |
| Bank Deposits   | 111,688          | -                | -               | -              | -                   | 60                          | 111,748          |
| Other Deposits  | 1,660,978        | 351,893          | 17,299          | 1              | -                   | 157,958                     | 2,188,129        |
| Interbank Money Market Borrowings   | 268,403          | -                | -               | -              | -                   | -                           | 268,403          |
| Miscellaneous Payables  | -                | -                | -               | -              | -                   | 12,475                      | 12,475           |
| Securities Issued   | -                | -                | -               | -              | -                   | -                           | -                |
| Funds Borrowed from Other Fin.Inst.   | 19,609           | 80,454           | 272,520         | -              | -                   | -                           | 372,583          |
| Other Liabilities   | 11,180           | 880              | 402             | -              | -                   | 738,633                     | 751,095          |
| <b>Total Liabilities</b>  | <b>2,071,858</b> | <b>433,227</b>   | <b>290,221</b>  | <b>1</b>       | <b>-</b>            | <b>909,126</b>              | <b>3,704,433</b> |
| Balance Sheet Long Position   | -                | -                | 520,314         | 663,096        | 148,410             | -                           | 1,331,820        |
| Balance Sheet Short Position  | (813,552)        | (184,991)        | -               | -              | -                   | (333,277)                   | (1,331,820)      |
| Off Balance Sheet Long Position   | -                | -                | -               | -              | -                   | -                           | -                |
| Off Balance Sheet Short Position  | -                | -                | -               | -              | -                   | -                           | -                |
| <b>Total Interest Sensitivity Gap</b>   | <b>(813,552)</b> | <b>(184,991)</b> | <b>520,314</b>  | <b>663,096</b> | <b>148,410</b>      | <b>(333,277)</b>            | <b>-</b>         |

(\*) Tangible and intangible assets amounting to TL 26,907, tax assets amounting to TL 4,804 and other assets amounting to TL 93,089 are presented within other assets as non-interest bearing; provisions amounting to TL 39,969, tax liability amounting to TL 7,871, other liabilities amounting to TL 78,339 and equity amounting to TL 612,454 are presented within other liabilities as non-interest bearing.

**Current interest rates applied to monetary financial instruments:**

|   | EURO<br>% | USD<br>% | JPY<br>% | TL<br>% |
|---|-----------|----------|----------|---------|
| <b>31 March 2014 (*)</b>  |           |          |          |         |
| <b>Assets</b>   |           |          |          |         |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -         | -        | -        | -       |
| Banks   | 0.32      | 0.39     | -        | 14.23   |
| Financial Assets at Fair Value Through Profit or Loss   | 1.88      | 3.91     | -        | -       |
| Interbank Money Market Placements   | -         | -        | -        | 12.27   |
| Investment Securities Available-for-Sale  | -         | 5.87     | -        | 4.94    |
| Loans   | 5.73      | 6.19     | 5.73     | 14.05   |
| Investment Securities Held-to-Maturity  | -         | -        | -        | -       |
| <b>Liabilities</b>  |           |          |          |         |
| Bank Deposits   | 1.56      | 1.64     | -        | -       |
| Other Deposits  | 3.04      | 3.07     | 0.90     | 12.20   |
| Interbank Money Market Borrowings   | -         | -        | -        | 11.88   |
| Miscellaneous Payables  | -         | -        | -        | -       |
| Securities Issued   | -         | -        | -        | -       |
| Funds Borrowed from Other Financial Institutions  | 2.55      | 1.95     | -        | 6.00    |

(\*) Stated at compound interest rates.

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**IV. Consolidated interest rate risk (continued)**

|   | Up to 1<br>Month | 1 – 3<br>Months  | 3 –12<br>Months | 1 – 5<br>Years | 5 Years and<br>Over | Non-Interest<br>Bearing (*) | Total            |
|---|------------------|------------------|-----------------|----------------|---------------------|-----------------------------|------------------|
| <b>31 December 2013</b>   |                  |                  |                 |                |                     |                             |                  |
| <b>Assets</b>   |                  |                  |                 |                |                     |                             |                  |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -                | -                | -               | -              | -                   | 450,273                     | 450,273          |
| Banks   | 64,549           | -                | -               | -              | -                   | 11,854                      | 76,403           |
| Financial Assets at Fair Value Through Profit or Loss   | 10,167           | 3,908            | 303             | 193            | 191                 | 1,088                       | 15,850           |
| Interbank Money Market Placements   | -                | -                | -               | -              | -                   | -                           | -                |
| Investment Securities Av.-for-Sale  | 95,320           | 114,547          | 157,996         | 17,904         | 3,021               | 160                         | 388,948          |
| Loans   | 1,131,882        | 215,117          | 540,827         | 747,669        | 150,486             | 46,183                      | 2,832,164        |
| Investment Securities Held-to-Mat.  | -                | -                | -               | -              | -                   | -                           | -                |
| Other Assets  | 210              | -                | -               | -              | -                   | 90,406                      | 90,616           |
| <b>Total Assets</b>   | <b>1,302,128</b> | <b>333,572</b>   | <b>699,126</b>  | <b>765,766</b> | <b>153,698</b>      | <b>599,964</b>              | <b>3,854,254</b> |
| <b>Liabilities</b>  |                  |                  |                 |                |                     |                             |                  |
| Bank Deposits   | -                | -                | -               | -              | -                   | 19                          | 19               |
| Other Deposits  | 1,802,914        | 514,011          | 24,204          | -              | -                   | 180,665                     | 2,521,794        |
| Interbank Money Market Borrowings   | 258,597          | -                | -               | -              | -                   | -                           | 258,597          |
| Miscellaneous Payables  | -                | -                | -               | -              | -                   | 14,143                      | 14,143           |
| Securities Issued   | -                | -                | -               | -              | -                   | -                           | -                |
| Funds Borrowed from Other Fin.Inst.   | 31,934           | 88,638           | 216,688         | 3,740          | -                   | -                           | 341,000          |
| Other Liabilities   | 4,173            | 2,895            | 630             | -              | -                   | 711,003                     | 718,701          |
| <b>Total Liabilities</b>  | <b>2,097,618</b> | <b>605,544</b>   | <b>241,522</b>  | <b>3,740</b>   | <b>-</b>            | <b>905,830</b>              | <b>3,854,254</b> |
| Balance Sheet Long Position   | -                | -                | 457,604         | 762,026        | 153,698             | -                           | 1,373,328        |
| Balance Sheet Short Position  | (795,490)        | (271,972)        | -               | -              | -                   | (305,866)                   | (1,373,328)      |
| Off Balance Sheet Long Position   | -                | -                | -               | -              | -                   | -                           | -                |
| Off Balance Sheet Short Position  | -                | -                | -               | -              | -                   | -                           | -                |
| <b>Total Interest Sensitivity Gap</b>   | <b>(795,490)</b> | <b>(271,972)</b> | <b>457,604</b>  | <b>762,026</b> | <b>153,698</b>      | <b>(305,866)</b>            | <b>-</b>         |

(\*) Tangible and intangible assets amounting to TL 18,347 tax assets amounting to TL 5,829 and other assets amounting to TL 66,230 are presented within other assets as non-interest bearing; provisions amounting to TL 48,010, tax liability amounting to TL 6,945 other liabilities amounting to TL 51,740 and equity amounting to TL 604,308 are presented within other liabilities as non-interest bearing.

**Current interest rates applied to monetary financial instruments:**

|   | EURO<br>% | USD<br>% | JPY<br>% | TL<br>% |
|---|-----------|----------|----------|---------|
| <b>31 December 2013 (*)</b>   |           |          |          |         |
| <b>Assets</b>   |           |          |          |         |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -         | -        | -        | -       |
| Banks   | -         | 0.67     | -        | 9.03    |
| Financial Assets at Fair Value Through Profit or Loss   | 2.20      | 4.46     | -        | -       |
| Interbank Money Market Placements   | -         | -        | -        | -       |
| Investment Securities Available-for-Sale  | 4.77      | 6.00     | -        | 4.90    |
| Loans   | 5.68      | 6.24     | 5.73     | 11.23   |
| Investment Securities Held-to-Maturity  | -         | -        | -        | -       |
| <b>Liabilities</b>  |           |          |          |         |
| Bank Deposits   | -         | -        | -        | -       |
| Other Deposits  | 3.15      | 3.26     | -        | 9.35    |
| Interbank Money Market Borrowings   | -         | -        | -        | 7.26    |
| Miscellaneous Payables  | -         | -        | -        | -       |
| Securities Issued   | -         | -        | -        | -       |
| Funds Borrowed from Other Financial Institutions  | 2.45      | 2.02     | -        | 5.88    |

(\*) Stated at compound interest rates.

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**IV. Consolidated interest rate risk (continued)**

**The interest rate risk of the banking book items:**

The interest rate risk of the banking book items is prepared via the cash flow of interest sensitive balance sheet and off-balance sheet positions for bank accounts, over the maturity for fixed interest rate instruments and over the re-pricing period for variable interest rate instruments.

Present values of the net positions obtained over related cash flows are calculated by yield curves formed by using market interest rates. The proportion of the differences arising from implementation of positive and negative standard shocks to equity is followed.

For products with non-specified maturities, maturity is determined based on interest rate setting frequency and customer behaviors. These results are supported by periodical sensitivity and scenario analysis against prospective fluctuations in the market.

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 no. 28034 dated 23 August 2011, and this legal limit is monitored and reported monthly, based on this measurement.

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

In accordance with the “Regulation on Measurement and Evaluation of Standard Shock Method on the Interest Rate Risk Arising from Banking Accounts”, economic valuation differences of Parent Bank arising from fluctuations on interest rates, in different currencies, are presented in the table below (excluding tax effect) as at 31 March 2014.

| Type of Currency                  | Shocks Applied<br>(+/- basis points) | Gains/Losses    | Gains/Equity-<br>Losses/Equity |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------|
| TL                                | 500                                  | (50,518)        | (%8.2)                         |
|                                   | (400)                                | 45,826          | %7.4                           |
| EURO                              | 200                                  | (495)           | (%0.1)                         |
|                                   | (200)                                | 499             | %0.1                           |
| USD                               | 200                                  | (10,546)        | (%1.7)                         |
|                                   | (200)                                | 8,737           | %1.4                           |
| <b>Total (of negative shocks)</b> |                                      | <b>55,062</b>   | <b>8.9%</b>                    |
| <b>Total (of positive shocks)</b> |                                      | <b>(61,559)</b> | <b>(10.0%)</b>                 |

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**V. Consolidated liquidity risk**

Liquidity risk occurs when there is an insufficient amount of cash or cash inflows to fulfill the cash outflows in full and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when there is an inadequate market penetration and the open positions cannot be closed on a timely basis with an appropriate price and sufficient amount due to barriers and break-ups at the markets.

