

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

# **Tekstil Bankası Anonim Şirketi**

**Publicly Announced Consolidated Financial Statements  
and Related Disclosures Prepared as at 30 June 2015  
with Independent Auditors' Review Report**



Building a better  
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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:**

*Introduction*

We have reviewed the consolidated balance sheet of Tekstil Bankası A.Ş. ("the Bank") and its subsidiary (together will be referred as "the Group") at 30 June 2015 and the related consolidated income statement, consolidated statement of income and expense items recognized under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements 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, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

*Conclusion*

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 A.Ş. and its subsidiary at 30 June 2015 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects 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, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation.

**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 BRSA Accounting and Reporting Legislation, 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



Seda Hacıoğlu, SMMM  
Partner

7 August 2015  
İstanbul, Turkey

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 30 JUNE 2015**

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 six-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**.

Xu Keen	Wang Ying	Gao Xiangyang	Gülden Akdemir	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

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**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2015**

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

**SECTION ONE**

**GENERAL INFORMATION**

**I. Parent Bank’s date of establishment, beginning statue, 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 30 June 2015 and is fully paid. The Parent Bank was incorporated by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

Following the completion relevant permissions, on 28 April 2015 in the Public Disclosure Platform (KAP) with respect to the sale transaction Parent Bank appealed Extraordinary General Assembly on 22 May 2015 for approving the resigning of existing members of Board of Directors and selecting new members. Within the context of share purchase agreement 22 May 2015 date was defined as share transfer transaction date and the share transfer was carried out on the date and processed to the Bank’s share ledger. The rest of the shares are traded at Borsa İstanbul (BIST) since 23 May 1990.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015 (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>	Xu Keen	Chairman of the Board of Directors and Audit Committee	Graduate
<b>Member of Audit Committee:</b>	Wang Ying	Independent Member of Board of Directors and Member of Audit Committee	Graduate
<b>Member of Board of Directors:</b>	Zheng Jianfeng	Member of B.O.D.	Graduate
	Wang Qiang	Member of B.O.D.	Graduate
	Mehmet Hilmi Güler	Independent Member of B.O.D.	Graduate
<b>General Manager:</b>	Gao Xiangyang	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>	Gülden Akdemir	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. Samancıoğlu	Corporate and Commercial Banking Group	Under-Graduate
	Chen Yubao	Executive Vice President	Graduate

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

In accordance with the decision taken at the Extraordinary General Assembly dated 22 May 2015, as a result of the transfer of 75.50% shares of the Parent Bank to ICBC, members of the Board of Directors and Audit Committee have changed and Chen Yubao has been assigned as Executive Vice President. In addition, Ayperi G. Uras who was previously working as Executive Vice President of Information Technologies and Operations Group has resigned as at 30 April 2015.

**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 Sampo Japan Sigorta A.Ş., Aviva Sigorta A.Ş., Vakıf Emeklilik A.Ş., Ergo Emeklilik ve Hayat A.Ş., HDI Sigorta A.Ş. and Axa Sigorta A.Ş.

As at 30 June 2015, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 845 employees as at 30 June 2015 (As at 31 December 2014 number of branches was 44, number of employees was 852).

The Parent Bank and its subsidiary, Tekstil Yatırım Menkul Değerler A.Ş (Tekstil Yatırım), 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 30 JUNE 2015 (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 – 30 June 2015
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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)**  
**AS AT 30 JUNE 2015 AND 31 DECEMBER 2014**  
**(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