The Parent Bank monitors the liquidity position on a daily basis. Cash flow projections are examined and accordingly appropriate amounts of positions are determined in the weekly Asset-Liability Commission meetings. Alternative strategies are evaluated in case of a liquidity shortage. The available free lines in the BIST Settlement and Custody Bank's Stock Exchange Money Market, Interbank and secondary market are monitored frequently. Regarding maturity mismatch risk in the balance sheet, the maximum limits have been set by the Board of Directors.

Major part of the liquidity has been maintained by the deposits in the Parent Bank. Additionally, the volume of deposits has retained a stable path during the period. On the contrary, the Parent Bank executes the strategy of increasing long-term loans from international markets rather than loans from domestic secondary market.

**Presentation of assets and liabilities according to their residual maturities:**

|   | Demand         | Up to<br>1 month   | 1-3<br>months    | 3-12<br>Months   | 1-5<br>Years   | 5 years<br>and<br>Over | Undist. (*)      | Total            |
|---|----------------|--------------------|------------------|------------------|----------------|------------------------|------------------|------------------|
| <b>31 March 2014</b>  |                |                    |                  |                  |                |                        |                  |                  |
| <b>Assets</b>   |                |                    |                  |                  |                |                        |                  |                  |
| Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 396,525        | -                  | -                | -                | -              | -                      | -                | 396,525          |
| Banks   | 6,927          | 72,752             | -                | -                | -              | -                      | -                | 79,679           |
| Financial Assets at Fair Value Through Profit or Loss   | 1,084          | 1,996              | 919              | 545              | 54             | 206                    | -                | 4,804            |
| Interbank Money Market Placements   | -              | 4,000              | -                | -                | -              | -                      | -                | 4,000            |
| Investment Securities Available-for-Sale  | 160            | 9,521              | 12,224           | 160,569          | 150,509        | 81,571                 | -                | 414,554          |
| Loans   | -              | 374,378            | 380,139          | 1,076,312        | 657,498        | 145,241                | 46,353           | 2,679,921        |
| Investment Securities Held-to-Maturity  | -              | -                  | -                | -                | -              | -                      | -                | -                |
| Other Assets  | -              | 81,393             | -                | 5,425            | -              | 4,804                  | 33,328           | 124,950          |
| <b>Total Assets</b>   | <b>404,696</b> | <b>544,040</b>     | <b>393,282</b>   | <b>1,242,851</b> | <b>808,061</b> | <b>231,822</b>         | <b>79,681</b>    | <b>3,704,433</b> |
| <b>Liabilities</b>  |                |                    |                  |                  |                |                        |                  |                  |
| Bank Deposits   | 60             | 111,688            | -                | -                | -              | -                      | -                | 111,748          |
| Other Deposits  | 157,958        | 1,660,986          | 351,887          | 17,280           | 18             | -                      | -                | 2,188,129        |
| Funds Borrowed from Other Financial Institutions  | -              | 19,609             | 80,454           | 272,520          | -              | -                      | -                | 372,583          |
| Interbank Money Markets   | -              | 268,403            | -                | -                | -              | -                      | -                | 268,403          |
| Marketable Securities Issued  | -              | -                  | -                | -                | -              | -                      | -                | -                |
| Miscellaneous Payables  | 11,212         | 1,263              | -                | -                | -              | -                      | -                | 12,475           |
| Other Liabilities   | 8              | 90,828             | 3,527            | 4,309            | -              | -                      | 652,423          | 751,095          |
| <b>Total Liabilities</b>  | <b>169,238</b> | <b>2,152,777</b>   | <b>435,868</b>   | <b>294,109</b>   | <b>18</b>      | <b>-</b>               | <b>652,423</b>   | <b>3,704,433</b> |
| <b>Net Liquidity Gap</b>  | <b>235,458</b> | <b>(1,608,737)</b> | <b>(42,586)</b>  | <b>948,742</b>   | <b>808,043</b> | <b>231,822</b>         | <b>(572,742)</b> | <b>-</b>         |
| <b>31 December 2013</b>   |                |                    |                  |                  |                |                        |                  |                  |
| <b>Total Assets</b>   | 463,375        | 660,118            | 380,403          | 1,102,866        | 946,400        | 228,930                | 72,162           | 3,854,254        |
| <b>Total Liabilities</b>  | 193,744        | 2,152,906          | 607,039          | 244,491          | 3,756          | -                      | 652,318          | 3,854,254        |
| <b>Net Liquidity Gap</b>  | <b>269,631</b> | <b>(1,492,788)</b> | <b>(226,636)</b> | <b>858,375</b>   | <b>942,644</b> | <b>228,930</b>         | <b>(580,156)</b> | <b>-</b>         |

(\*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 26,907, stationary supplies amounting to TL 307, assets to be disposed of amounting to TL 6,114, loans in follow-up amounting to TL 46,353 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 39,969 and equity amounting to TL 612,454 are included here.



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**V. Consolidated liquidity risk (continued)**

As per the BRSA communiqué dated 1 November 2006 and became effective starting from 1 January 2007, 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 Parent Bank's liquidity ratios for first three months of 2014 are as follows:

| Liquidity Ratios     | First Maturity Bracket      |                                | Second Maturity Bracket     |                                |
|----------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
|                      | FC Liquidity Adequacy Ratio | Total Liquidity Adequacy Ratio | FC Liquidity Adequacy Ratio | Total Liquidity Adequacy Ratio |
| <b>31 March 2014</b> | 354.2                       | 211.9                          | 145.0                       | 111.8                          |
| Average (%)          | 270.8                       | 188.7                          | 138.7                       | 115.6                          |
| Max. (%)             | 387.5                       | 211.9                          | 160.2                       | 122.9                          |
| Min. (%)             | 212.4                       | 168.5                          | 120.2                       | 107.0                          |

**VI. Consolidated position risk of equity securities of banking accounts**

None.

**VII. Information related to consolidated securitization positions**

None.

**VIII. Information related to consolidated credit risk mitigation techniques**

The Parent Bank applies simple financial collateral method for credit risk mitigation in accordance with 33rd article of "Communiqué on Credit Risk Mitigation Techniques". Cash or other debt securities with high credit quality are used on credit risk mitigation. Financial collaterals are valued according to market value and evaluated in the scope of credit assignment and monitoring policy of the Parent Bank. Net-off is not available.

**Collaterals according to risk classifications:**

| Risk Classifications   | Amount (**)      | Financial Collaterals | Other/ Physical Collaterals | Guaranties and Credit Derivatives |
|--|------------------|-----------------------|-----------------------------|-----------------------------------|
| Claims on sovereigns and Central Banks   | 861,873          | 84,437                | -                           | -                                 |
| Claims on regional governments or local authorities                                | -                | -                     | -                           | -                                 |
| Claims on administrative bodies and other non-commercial enterprises               | 881              | -                     | -                           | -                                 |
| Claims on multilateral development banks   | -                | -                     | -                           | -                                 |
| Claims on international organizations  | -                | -                     | -                           | -                                 |
| Claims on banks and capital market intermediary                                    | 309,600          | 183,887               | -                           | -                                 |
| Claims on corporate receivables  | 2,195,561        | 62,580                | -                           | 27                                |
| Claims included in the regulatory retail portfolios                                | 286,920          | 8,757                 | -                           | 652                               |
| Claims secured by residential property (*)   | 586,134          | 4,580                 | -                           | -                                 |
| Non-performing receivables   | 46,353           | -                     | -                           | -                                 |
| Higher risk categories decided by Agency   | 181,688          | 6,321                 | -                           | -                                 |
| Mortgage collateralized marketable securities                                      | -                | -                     | -                           | -                                 |
| Securitization exposures   | -                | -                     | -                           | -                                 |
| Short-term claims on banks and intermediary institutions and corporate receivables | -                | -                     | -                           | -                                 |
| Undertakings for collective investments in transferable securities                 | -                | -                     | -                           | -                                 |
| Other receivables  | 137,272          | -                     | -                           | -                                 |
| <b>Total</b>   | <b>4,606,282</b> | <b>350,562</b>        | <b>-</b>                    | <b>679</b>                        |

(\*) As per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" the mortgages considered for determination of the risk classes are not considered as collateral.

(\*\*) Risk figures present amounts before credit risk mitigation, after credit conversion rate process.

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**IX. Information related to consolidated risk management target and policies**

Risk Management contains all processes of identifying, measuring, monitoring, limit determination, identifying the areas of risk concentration and reporting the risks the Parent Bank is or will be exposed to due to its facilities.

Risk Management organization constituted to systematically manage the risks the Parent Bank is or will be exposed to, consists of the Independent Audit Committee connected directly to the Board of Directors, Risk Management Department fulfilling the responsibilities to Board of Directors via this committee and certain individual risk management committees including senior management of relevant processes.

Risk Management Department consists of market risk unit and credit and operational risk unit, business continuity is covered under operational risk. Risk management committees are market risk committee, credit risk committee, operational risk committee and business continuity committee.

Necessary manners are identified to update, adjust for changing circumstances, implement and manage the policies determined to identify and manage the risks the Parent Bank is exposed to. These risks are measured and managed with accepted international procedures and procedures complied with international and local regulations, policies and procedures of the Parent Bank.

The Parent Bank data and market data are monitored regularly in order to manage the risk. To restrain the risks, certain in-bank limits are determined besides the legal limits. Probable economic changes and risks confronted under tough conditions are taken into consideration.

Reporting units that are responsible for all risks, the frequency and the address of reporting is determined separately in policy documents including each risk management process. Additionally, Risk Management Department regularly reports the risk analysis of the Parent Bank, periodical progress and limit usage of risks and state of chanciness to Asset-Liability Committee and Audit Committee.

**X. Activities carried out on behalf and account of other persons, information on fiduciary transactions**

The Group performs sales, purchase, management, consultancy and custody services on behalf and account of others. The details of such transactions are presented in off-balance sheet items statement. The Group is not involved in fiduciary activities.

**XI. Consolidated segment reporting**

The Group performs activities in areas of retail banking, corporate banking and investment banking including treasury transactions.

Corporate banking offers TL and foreign currency loans, corporate deposit operations, cash management, foreign currency purchases and sales, non-cash transactions (letters of credit, letters of guarantee, prefinancing, bills of exchange) and custody services.

Treasury department is consisted of Balance Sheet Management and Sales units. The Balance Sheet Management unit follows up the Parent Bank’s cash flows, liquidity management, marketable securities portfolio and transfer pricing activities. Sales unit is responsible for marketing all types of bills and bonds, foreign exchange transactions and derivative products including forwards and options to its customers. Tekstil Yatırım gives agency services in capital markets products and provides investment fund and portfolio management services.

Servicing the middle-upper segment of retail customers who require sophisticated banking and investment services falls within the scope of retail banking. Credit card services are also within the activities of retail banking.

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**XI. Consolidated segment reporting (continued)**

**Information related to the segments of the Group:**

Segment reporting is prepared according to the 28th article of the BRSA's "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof", which is published in the Official Gazette no. 26333 dated 1 November 2006.

| <b>31 March 2014</b>           | <b>Retail<br/>Banking</b> | <b>Corporate<br/>Banking</b> | <b>Investment Banking<br/>and Others</b> | <b>Total<br/>Operations</b> |
|--------------------------------|---------------------------|------------------------------|--|-----------------------------|
| <b>Operating Income</b>        | 5,242                     | 26,254                       | 22,551                                   | 54,047                      |
| Operating profit of segment    | (1,735)                   | 412                          | 12,717                                   | 11,394                      |
| Costs not distributed          | -                         | -                            | -  | -                           |
| Operating profit               | (1,735)                   | 412                          | 12,717                                   | 11,394                      |
| Income from subsidiaries       | -                         | -                            | -  | -                           |
| Profit before tax              | (1,735)                   | 412                          | 12,717                                   | 11,394                      |
| Tax provision                  | -                         | -                            | 1,694                                    | 1,694                       |
| Profit after tax               | (1,735)                   | 412                          | 11,023                                   | 9,700                       |
| Non-controlling rights         | -                         | -                            | -  | -                           |
| <b>Net Profit</b>              | <b>(1,735)</b>            | <b>412</b>                   | <b>11,023</b>                            | <b>9,700</b>                |
| Segment assets (*)             | 377,708                   | 2,330,074                    | 996,651                                  | 3,704,433                   |
| Investments in subsidiaries    | -                         | -                            | -  | -                           |
| <b>Total Assets</b>            | <b>377,708</b>            | <b>2,330,074</b>             | <b>996,651</b>                           | <b>3,704,433</b>            |
| Segment liabilities (*)        | 1,434,422                 | 876,805                      | 780,752                                  | 3,091,979                   |
| Equity                         | -                         | -                            | 612,454                                  | 612,454                     |
| <b>Total Liabilities</b>       | <b>1,434,422</b>          | <b>876,805</b>               | <b>1,393,206</b>                         | <b>3,704,433</b>            |
| <b>Other Segment Items</b>     | <b>62</b>                 | <b>114</b>                   | <b>9,863</b>                             | <b>10,039</b>               |
| Capital expenditure            | -                         | -                            | 9,195                                    | 9,195                       |
| Depreciation and amortization  | 62                        | 114                          | 532                                      | 708                         |
| Impairment losses (**)         | -                         | -                            | 136                                      | 136                         |
| Other non-cash income-expenses | -                         | -                            | -  | -                           |
| Restructuring costs            | -                         | -                            | -  | -                           |

(\*) Assets in others column contain tangible assets, intangible assets, assets held for sale, deferred tax assets and assets not distributed. Liabilities in others column contain funds borrowed under treasury department, general provisions, reserve for employee benefits, current tax liabilities and liabilities not distributed.

(\*\*) Includes loss in value of marketable securities, fixed assets and associates.

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 63% for corporate banking, 10% for retail banking, 27% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and others segment as 49%, 10% and 41% respectively.

Explanations on business segments are prepared on the basis of data obtained from Parent Bank Management Reporting System.

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**XI. Consolidated segment reporting (continued)**

|   | <b>Retail<br/>Banking</b> | <b>Corporate<br/>Banking</b> | <b>Investment Banking<br/>and Others</b> | <b>Total<br/>Operations</b> |
|---|---------------------------|------------------------------|--|-----------------------------|
| <b>For the period ended 31 March 2013</b> |                           |                              |  |                             |
| <b>Operating Income</b>                   | 6,638                     | 20,297                       | 21,048                                   | 47,983                      |
| Operating profit of segment               | 366                       | (4,338)                      | 13,106                                   | 9,134                       |
| Costs not distributed                     | -                         | -                            | -  | -                           |
| Operating profit                          | 366                       | (4,338)                      | 13,106                                   | 9,134                       |
| Income from subsidiaries                  | -                         | -                            | -  | -                           |
| Profit before tax                         | 366                       | (4,338)                      | 13,106                                   | 9,134                       |
| Tax provision                             | -                         | -                            | 2,031                                    | 2,031                       |
| Profit after tax                          | 366                       | (4,338)                      | 11,075                                   | 7,103                       |
| Non-controlling rights                    | -                         | -                            | -  | -                           |
| <b>Net Profit</b>                         | <b>366</b>                | <b>(4,338)</b>               | <b>11,075</b>                            | <b>7,103</b>                |
| <b>Other Segment Items</b>                | <b>43</b>                 | <b>122</b>                   | <b>1,657</b>                             | <b>1,822</b>                |
| Capital expenditure                       | -                         | -                            | 613                                      | 613                         |
| Depreciation and amortization             | 43                        | 122                          | 753                                      | 918                         |
| Impairment losses                         | -                         | -                            | 291                                      | 291                         |
| Other non-cash income-expenses            | -                         | -                            | -  | -                           |
| Restructuring costs                       | -                         | -                            | -  | -                           |
| <b>As at 31 December 2013</b>             |                           |                              |  |                             |
| Segment assets                            | 398,313                   | 2,457,533                    | 998,408                                  | 3,854,254                   |
| Investments in subsidiaries               | -                         | -                            | -  | -                           |
| <b>Total Assets</b>                       | <b>398,313</b>            | <b>2,457,533</b>             | <b>998,408</b>                           | <b>3,854,254</b>            |
| Segment liabilities                       | 1,482,589                 | 1,117,878                    | 649,479                                  | 3,249,946                   |
| Equity                                    | -                         | -                            | 604,308                                  | 604,308                     |
| <b>Total Liabilities</b>                  | <b>1,482,589</b>          | <b>1,117,878</b>             | <b>1,253,787</b>                         | <b>3,854,254</b>            |

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**SECTION FIVE**

**DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Information and disclosures related to consolidated assets**

**1. Information related to cash and balances with the Central Bank of Turkey:**

a) Cash and balances with the Central Bank of Turkey:

|                            | <b>31 March 2014</b> |                | <b>31 December 2013</b> |                |
|----------------------------|----------------------|----------------|-------------------------|----------------|
|                            | <b>TL</b>            | <b>FC</b>      | <b>TL</b>               | <b>FC</b>      |
| Cash                       | 16,254               | 15,688         | 15,324                  | 33,867         |
| Central Bank of Turkey (*) | 61,125               | 303,458        | 67,314                  | 333,768        |
| Others                     | -                    | -              | -                       | -              |
| <b>Total</b>               | <b>77,379</b>        | <b>319,146</b> | <b>82,638</b>           | <b>367,635</b> |

b) Balances with the Central Bank of Turkey:

|                                  | <b>31 March 2014</b> |                | <b>31 December 2013</b> |                |
|----------------------------------|----------------------|----------------|-------------------------|----------------|
|                                  | <b>TL</b>            | <b>FC</b>      | <b>TL</b>               | <b>FC</b>      |
| Unrestricted Demand Deposits (*) | 61,125               | 158,757        | 67,314                  | 185,685        |
| Unrestricted Time Deposits       | -                    | -              | -                       | -              |
| Restricted Time Deposits         | -                    | 144,701        | -                       | 148,083        |
| <b>Total</b>                     | <b>61,125</b>        | <b>303,458</b> | <b>67,314</b>           | <b>333,768</b> |

(\*) As at 31 March 2014, the Parent Bank keeps precious metals amounting to TL 45,059 as reserve deposits at Central Bank of Turkey (31 December 2013: TL 41,143)

c) Explanation related to reserve deposits:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1”, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. The reserve rates for TL liabilities vary between 5% and 11.5% due their maturity profile as of 31 March 2014 (31 December 2013: between 5% and 11.5%); the reserve rates for foreign currency liabilities vary between 6% and 13% (31 December 2013: 6% and 13%) due maturity profile.

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**I. Information and disclosures related to consolidated assets (continued)**

**2. Financial assets at fair value through profit or loss (net):**

- a) Financial assets at fair value through profit or loss given as collateral/blocked and subject to repurchase agreements:

As at 31 March 2014 and 31 December 2013, the financial assets at fair value through profit or loss are kept under unrestricted account.

- b) Positive value of trading derivatives:

|                      | 31 March 2014 |              | 31 December 2013 |              |
|----------------------|---------------|--------------|------------------|--------------|
|                      | TL            | FC           | TL               | FC           |
| Forward transactions | 1,213         | 6            | 1,170            | 131          |
| Swap transactions    | 397           | 1,539        | 7,537            | 2,927        |
| Futures              | -             | -            | -                | -            |
| Options              | 167           | -            | 2,497            | 107          |
| Other                | -             | -            | -                | -            |
| <b>Total</b>         | <b>1,777</b>  | <b>1,545</b> | <b>11,204</b>    | <b>3,165</b> |

**3. Information on banks:**

|                  | 31 March 2014 |               | 31 December 2013 |               |
|------------------|---------------|---------------|------------------|---------------|
|                  | TL            | FC            | TL               | FC            |
| <b>Banks</b>     |               |               |                  |               |
| Domestic         | 26,464        | 46,292        | 43,317           | 21,238        |
| Foreign          | -             | 6,923         | -                | 11,848        |
| Foreign branches | -             | -             | -                | -             |
| <b>Total</b>     | <b>26,464</b> | <b>53,215</b> | <b>43,317</b>    | <b>33,086</b> |

**4. Information on investment securities available-for-sale (net):**

- a) Investment securities available-for-sale given as collateral or blocked:

|                                  | 31 March 2014  |          | 31 December 2013 |          |
|----------------------------------|----------------|----------|------------------|----------|
|                                  | TL             | FC       | TL               | FC       |
| Given as collateral or blocked   | 18,720         | -        | 17,054           | -        |
| Subject to repurchase agreements | 280,647        | -        | 270,193          | -        |
| <b>Total</b>                     | <b>299,367</b> | <b>-</b> | <b>287,247</b>   | <b>-</b> |

As at 31 March 2014, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 115,187 are unrestricted (31 December 2013: TL 101,701 ).

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**I. Information and disclosures related to consolidated assets (continued)**

b) Available-for-sale securities:

|                          | 31 March 2014  | 31 December 2013 |
|--------------------------|----------------|------------------|
| Debt instruments         | 415,419        | 390,125          |
| Listed                   | 408,724        | 383,500          |
| Unlisted                 | 6,695          | 6,625            |
| Equity instruments       | 160            | 160              |
| Listed                   | -              | -                |
| Unlisted                 | 160            | 160              |
| Impairment provision (-) | (1,025)        | (1,337)          |
| <b>Total</b>             | <b>414,554</b> | <b>388,948</b>   |

**5. Information related to loans:**

a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

|  | 31 March 2014 |            | 31 December 2013 |            |
|--|---------------|------------|------------------|------------|
|  | Cash          | Non-Cash   | Cash             | Non-Cash   |
| Direct loans granted to shareholders   | 16,279        | -          | 18,976           | -          |
| Corporate shareholders                 | 16,279        | -          | 18,976           | -          |
| Individual shareholders                | -             | -          | -                | -          |
| Indirect loans granted to shareholders | 6,228         | 336        | 1,473            | 364        |
| Loans granted to employees             | 1,388         | -          | 1,548            | -          |
| <b>Total</b>                           | <b>23,895</b> | <b>336</b> | <b>21,997</b>    | <b>364</b> |

b) Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled:

| Cash Loans                      | Standard Loans and Other Receivables |   |          | Loans and Other Receivables Under Close Monitoring |   |          |
|---------------------------------|--------------------------------------|---|----------|--|---|----------|
|                                 | Loans and Other Receivables          | Conditions of Contracts Amended                         |          | Loans and Other Receivables                        | Conditions of Contracts Amended                         |          |
|                                 |                                      | Amendments related to the extension of the payment plan | Other    |  | Amendments related to the extension of the payment plan | Other    |
|                                 |                                      |   |          |  |   |          |
| Non-specialized loans           | 2,525,376                            | 2,067   | -        | 62,504   | 23,021  | -        |
| Enterprise loans                | -                                    | -   | -        | -  | -   | -        |
| Export loans                    | 194,752                              | -   | -        | 5,250  | -   | -        |
| Import loans                    | -                                    | -   | -        | -  | -   | -        |
| Loans given to financial sector | 149,166                              | -   | -        | -  | -   | -        |
| Consumer loans                  | 295,888                              | 2,067   | -        | 21,315   | 549   | -        |
| Credit cards                    | 30,028                               | -   | -        | 2,771  | -   | -        |
| Other                           | 1,855,542                            | -   | -        | 33,168   | 22,472  | -        |
| Specialized loans               | 19,457                               | 60  | -        | 1,083  | -   | -        |
| Other receivables               | -                                    | -   | -        | -  | -   | -        |
| <b>Total</b>                    | <b>2,544,833</b>                     | <b>2,127</b>  | <b>-</b> | <b>63,587</b>                                      | <b>23,021</b>   | <b>-</b> |

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**I. Information and disclosures related to consolidated assets (continued)**

Information about changes in the payment schedule and payment terms of loans classified in groups I and II and other receivables:

| Number of Amendments Related to<br>the Extension of the Payment Plan | Standard Loans and Other<br>Receivables | Loans and Other Receivables<br>Under Close Monitoring |
|--|---|---|
| Extended by 1 or 2 Times   | 2,073                                   | 23,021  |
| Extended by 3,4 or 5 Times   | 54                                      | -   |
| Extended by More than 5 Times  | -                                       | -   |

| The Time Extended via the<br>Amendment on Payment Plan | Standard Loans and Other<br>Receivables | Loans and Other Receivables<br>Under Close Monitoring |
|--|---|---|
| Up to 6 Months   | 5                                       | 525   |
| 6 Months - 12 Months                                   | 524                                     | 386   |
| 1-2 Years  | 421                                     | 2,636   |
| 2-5 Years  | 1,140                                   | 362   |
| 5 Years and Over                                       | 37                                      | 19,112  |



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**I. Information and disclosures related to consolidated assets (continued)**

c) Information on consumer loans, credit cards, loans given to employees and employee credit cards:

|   | Short Term    | Medium or<br>Long Term | Total          |
|---|---------------|------------------------|----------------|
| <b>Consumer Loans – TL</b>                      | <b>15,378</b> | <b>287,663</b>         | <b>303,041</b> |
| Real estate Loans                               | 669           | 115,721                | 116,390        |
| Automotive Loans                                | 25            | 3,379                  | 3,404          |
| Consumer Loans                                  | 14,662        | 167,744                | 182,406        |
| Other   | 22            | 819                    | 841            |
| <b>Consumer Loans – Indexed to FC</b>           | <b>55</b>     | <b>4,497</b>           | <b>4,552</b>   |
| Real estate Loans                               | 55            | 4,473                  | 4,528          |
| Automotive Loans                                | -             | -                      | -              |
| Consumer Loans                                  | -             | 24                     | 24             |
| Other   | -             | -                      | -              |
| <b>Consumer Loans – FC</b>                      | <b>-</b>      | <b>8,239</b>           | <b>8,239</b>   |
| Real estate Loans                               | -             | 8,239                  | 8,239          |
| Automotive Loans                                | -             | -                      | -              |
| Consumer Loans                                  | -             | -                      | -              |
| Other   | -             | -                      | -              |
| <b>Credit Cards – TL</b>                        | <b>26,816</b> | <b>1</b>               | <b>26,817</b>  |
| Installment                                     | 8,898         | 1                      | 8,899          |
| Non installment                                 | 17,918        | -                      | 17,918         |
| <b>Credit Cards – FC</b>                        | <b>416</b>    | <b>-</b>               | <b>416</b>     |
| Installment                                     | -             | -                      | -              |
| Non Installment                                 | 416           | -                      | 416            |
| <b>Loans Given to Employees – TL</b>            | <b>92</b>     | <b>548</b>             | <b>640</b>     |
| Real estate Loans                               | -             | -                      | -              |
| Automotive Loans                                | -             | -                      | -              |
| Consumer Loans                                  | 92            | 548                    | 640            |
| Other   | -             | -                      | -              |
| <b>Loans Given to Employees – Indexed to FC</b> | <b>-</b>      | <b>-</b>               | <b>-</b>       |
| Real estate Loans                               | -             | -                      | -              |
| Automotive Loans                                | -             | -                      | -              |
| Consumer Loans                                  | -             | -                      | -              |
| Other   | -             | -                      | -              |
| <b>Loans Given to Employees – FC</b>            | <b>-</b>      | <b>-</b>               | <b>-</b>       |
| Real estate Loans                               | -             | -                      | -              |
| Automotive Loans                                | -             | -                      | -              |
| Consumer Loans                                  | -             | -                      | -              |
| Other   | -             | -                      | -              |
| <b>Employee Credit Cards – TL</b>               | <b>792</b>    | <b>-</b>               | <b>792</b>     |
| Installment                                     | 315           | -                      | 315            |
| Non Installment                                 | 477           | -                      | 477            |
| <b>Employee Credit Cards – FC</b>               | <b>11</b>     | <b>-</b>               | <b>11</b>      |
| Installment                                     | -             | -                      | -              |
| Non Installment                                 | 11            | -                      | 11             |
| <b>Overdraft Account – TL (Individual)</b>      | <b>3,347</b>  | <b>-</b>               | <b>3,347</b>   |
| <b>Overdraft Account – FC (Individual)</b>      | <b>-</b>      | <b>-</b>               | <b>-</b>       |
| <b>Total</b>                                    | <b>46,907</b> | <b>300,948</b>         | <b>347,855</b> |

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**I. Information and disclosures related to consolidated assets (continued)**

d) Information on installment corporate loans and corporate credit cards:

|  | Short Term    | Medium or Long Term | Total          |
|--|---------------|---------------------|----------------|
| <b>Installment Corporate Loans – TL</b>            | <b>38,469</b> | <b>278,979</b>      | <b>317,448</b> |
| Business Residential Loans                         | -             | 927                 | 927            |
| Automotive Loans                                   | 633           | 20,452              | 21,085         |
| Consumer Loans                                     | 1,488         | -                   | 1,488          |
| Other  | 36,348        | 257,600             | 293,948        |
| <b>Installment Corporate Loans – Indexed to FC</b> | <b>4,251</b>  | <b>60,425</b>       | <b>64,676</b>  |
| Business Residential Loans                         | -             | -                   | -              |
| Automotive Loans                                   | 183           | 10,834              | 11,017         |
| Consumer Loans                                     | 467           | -                   | 467            |
| Other  | 3,601         | 49,591              | 53,192         |
| <b>Installment Corporate Loans – FC</b>            | <b>-</b>      | <b>-</b>            | <b>-</b>       |
| Business Residential Loans                         | -             | -                   | -              |
| Automotive Loans                                   | -             | -                   | -              |
| Consumer Loans                                     | -             | -                   | -              |
| Other  | -             | -                   | -              |
| <b>Corporate Credit Cards – TL</b>                 | <b>4,635</b>  | <b>1</b>            | <b>4,636</b>   |
| Installment  | 2,130         | 1                   | 2,131          |
| Non Installment                                    | 2,505         | -                   | 2,505          |
| <b>Corporate Credit Cards – FC</b>                 | <b>127</b>    | <b>-</b>            | <b>127</b>     |
| Installment  | -             | -                   | -              |
| Non Installment                                    | 127           | -                   | 127            |
| <b>Overdraft Account – TL (Commercial)</b>         | <b>7,173</b>  | <b>-</b>            | <b>7,173</b>   |
| <b>Overdraft Account – FC (Commercial)</b>         | <b>-</b>      | <b>-</b>            | <b>-</b>       |
| <b>Total</b>                                       | <b>54,655</b> | <b>339,405</b>      | <b>394,060</b> |

e) Domestic and foreign loans:

|                | 31 March 2014    | 31 December 2013 |
|----------------|------------------|------------------|
| Domestic loans | 2,630,831        | 2,785,981        |
| Foreign loans  | 2,737            | -                |
| <b>Total</b>   | <b>2,633,568</b> | <b>2,785,981</b> |

f) Loans granted to subsidiaries and associates: None.

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**I. Information and disclosures related to consolidated assets (continued)**

g) Specific provisions for loans:

|  | 31 March 2014 | 31 December 2013 |
|--|---------------|------------------|
| Specific Provisions                                |               |                  |
| Loans and Receivables with Limited Collectability  | 5,556         | 1,886            |
| Loans and Receivables with Doubtful Collectability | 16,573        | 31,518           |
| Uncollectible Loans and Receivables                | 62,063        | 100,213          |
| <b>Total</b>                                       | <b>84,192</b> | <b>133,617</b>   |

h) Information on non-performing loans (Net):

h.1) Information on non-performing loans and other receivables those are restructured or rescheduled:  
None.

h.2) Information on movements of non-performing loans:

|  | Group III<br>Loans and receivables<br>with limited<br>collectability | Group IV<br>Loans and<br>receivables with<br>doubtful<br>collectability | Group V<br>Uncollectible<br>loans and<br>receivables |
|--|--|---|--|
| Balances at Beginning of Period                              | 4,915  | 38,547  | 136,338  |
| Additions (+)  | 14,114   | 838   | 26   |
| Transfers from Other Categories of Non- Performing Loans (+) | -  | 4,753   | 17,493   |
| Transfers to Other Categories of Non-Performing Loans (-)    | 4,753  | 17,493  | -  |
| Collections (-)  | 545  | 676   | 6,226  |
| Write-offs (-)   | -  | 4,513   | 52,273   |
| Corporate and Commercial Loans                               | -  | 2,912   | 37,898   |
| Retail Loans   | -  | 607   | 7,439  |
| Credit Cards   | -  | 994   | 6,936  |
| Other  | -  | -   | -  |
| Balances at End of the Period                                | 13,731   | 21,456  | 95,358   |
| Specific Provisions (-)                                      | 5,556  | 16,573  | 62,063   |
| <b>Net Balance on Balance Sheet</b>                          | <b>8,175</b>   | <b>4,883</b>  | <b>33,295</b>  |

In the current period, Parent Bank has sold a portion of its non-performing loans. The transaction includes the sale of receivables with an amount of TL 83,112, comprising of non-performing loans amounting to TL 56,786 and receivables written-off in the previous periods amounting to TL 26,326, to LBT Varlık Yönetim A.Ş. and Vera Varlık Yönetim A.Ş. in the respective amounts of TL 1,500 and TL 200.

h.3) Information on non-performing loans in foreign currencies: None.

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**I. Information and disclosures related to consolidated assets (continued)**

h.4) Information on non-performing loans according to beneficiary group:

|  | Group III   | Group IV  | Group V                                   |
|--|---|---|---|
|  | Loans and<br>receivables with<br>limited collectability | Loans and<br>receivables with<br>doubtful<br>collectability | Uncollectible<br>loans and<br>receivables |
| <b>Current Period (Net)</b>                                | <b>8,175</b>  | <b>4,883</b>  | <b>33,295</b>                             |
| Loans Allowed to Real Persons and Corporate Bodies (Gross) | 13,731  | 21,456  | 95,358                                    |
| Specific provision (-)                                     | 5,556   | 16,573  | 62,063                                    |
| Loans Allowed to Real Persons and Corporate Bodies (Net)   | 8,175   | 4,883   | 33,295                                    |
| Banks (Gross)  | -   | -   | -   |
| Specific provision (-)                                     | -   | -   | -   |
| Banks (Net)  | -   | -   | -   |
| Other Loan and Receivables (Gross)                         | -   | -   | -   |
| Specific provision (-)                                     | -   | -   | -   |
| Other Loan and Receivables (Net)                           | -   | -   | -   |
| <b>Prior Period (Net)</b>                                  | <b>3,029</b>  | <b>7,029</b>  | <b>36,125</b>                             |
| Loans Allowed to Real Persons and Corporate Bodies (Gross) | 4,915   | 38,547  | 136,338                                   |
| Specific provision (-)                                     | 1,886   | 31,518  | 100,213                                   |
| Loans Allowed to Real Persons and Corporate Bodies (Net)   | 3,029   | 7,029   | 36,125                                    |
| Banks (Gross)  | -   | -   | -   |
| Specific provision (-)                                     | -   | -   | -   |
| Banks (Net)  | -   | -   | -   |
| Other Loan and Receivables (Gross)                         | -   | -   | -   |
| Specific provision (-)                                     | -   | -   | -   |
| Other Loan and Receivables (Net)                           | -   | -   | -   |

i) Liquidation policy for uncollectible loans and other receivables:

Uncollectible loans and other receivables are collected through legal follow up and liquidation of collaterals.

j) Information on write-off from assets policy:

The Group's general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law's verdicts.

**6. Information on investment securities held-to-maturity (net):**

a) Information on subject to repurchase agreement and given as collateral or blocked:

As at 31 March 2014 and 31 December 2013, there are no financial assets held-to-maturity.

b) Information on accounts in which government securities held-to-maturity are reflected :

As at 31 March 2014 and 31 December 2013, there are no financial assets held-to-maturity.

c) Information on investment securities held-to-maturity:

As at 31 March 2014 and 31 December 2013, there are no financial assets held-to-maturity.

d) Information on the movement of investment securities held-to-maturity during the period:

As at 31 March 2014 and 31 December 2013, there are no financial assets held-to-maturity.

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**I. Information and disclosures related to consolidated assets (continued)**

**7. Investments in associates (net):**

None.

**8. Investments in subsidiaries (net):**

As at 31 March 2014, the Parent Bank has subsidiary as Tekstil Yatırım Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfills the minimum capital requirement entailed in accordance with the Capital Markets Board’s regulations.

Information related to subsidiaries:

- a) Information on subsidiaries not consolidated: None.
- b) Information on subsidiaries not consolidated according to information above: None.
- c) Movement of subsidiaries not consolidated: None.
- d) Industrial distribution of subsidiaries not consolidated:

As at 31 March 2014, the Parent Bank has no non-consolidated subsidiary.

**e) Information on consolidated subsidiaries:**

| Description  | Address<br>(City/Country) | Bank’s share percentage-<br>If different from voting<br>percentage | Banks Risk<br>Group<br>Share Percentage (%) |
|--|---------------------------|--|---|
| Tekstil Yatırım Menkul Değerler A.Ş. (Tekstil Yatırım) | İstanbul/Turkey           | 99.92  | 100.00                                      |

**f) Information on consolidated subsidiaries according to information above:**

| Total Assets | Shareholders’<br>Equity | Total Fixed<br>Assets | Interest<br>Income | Trading<br>Income | Current<br>Period<br>Profit / Loss | Prior Period<br>Profit / Loss | Fair value |
|--------------|-------------------------|-----------------------|--------------------|-------------------|------------------------------------|-------------------------------|------------|
| 25,980       | 19,823                  | 98                    | 914                | 1,217             | 309                                | 611                           | -          |

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**I. Information and disclosures related to consolidated assets (continued)**

g) Movement of consolidated subsidiaries:

|  | 31 March 2014 | 31 December 2013 |
|--|---------------|------------------|
| Balance at the Beginning of the Period                       | 15,693        | 15,693           |
| Movements during the Period                                  | -             | -                |
| Purchases  | -             | -                |
| Bonus Shares Received  | -             | -                |
| Dividends from Current Year Profit                           | -             | -                |
| Sales  | -             | -                |
| Revaluation Increase   | -             | -                |
| Impairment Provision   | -             | -                |
| Revaluation Increase/(Decrease) due Effect of F/X Difference | -             | -                |
| <b>Balance at the End of the Period</b>                      | <b>15,693</b> | <b>15,693</b>    |
| Capital Commitments  | -             | -                |
| Share Percentage at the end of Period (%)                    | -             | -                |

h) Sectoral distribution of consolidated subsidiaries:

|                                  | 31 March 2014 | 31 December 2013 |
|----------------------------------|---------------|------------------|
| Subsidiaries                     |               |                  |
| Banks                            | -             | -                |
| Insurance Companies              | -             | -                |
| Factoring Companies              | -             | -                |
| Leasing Companies                | -             | -                |
| Finance Companies                | -             | -                |
| Other Financial Subsidiaries     | 15,693        | 15,693           |
| Other Non Financial Subsidiaries | -             | -                |
| <b>Total</b>                     | <b>15,693</b> | <b>15,693</b>    |

i) Listed subsidiaries: None.

j) Subsidiaries disposed of during the current period: None.

k) Subsidiaries purchased in the current period: None.

**9. Information on joint ventures (net):**

None.

**10. Information on financial lease receivables (net):**

None.

**11. Information on hedging purpose derivatives:**

None.

**12. Information on investment properties (net):**

None.

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**I. Information and disclosures related to consolidated assets (continued)**

**13. Information on deferred tax assets:**

- a) Amount of deferred tax asset recognized in the balance sheet in respect of each type of deductible temporary differences, unused tax credits:

The Group has net deferred tax asset amounting TL 4,804 (31 December 2013: TL 1,540) which was calculated on deductible temporary differences except general provisions, besides the Group has no the deferred tax income arising from financial losses at 31 March 2014 (31 December 2013: TL 1,155)

In case of book value and retable value differences of assets are subject of deferred tax relating to equities accounts, deferred tax asset or liability net off with accounts in this group.

- b) Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in the balance sheet: None.

**14. Information on assets held for sale and discontinued operations (net):**

The Group has no asset held for sale and discontinued operation as at 31 March 2014 and 31 December 2013.

**15. Information on other assets:**

As at 31 March 2014, the Group has property and real estate acquired against non performing loans and recorded under assets to be disposed of account and presented under other assets amounting TL 6,114 (31 December 2013: TL 7,316).

Other assets, other than assets to be disposed of, amounting to TL 87,125 (31 December 2013: TL 59,124), do not exceed 10% of total assets.

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**II. Information and disclosures related to consolidated liabilities**

**1. Information on deposits:**

a) Information on maturity profile of deposits:

Tables below are prepared according to the original maturity of deposits.

The Parent Bank does not have any deposits callable in 7 days.

a.1) 31 March 2014:

|                           | Demand         | Up to 1 month  | 1-3 Months       | 3-6 Months    | 6 Months-<br>1 Year | 1 Year<br>and Over | Cumulative<br>Deposits | Total            |
|---------------------------|----------------|----------------|------------------|---------------|---------------------|--------------------|------------------------|------------------|
| Saving Deposits           | 11,273         | 14,188         | 777,762          | 5,033         | 1,312               | 1,028              | 33                     | 810,629          |
| Foreign Currency Deposits | 74,803         | 24,061         | 1,007,137        | 24,169        | 14,036              | 5,517              | -                      | 1,149,723        |
| Residents in Turkey       | 68,845         | 22,315         | 917,135          | 15,423        | 6,085               | 2,031              | -                      | 1,031,834        |
| Residents Abroad          | 5,958          | 1,746          | 90,002           | 8,746         | 7,951               | 3,486              | -                      | 117,889          |
| Public Sector Deposits    | 20,046         | -              | -                | -             | -                   | -                  | -                      | 20,046           |
| Commercial Deposits       | 50,734         | 32,438         | 108,160          | 6,773         | -                   | 2,443              | -                      | 200,548          |
| Other Ins. Deposits       | 1,102          | 119            | 5,926            | 20            | 15                  | 1                  | -                      | 7,183            |
| Precious Metal Deposits   | -              | -              | -                | -             | -                   | -                  | -                      | -                |
| Bank Deposits             | 60             | 111,688        | -                | -             | -                   | -                  | -                      | 111,748          |
| Central Bank              | -              | -              | -                | -             | -                   | -                  | -                      | -                |
| Domestic Banks            | 60             | 111,688        | -                | -             | -                   | -                  | -                      | 111,748          |
| Foreign Banks             | -              | -              | -                | -             | -                   | -                  | -                      | -                |
| Participation Banks       | -              | -              | -                | -             | -                   | -                  | -                      | -                |
| Other                     | -              | -              | -                | -             | -                   | -                  | -                      | -                |
| <b>Total</b>              | <b>158,018</b> | <b>182,494</b> | <b>1,898,985</b> | <b>35,995</b> | <b>15,363</b>       | <b>8,989</b>       | <b>33</b>              | <b>2,299,877</b> |

a.2) 31 December 2013:

|                           | Demand         | Up to 1<br>month | 1-3 Months       | 3-6 Months    | 6 Months-<br>1 Year | 1 Year<br>and Over | Cumulative<br>Deposits | Total            |
|---------------------------|----------------|------------------|------------------|---------------|---------------------|--------------------|------------------------|------------------|
| Saving Deposits           | 13,481         | 17,675           | 792,662          | 23,487        | 4,570               | 1,748              | 37                     | 853,660          |
| Foreign Currency Deposits | 69,839         | 19,428           | 1,137,212        | 20,394        | 19,622              | 5,368              | 16                     | 1,271,879        |
| Residents in Turkey       | 64,332         | 18,827           | 1,066,642        | 15,159        | 11,845              | 1,985              | 16                     | 1,178,806        |
| Residents Abroad          | 5,507          | 601              | 70,570           | 5,235         | 7,777               | 3,383              | -                      | 93,073           |
| Public Sector Deposits    | 11,586         | -                | -                | -             | -                   | -                  | -                      | 11,586           |
| Commercial Deposits       | 84,314         | 37,461           | 215,685          | 3,428         | -                   | 3,002              | -                      | 343,890          |
| Other Ins. Deposits       | 1,445          | 108              | 39,186           | 19            | 19                  | 2                  | -                      | 40,779           |
| Precious Metal Deposits   | -              | -                | -                | -             | -                   | -                  | -                      | -                |
| Bank Deposits             | 19             | -                | -                | -             | -                   | -                  | -                      | 19               |
| Central Bank              | -              | -                | -                | -             | -                   | -                  | -                      | -                |
| Domestic Banks            | 19             | -                | -                | -             | -                   | -                  | -                      | 19               |
| Foreign Banks             | -              | -                | -                | -             | -                   | -                  | -                      | -                |
| Participation Banks       | -              | -                | -                | -             | -                   | -                  | -                      | -                |
| Other                     | -              | -                | -                | -             | -                   | -                  | -                      | -                |
| <b>Total</b>              | <b>180,684</b> | <b>74,672</b>    | <b>2,184,745</b> | <b>47,328</b> | <b>24,211</b>       | <b>10,120</b>      | <b>53</b>              | <b>2,521,813</b> |



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**II. Information and disclosures related to consolidated liabilities (continued)**

b) Information on Deposit Insurance:

b.1) Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit:

| Saving Deposits  | Covered by<br>Deposit Insurance<br>Fund | Covered by<br>Deposit Insurance<br>Fund | Exceeding the<br>Deposit Insurance<br>Limit | Exceeding the<br>Deposit Insurance<br>Limit |
|--|---|---|---|---|
|  | 31 March 2014                           | 31 December 2013                        | 31 March 2014                               | 31 December 2013                            |
| Saving Deposits  | 414,898                                 | 418,249                                 | 383,887                                     | 427,693                                     |
| Foreign Currency Savings Deposits                              | 143,865                                 | 132,843                                 | 433,249                                     | 459,887                                     |
| Other Saving Deposits  | -                                       | -                                       | -   | -   |
| Foreign branches' Deposits Under Foreign<br>Insurance Coverage | -                                       | -                                       | -   | -   |
| Off-Shore Deposits Under Foreign Insurance<br>Coverage         | -                                       | -                                       | -   | -   |
| <b>Total</b>   | <b>558,763</b>                          | <b>551,092</b>                          | <b>817,136</b>                              | <b>887,580</b>                              |

b.2) Savings deposits in Turkey are not covered under insurance in another country since the Headquarter of the Group is not located abroad: None.

b.3) Saving deposits not covered by deposit insurance: TL 53,091 (31 December 2013: TL 45,528).

Saving deposits that are not covered under the guarantee of deposit insurance fund:

|   | 31 March 2014 | 31 December 2013 |
|---|---------------|------------------|
| Deposits and Other Accounts at Foreign Branches   | -             | -                |
| Deposits and Other Accounts belong to Major Shareholders with Their<br>Parents, Spouse and Children under Their Wardship                                    | 35,786        | 30,846           |
| Deposits and Other Accounts belong to Members of Board of Directors, CEO<br>and Deputy CEOs with Their Parents, Spouse and Children under Their<br>Wardship | 17,305        | 14,682           |
| Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of<br>5237 Numbered Turkish Crime Legislation dated on 26/09/2004       | -             | -                |
| Deposits belong to Off-shore Banks which are established to be engaged in<br>offshore banking in Turkey.  | -             | -                |

**2. Information on derivative financial liabilities held for trading:**

Negative difference on derivatives held for trading:

|              | 31 March 2014 |              | 31 December 2013 |            |
|--------------|---------------|--------------|------------------|------------|
|              | TL            | FC           | TL               | FC         |
| Forwards     | 1,167         | 1            | 1,668            | 40         |
| Swaps        | 7,176         | 1,228        | 773              | 267        |
| Futures      | -             | -            | -                | -          |
| Options      | 490           | -            | 3,242            | 129        |
| Other        | -             | -            | -                | -          |
| <b>Total</b> | <b>8,833</b>  | <b>1,229</b> | <b>5,683</b>     | <b>436</b> |

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**II. Information and disclosures related to consolidated liabilities (continued)**

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

|                                       | <b>31 March 2014</b> |                | <b>31 December 2013</b> |                |
|---------------------------------------|----------------------|----------------|-------------------------|----------------|
|                                       | <b>TL</b>            | <b>FC</b>      | <b>TL</b>               | <b>FC</b>      |
| Central Bank of Turkey                | -                    | -              | -                       | -              |
| Domestic Banks and Institutions       | 37,900               | 55,799         | 39,731                  | 51,715         |
| Foreign Banks, Institutions and Funds | -                    | 278,884        | -                       | 249,554        |
| <b>Total</b>                          | <b>37,900</b>        | <b>334,683</b> | <b>39,731</b>           | <b>301,269</b> |

b) Contractual maturities of funds borrowed:

|                      | <b>31 March 2014</b> |                | <b>31 December 2013</b> |                |
|----------------------|----------------------|----------------|-------------------------|----------------|
|                      | <b>TL</b>            | <b>FC</b>      | <b>TL</b>               | <b>FC</b>      |
| Short-Term           | 22,873               | 315,406        | 23,831                  | 296,238        |
| Medium and Long-Term | 15,027               | 19,277         | 15,900                  | 5,031          |
| <b>Total</b>         | <b>37,900</b>        | <b>334,683</b> | <b>39,731</b>           | <b>301,269</b> |

**4. Information on other external resources:**

Other external resources are amounting to TL 80,739 (31 December 2013: TL 53,319) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

**5. Obligations under financial leases:**

Lease rent payments are determined according to related asset’s cost, market interest rates and lease term. The Parent Bank does not have significant obligations regarding financial lease agreements.

As at 31 March 2014 and 31 December 2013, the Group does not have financial lease liabilities.

As at 31 March 2014 and 31 December 2013, the Group does not have any obligations from operational lease agreements.

**6. Information on liabilities arising from hedging purpose derivatives:**

None.

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**II. Information and disclosures related to consolidated liabilities (continued)**

**7. Information on provisions:**

a) Information on general provisions:

|  | 31 March 2014 | 31 December 2013 |
|--|---------------|------------------|
| General Provisions   |               |                  |
| Provision for Group I Loans and Receivables                                    | 17,530        | 20,137           |
| <i>Additional Provision for Loans and Receivables with Extended Maturities</i> | 141           | 134              |
| Provision for Group II Loans and Receivables                                   | 1,266         | 1,288            |
| <i>Additional Provision for Loans and Receivables with Extended Maturities</i> | 1,159         | 971              |
| Provision for Non-cash Loans   | 2,164         | 2,205            |
| Other  | 85            | 106              |
| <b>Total</b>   | <b>21,045</b> | <b>23,736</b>    |

b) Information on reserve for employee rights:

In accordance with existing legislation in Turkey, the Parent Bank and its subsidiary in Turkey have to make certain lump-sum payments to employees who has completed one year of service with the entity, who has completed 25 working years (20 years for women) and whose employment is terminated due to retirement (retirement age for women and men are 58 and 60, respectively) or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

Such payments are calculated on the basis of 30 days' pay, as at 31 March 2014, at ceiling amount of TL-full 3,438 (31 December 2013: TL-full 3,254), per year of employment at the rate of pay applicable at the date of retirement of termination. The liability is not funded, since there is no funding requirement.

The Parent Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in accordance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits". The major actuarial assumptions used in the calculation of the total liability are as follows.

|   | 31 March 2014 | 31 December 2013 |
|---|---------------|------------------|
| Discount Ratio (%)                                      | 10.77         | 10.77            |
| Expected Salary/ETI Liability Ceiling Increase Rate (%) | 6.00          | 6.00             |

The basic assumption, which is to be paid severance pay for each year of service, or an estimated salary increase cap will increase in the rate of inflation each year. The discount rate shows the expected real rate after adjusting for the effects of inflation.

Movement of ETI liability is below:

|  | 31 March 2014 | 31 December 2013 |
|--|---------------|------------------|
| Balance at Prior Period End                      | 5,515         | 5,260            |
| Current year provisions/ (reversal of provision) | 577           | 999              |
| Paid in current year                             | (590)         | (744)            |
| <b>Balance at Current Period End</b>             | <b>5,502</b>  | <b>5,515</b>     |

The Group also has vacation pay liability amounting TL 3,910 (31 December 2013: TL 3,679) as at 31 March 2014.

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**II. Information and disclosures related to consolidated liabilities (continued)**

c) Provision for foreign exchange gain/loss on foreign currency indexed loans:

As at 31 March 2014, foreign exchange differences on foreign currency indexed loans amounting TL 354 (31 December 2013: TL 8) are netted with loans on the asset side.

d) Specific provisions for non cash loans that are not indemnified and not converted into cash:

As at 31 March 2014, the Group has provision amounting to TL 7,340 (31 December 2013: TL 7,256) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 14,409 (31 December 2013: TL 14,420).

e) Information on other provisions:

e.1) Information on provision for possible risks: None.

e.2) Information on provision for promotions related with banking services:

As at 31 March 2014, the Parent Bank has provision for credit card service promotions amounting TL 168 (31 December 2013: TL 178).

e.3) Information on other provisions:

As at 31 March 2014, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 2,004 (31 December 2013: TL 7,646 provision for lawsuits and provision for certain loan customers who are not classified in the follow-up section but who are likely to have payment problems in future)

**8. Taxation:**

a) Current tax liability: As at 31 March 2014, corporate taxes payable of the Group after deductions of prepaid taxes is TL 280 (31 December 2013: TL 109).

b) Information on taxes payable:

|  | <b>31 March 2014</b> | <b>31 December 2013</b> |
|--|----------------------|-------------------------|
| Corporate taxes payable                  | 280                  | 109                     |
| Taxation on securities                   | 2,311                | 1,818                   |
| Capital gains tax on property            | 180                  | 195                     |
| Banking Insurance Transaction Tax (BITT) | 2,265                | 1,997                   |
| Taxes on foreign exchange transactions   | -                    | -                       |
| Value added tax payable                  | 101                  | 75                      |
| Other                                    | 1,403                | 1,541                   |
| <b>Total</b>                             | <b>6,540</b>         | <b>5,735</b>            |

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**II. Information and disclosures related to consolidated liabilities (continued)**

c) Information on premiums payable:

|   | 31 March 2014 | 31 December 2013 |
|---|---------------|------------------|
| Social security premiums- employee share                    | 563           | 512              |
| Social security premiums- employer share                    | 642           | 585              |
| Bank pension fund premium- employee share                   | -             | -                |
| Bank pension fund premium- employer share                   | -             | -                |
| Pension fund membership fees and provisions- employee share | -             | -                |
| Pension fund membership fees and provisions- employer share | -             | -                |
| Unemployment insurance- employee share                      | 39            | 36               |
| Unemployment insurance- employer share                      | 84            | 76               |
| Other   | 3             | 1                |
| <b>Total</b>  | <b>1,331</b>  | <b>1,210</b>     |

d) Information on deferred tax liabilities:

Deferred tax assets and liabilities of each consolidated entity calculated individually are netted at each individual financial statement. Net deferred tax assets and liabilities of consolidated entities are not netted off with each other during consolidation process.

**9. Information on shareholders’ equity:**

a) Paid in capital:

|                 | 31 March 2014 | 31 December 2013 |
|-----------------|---------------|------------------|
| Common Stock    | 420,000       | 420,000          |
| Preferred Stock | -             | -                |

The paid-in share capital of the Parent Bank is represented by 4,200 million registered shares of one 0.1 Turkish Liras each.

- b) 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: Not applicable at the Parent Bank.
- c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments for current financial year and following period: None.
- f) Prior period indicators of the Parent Bank’s income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.
- g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.

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**II. Information and disclosures related to consolidated liabilities (continued)**

h) Information on marketable securities valuation reserve:

|  | <b>31 March 2014</b> |            | <b>31 December 2013</b> |            |
|--|----------------------|------------|-------------------------|------------|
|  | TL                   | FC         | TL                      | FC         |
| Associates, subsidiaries and joint ventures          | -                    | -          | -                       | -          |
| Valuation gain/loss of available for sale securities | (1,362)              | (1)        | 194                     | (3)        |
| Translation gain/loss                                | -                    | -          | -                       | -          |
| <b>Total</b>   | <b>(1,362)</b>       | <b>(1)</b> | <b>194</b>              | <b>(3)</b> |

Information on portion of marketable securities valuation reserve related to foreign currency securities:

Portion of marketable securities valuation reserve related to foreign currency securities is presented as difference between fair values and amortized costs of the government bonds classified as investment securities available-for-sale.

i) Information on revaluation fund on tangible assets:

Parent Bank has transferred the revaluation surplus related to the headquarters building sold in 2013 amounting to TL 29,497 (which was recorded under “Revaluation fund on tangible assets” account under equity as at 31 December 2013) to other reserves in the current period.

j) Information on profit distribution of Parent Bank for the year 2013:

According to Board of Directors’ decision dated February 27, 2014 and numbered 1257/03, Parent Bank has transferred profit for the year 2013 amounting to TL 43,813 to legal reserves, other reserves and extraordinary reserves with amounts of TL 2,191, TL 27,869 and TL 13,753, respectively.

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**III. Information and disclosures related to consolidated income statement**

**1. Interest income:**

a) Information on interest income received from loans:

|   | <b>31 March 2014</b> |              | <b>31 March 2013</b> |               |
|---|----------------------|--------------|----------------------|---------------|
|   | <b>TL</b>            | <b>FC</b>    | <b>TL</b>            | <b>FC</b>     |
| Interest income received from loans (*) |                      |              |                      |               |
| Short Term Loans                        | 44,411               | 2,480        | 38,122               | 2,791         |
| Medium and Long Term Loans              | 19,366               | 6,466        | 16,356               | 7,839         |
| Loans Under Follow-Up                   | 2,118                | -            | 1,282                | -             |
| Source Utilization Support Fund         | -                    | -            | -                    | -             |
| <b>Total</b>                            | <b>65,895</b>        | <b>8,946</b> | <b>55,760</b>        | <b>10,630</b> |

(\*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

|                        | <b>31 March 2014</b> |           | <b>31 March 2013</b> |            |
|------------------------|----------------------|-----------|----------------------|------------|
|                        | <b>TL</b>            | <b>FC</b> | <b>TL</b>            | <b>FC</b>  |
| Central Bank of Turkey | -                    | -         | -                    | -          |
| Domestic Banks         | 717                  | 52        | 138                  | 99         |
| Foreign Banks          | 1                    | 3         | 53                   | 4          |
| Foreign Branches       | -                    | -         | -                    | -          |
| <b>Total</b>           | <b>718</b>           | <b>55</b> | <b>191</b>           | <b>103</b> |

c) Information on interest income received from securities portfolio:

|  | <b>31 March 2014</b> |            | <b>31 March 2013</b> |            |
|--|----------------------|------------|----------------------|------------|
|  | <b>TL</b>            | <b>FC</b>  | <b>TL</b>            | <b>FC</b>  |
| Trading Securities                                       | -                    | 10         | -                    | 5          |
| Financial Assets at Fair Value<br>Through Profit or Loss | -                    | -          | -                    | -          |
| Investment Securities Available-for-Sale                 | 11,771               | 98         | 8,424                | 110        |
| Investment Securities Held-to-Maturity                   | -                    | -          | -                    | -          |
| <b>Total</b>   | <b>11,771</b>        | <b>108</b> | <b>8,424</b>         | <b>115</b> |

d) Information on interest income received from associates and subsidiaries: None.

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**III. Information and disclosures related to consolidated income statement (continued)**

**2. Interest expense:**

a) Information on interest expense related to funds borrowed:

|                        | 31 March 2014 |              | 31 March 2013 |              |
|------------------------|---------------|--------------|---------------|--------------|
|                        | TL            | FC           | TL            | FC           |
| <b>Banks (*)</b>       | 588           | 1,901        | 683           | 1,606        |
| Central Bank of Turkey | -             | -            | -             | -            |
| Domestic Banks         | 588           | 369          | 677           | 418          |
| Foreign Banks          | -             | 1,532        | 6             | 1,188        |
| Foreign Branches       | -             | -            | -             | -            |
| Other Institutions     | -             | -            | -             | -            |
| <b>Total</b>           | <b>588</b>    | <b>1,901</b> | <b>683</b>    | <b>1,606</b> |

(\*) Includes fees and commission expenses related with funds borrowed.

b) Information on interest expense paid to associates and subsidiaries: None.

c) Information on interest expense paid to securities issued : None.

d) Maturity structure of the interest expense on deposits:

The Group has no interest expense paid to deposits callable within 7 days.

| Account Name                  | Demand Deposits | Time Deposits |                |                |              |                 | Cumulative Deposits | Total         |
|-------------------------------|-----------------|---------------|----------------|----------------|--------------|-----------------|---------------------|---------------|
|                               |                 | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | 1 year and over |                     |               |
| <b>TL</b>                     |                 |               |                |                |              |                 |                     |               |
| Bank Deposits                 | -               | 39            | -              | -              | -            | -               | -                   | 39            |
| Saving Deposits               | -               | 306           | 19,032         | 370            | 36           | 24              | -                   | 19,768        |
| Public Sector Deposits        | -               | -             | -              | -              | -            | -               | -                   | -             |
| Commercial Deposits           | -               | 688           | 4,144          | 143            | -            | 46              | -                   | 5,021         |
| Other Deposits                | -               | 2             | 539            | -              | -            | -               | -                   | 541           |
| <b>Total Turkish Lira</b>     | -               | <b>1,035</b>  | <b>23,715</b>  | <b>513</b>     | <b>36</b>    | <b>70</b>       | -                   | <b>25,369</b> |
| <b>Foreign Currency</b>       |                 |               |                |                |              |                 |                     |               |
| Foreign Currency Deposits     | -               | 67            | 8,910          | 151            | 109          | 36              | -                   | 9,273         |
| Bank Deposits                 | -               | 284           | -              | -              | -            | -               | -                   | 284           |
| Precious Metal Deposits       | -               | -             | -              | -              | -            | -               | -                   | -             |
| <b>Total Foreign Currency</b> | -               | <b>351</b>    | <b>8,910</b>   | <b>151</b>     | <b>109</b>   | <b>36</b>       | -                   | <b>9,557</b>  |
| <b>Total</b>                  | -               | <b>1,386</b>  | <b>32,625</b>  | <b>664</b>     | <b>145</b>   | <b>106</b>      | -                   | <b>34,926</b> |



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**III. Information and disclosures related to consolidated income statement (continued)**

**3. Trading income / loss (net):**

|                         | <b>31 March 2014</b> | <b>31 March 2013</b> |
|-------------------------|----------------------|----------------------|
| <b>Profit</b>           | <b>157,777</b>       | <b>62,916</b>        |
| Capital Market Gains    | 1,271                | 2,768                |
| Derivative Gains        | 75,946               | 26,811               |
| Foreign Exchange Gains  | 80,560               | 33,337               |
| <b>Loss (-)</b>         | <b>(165,579)</b>     | <b>(60,825)</b>      |
| Capital Market Losses   | -                    | (12)                 |
| Derivative Losses       | (72,039)             | (36,730)             |
| Foreign Exchange Losses | (93,540)             | (24,083)             |

Net gain related to derivative transactions resulting from foreign currency rate changes is amounted to TL 14,627 (31 March 2013: TL 8,384 net loss).

**4. Other operating income:**

The “other operational income” item basically consists of collections of receivables for which a provision was made in the previous periods.

Parent Bank has reversed the provision amounting to TL 2,264 – provided as at 31 December 2013 due conservatism principle for certain loan customers, who are not classified in the follow-up section but are likely to have payment problems in future – through other operating income account in accordance with Uniform Chart of Accounts since those customers are classified in the follow-up section in the current period. Additionally, the decrease in the amount of general loan provision amounting to TL 2,691 has been presented under other operating income account on consolidated income statement for the period ended 31 March 2014.

**5. Impairment on loans and other receivables:**

|  | <b>31 March 2014</b> | <b>31 March 2013</b> |
|--|----------------------|----------------------|
| Specific Provisions on Loans and Other Receivables (*) | 8,397                | 10,087               |
| Loans and Receivables in Group III                     | 4,904                | 3,181                |
| Loans and Receivables in Group IV                      | 102                  | 4,228                |
| Loans and Receivables in Group V                       | 3,391                | 2,678                |
| General Provision Expenses                             | -                    | -                    |
| Provision for Possible Losses                          | -                    | -                    |
| Impairment Losses on Securities:                       | 136                  | 291                  |
| Trading securities                                     | 5                    | 3                    |
| Investment Securities Available-for-Sale               | 131                  | 288                  |
| Other Impairment Losses:                               | -                    | -                    |
| Associates   | -                    | -                    |
| Subsidiaries   | -                    | -                    |
| Joint Ventures   | -                    | -                    |
| Investment Securities Held-to-Maturity                 | -                    | -                    |
| Other (**)   | 142                  | 975                  |
| <b>Total</b>   | <b>8,675</b>         | <b>11,353</b>        |

(\*) As mentioned above in 4th article, the customers, who are not classified in the follow-up section as at 31 December 2013 but who are likely to have payment problems in future, have been classified in the follow-up section in 2014 and provision regarding those customers has been accounted for under provision expenses.

(\*\*) Consists of provision for lawsuits filed against the Group.

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**III. Information and disclosures related to consolidated income statement (continued)**

**6. Information related to other operational expenses:**

|  | 31 March 2014 | 31 March 2013 |
|--|---------------|---------------|
| Personnel Expenses   | 20,190        | 17,240        |
| Reserve for Employee Termination Indemnities and Vacation Pay  | 231           | 166           |
| Reserve for Bank's Social Aid Fund Deficit                     | -             | -             |
| Impairment of Tangible Assets                                  | -             | -             |
| Depreciation Expenses of Tangible Assets                       | 494           | 713           |
| Impairment of Intangible Assets                                | -             | -             |
| Impairment of Goodwill   | -             | -             |
| Amortization Expenses of Intangible Assets                     | 138           | 103           |
| Impairment of Investments in Associates                        | -             | -             |
| Impairment of Assets to be Disposed of                         | -             | -             |
| Depreciation of Assets to be Disposed of                       | 76            | 102           |
| Impairment of Assets Held for Sale and Discontinued Operations | -             | -             |
| Other Operating Expenses                                       | 9,283         | 6,366         |
| Operational Leases   | 4,276         | 2,736         |
| Repair and Maintenance   | 581           | 300           |
| Advertising  | 234           | 61            |
| Other Expenses   | 4,192         | 3,269         |
| Loss on Sale of Assets   | 1             | -             |
| Other (*)  | 3,565         | 2,806         |
| <b>Total</b>   | <b>33,978</b> | <b>27,496</b> |

(\*) Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.

**7. Taxes on income from continued and discontinued operations:**

a) Information on current tax income or expense and deferred tax income or expense:

For the period ended 31 March 2014, current tax expense is TL 3,581 (31 March 2013: TL 3,851).

For the period ended 31 March 2014, deferred tax income is TL 1,887 (31 March 2013: TL 1,820).

b) Information on deferred tax charge arising from origination or reversal of temporary differences:

For the period ended 31 March 2014, deferred tax income arising from temporary differences amounting TL 3,042 (31 March 2013: TL 1,820).

Additionally, for the period ended 31 March 2014, the current and deferred tax effect amounting to TL 388 (31 March 2013: TL 503) which are related to transactions recognized under equity is accounted for under equity accounts.

c) Information on deferred tax income or expense reflected on the income statement resulting from temporary differences, financial losses and tax deductions and exemptions:

For the period ended 31 March 2014, TL 3,042 (31 March 2013: TL 1,820) deferred tax income is arising from temporary differences. Moreover, for the period ended 31 March 2014 TL 1,155 deferred tax expense is arising from reversal of deferred tax asset resulted from financial losses as at 31 December 2013 (31 March 2013: None)

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**III. Information and disclosures related to consolidated income statement (continued)**

**8. Information on net profit and loss:**

- a) Any further explanation on operating results needed for better understanding of the Parent Bank’s performance: None.
- b) Any changes in estimations that might have a material effect on current and subsequent period results: None.

**9. Information related to the components of other items in the income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group:**

In the consolidated income statement; the “Other” captions presented under “Fees and Commissions Received” and “Fees and Commissions Paid” accounts, which are included in “Net Fee and Commission Income”, consist of mainly income received and expenses paid to customers and third parties regarding banking activities.

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**IV. Information and disclosures related to consolidated off-balance sheet items**

**1. Disclosures related to other contingent liabilities:**

a) Type and amount of irrevocable commitments:

As at 31 March 2014, asset purchase and sale commitments amount to TL 10,107 (31 December 2013: TL 94,159), loan granting commitments amount to TL 41,259 (31 December 2013: TL 44,375), commitments for credit card limits amount to TL 81,678 (31 December 2013: TL 79,889) commitments for cheque payments amount to TL 88,296 (31 December 2013: TL 83,116) commitments for promotional operations re-credit cards amount to TL 390 (31 December 2013: TL 385), tax and fund obligations from export commitments amount to TL 3 (31 December 2013: TL 3) and other irrevocable commitments amount to TL 40,259 (31 December 2013: None).

As at 31 March 2014, commitments granted for real estate loans under certain housing projects, amounting to TL 40,259 have been started to be presented under other irrevocable commitments.

b) Type and amount of possible losses and commitments from off-balance sheet items:

There is no possible loss arising from off-balance sheet items. Guarantees from off-balance sheet commitments are shown in off-balance sheet items statements.

As at 31 March 2014, the Group has letters of guarantee amounting to TL 824,358 (31 December 2013: TL 933,402), bills of exchange and acceptances amounting to TL 435 (31 December 2013: TL 1,458), letters of credit amounting to TL 239,813 (31 December 2013: TL 228,971) and other guarantees amounting to TL 56,322 (31 December 2013: TL 47,129).

c) Non-cash loans:

|  | <b>31 March 2014</b> | <b>31 December 2013</b> |
|--|----------------------|-------------------------|
| Non-Cash Loans Given for Cash Loan Risks   | 26,348               | 27,982                  |
| With Original Maturity of 1 Year or Less   | 1,190                | 1,609                   |
| With Original Maturity of More Than 1 Year | 25,158               | 26,373                  |
| Other Non-Cash Loans                       | 1,094,580            | 1,182,978               |
| <b>Total</b>                               | <b>1,120,928</b>     | <b>1,210,960</b>        |

d) Information on services rendered on behalf of third parties:

The Group performs purchase-sale transactions on behalf of its customers and provides custody, management and consultancy services.

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**V. Information and disclosures related to the Parent Bank's risk group**

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

a) Current Period:

| Parent Bank's Risk Group (*)            | Associates and Subsidiaries |          | 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  | -                           | -        | 20,449                                  | 364      | 94                             | -        |
| Balance at the End of the Period        | -                           | -        | 22,507                                  | 336      | 52                             | -        |
| Interest and Commission Income Received | -                           | -        | 703                                     | 2        | -                              | -        |

(\*) As described in the 2<sup>nd</sup> Subclause on Article 49 of Banking Law no.5411.

The Parent Bank has TL 26,942 placements in its risk group banks as at 31 March 2014 (31 December 2013: TL 28,470). Also the Parent Bank has TL 1,510 irrevocable commitment in its risk group as at 31 March 2014 (31 December 2013: TL 1,510)

b) Prior Period:

| Parent Bank's Risk Group (*)            | Associates and Subsidiaries |          | 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  | -                           | -        | 479                                     | 688      | 103                            | 10       |
| Balance at the End of the Period        | -                           | -        | 20,449                                  | 364      | 94                             | -        |
| Interest and Commission Income Received | -                           | -        | 123                                     | 2        | -                              | -        |

(\*) As described in the 2<sup>nd</sup> Subclause on Article 49 of Banking Law no.5411.

c) Information on deposits held by the Parent Bank's risk group:

| Parent Bank's Risk Group (*)           | Associates and Subsidiaries |              | Bank's Direct and Indirect Shareholders |              | Other Components in Risk Group |              |
|--|-----------------------------|--------------|---|--------------|--------------------------------|--------------|
|  | Current Period              | Prior Period | Current Period                          | Prior Period | Current Period                 | Prior Period |
| Deposit                                |                             |              |   |              |                                |              |
| Balance at the beginning of the Period | -                           | -            | 56,769                                  | 54,479       | 893                            | 1,410        |
| Balance at the End of the Period       | -                           | -            | 62,930                                  | 56,769       | 1,462                          | 893          |
| Interest on Deposits                   | -                           | -            | 628                                     | 496          | 1                              | 14           |

(\*) As described in the 2<sup>nd</sup> Subclause on Article 49 of Banking Law no.5411.

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group:

As at 31 March 2014, the Parent Bank has no derivative transactions (31 December 2013: TL 4,629 and TL 3,780) with the Parent Bank's risk group.

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**V. Information and disclosures related to the Parent Bank’s risk group (continued)**

**2. The Parent Bank’s transactions with the risk group:**

- a) Besides nature of the relationship, transaction type, amount and its proportion in total transaction amount, amounts of primary transactions and their proportions in total amount, pricing policy and other matters:

In the Group’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 31 March 2014, proportion of cash loans to risk group in total cash loans is 0.8% (31 December 2013: 0.7%), proportion of deposits from its risk group in total deposits is 2.8% (31 December 2013: 2.3%).

As at 31 March 2014, other commission income from risk group is amounted to TL 10 (31 March 2013: TL 12), other operating income from risk group is amounted to TL 12 (31 March 2013: TL 8), other commission expense to risk group is amounted to TL 30 (31 March 2013: TL 29) and other operating expense to risk group is amounted to TL 261 (31 March 2013: TL 362).

In the consolidated basis, key management cost for the current period is amounted to TL 1,363 (31 March 2013: TL 1,207).

**VI. Information and disclosure related to subsequent events**

Subsequent events and transactions that have not been finalized and their effect on the consolidated financial statements, and in this content, convenient explanations on events mentioned in “Accounting Standard for Subsequent Events”:

Parent Bank announced a Material Event Disclosure on 29 April 2014 in the Public Disclosure Platform (KAP), briefly declaring the signing of a share purchase agreement with respect to sale of 75.50% shares of the Parent Bank owned by GSD Holding A.Ş., the major shareholder of the Parent Bank, to Industrial Commercial Bank of China Limited company for 668,810 TL, which will become effective after obtaining relevant permissions from authorities in People’s Republic of China and Turkey.

Convenience translation of consolidated financial report originally issued in Turkish,  
See Note 3.I

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**SECTION SIX**

**INDEPENDENT AUDITORS’ REVIEW REPORT**

**I. Information on the independent auditors’ review report**

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the period ended 31 March 2014 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited) and the independent auditors’ review report dated 8 May 2014 is presented in the introduction of this report.

**II. Information and disclosures prepared by the independent auditors**

None.