ASSETS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/06/2015			PRIOR PERIOD 31/12/2014		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	73,469	271,055	344,524	43,107	305,483	348,590
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	1,838	1,230	3,068	14,184	1,063	15,247
2.1 Trading Securities		1,838	1,230	3,068	14,184	1,063	15,247
2.1.1 Public Sector Debt Securities		-	311	311	-	425	425
2.1.2 Share Certificates		382	-	382	36	-	36
2.1.3 Positive Value of Trading Derivatives		1,456	919	2,375	12,131	638	12,769
2.1.4 Other Securities		-	-	-	2,017	-	2,017
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)	5,116	40,425	45,541	38,321	45,318	83,639
<b>IV. INTERBANK MONEY MARKET</b>		-	-	-	86,026	-	86,026
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	11,003	-	11,003
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	75,023	-	75,023
<b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>	(5.1.4)	201,647	363,044	564,691	199,530	4,197	203,727
5.1 Share Certificates		160	-	160	160	-	160
5.2 Public Sector Debt Securities		201,487	139,741	341,228	199,370	33	199,403
5.3 Other Securities		-	223,303	223,303	-	4,164	4,164
<b>VI. LOANS</b>	(5.1.5)	2,179,479	1,004,151	3,183,630	2,377,937	434,981	2,812,918
6.1 Loans		2,144,229	1,004,151	3,148,380	2,330,372	434,981	2,765,353
6.1.1 Loans Utilized to the Bank's Risk Group		6	565,313	565,319	47,082	21,808	68,890
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		2,144,223	438,838	2,583,061	2,283,290	413,173	2,696,463
6.2 Loans under Follow-Up		159,109	-	159,109	158,212	-	158,212
6.3 Specific Provisions (-)		123,859	-	123,859	110,647	-	110,647
<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>		25,414	-	25,414	26,821	-	26,821
<b>XV. INTANGIBLE ASSETS (Net)</b>		1,679	-	1,679	1,974	-	1,974
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		1,679	-	1,679	1,974	-	1,974
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.12)	-	-	-	-	-	-
<b>XVII. TAX ASSETS</b>	(5.1.13)	6,553	-	6,553	4,029	-	4,029
17.1 Current Tax Assets		634	-	634	2,292	-	2,292
17.2 Deferred Tax Assets		5,919	-	5,919	1,737	-	1,737
<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)	75,713	6,113	81,826	60,066	21,340	81,406
<b>TOTAL ASSETS</b>		2,570,908	1,686,018	4,256,926	2,851,995	812,382	3,664,377

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)**  
**AS AT 30 JUNE 2015 AND 31 DECEMBER 2014**  
**(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

LIABILITIES AND EQUITY	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/06/2015			PRIOR PERIOD 31/12/2014		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. DEPOSITS</b>	(5.II.1)	<b>1,250,939</b>	<b>1,147,881</b>	<b>2,398,820</b>	<b>1,354,997</b>	<b>1,152,263</b>	<b>2,507,260</b>
1.1 Deposits of the Bank's Risk Group		184	931	1,115	13,414	31,817	45,231
1.2 Others		1,250,755	1,146,950	2,397,705	1,341,583	1,120,446	2,462,029
<b>II. NEGATIVE VALUE OF TRADING DERIVATIVES</b>	(5.II.2)	<b>1,894</b>	<b>3,380</b>	<b>5,274</b>	<b>71</b>	<b>5,544</b>	<b>5,615</b>
<b>III. FUNDS BORROWED</b>	(5.II.3)	<b>27,081</b>	<b>911,707</b>	<b>938,788</b>	<b>36,109</b>	<b>311,994</b>	<b>348,103</b>
<b>IV. DUE TO MONEY MARKETS</b>		<b>173,163</b>	<b>-</b>	<b>173,163</b>	<b>64,359</b>	<b>-</b>	<b>64,359</b>
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements		173,163	-	173,163	64,359	-	64,359
<b>V. SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1 Bank Borrowers' Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>7,506</b>	<b>1,942</b>	<b>9,448</b>	<b>8,134</b>	<b>671</b>	<b>8,805</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.4)	<b>70,921</b>	<b>2,794</b>	<b>73,715</b>	<b>55,758</b>	<b>3,141</b>	<b>58,899</b>
<b>IX. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. LEASE PAYABLES (Net)</b>	(5.II.5)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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>52,345</b>	<b>-</b>	<b>52,345</b>	<b>43,657</b>	<b>-</b>	<b>43,657</b>
12.1 General Provisions		26,164	-	26,164	22,615	-	22,615
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		12,362	-	12,362	11,035	-	11,035
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		13,819	-	13,819	10,007	-	10,007
<b>XIII. TAX LIABILITIES</b>	(5.II.8)	<b>7,520</b>	<b>-</b>	<b>7,520</b>	<b>7,543</b>	<b>-</b>	<b>7,543</b>
13.1 Current Tax Liability		7,520	-	7,520	7,543	-	7,543
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.9)	<b>596,779</b>	<b>1,074</b>	<b>597,853</b>	<b>620,133</b>	<b>3</b>	<b>620,136</b>
16.1 Paid-In Capital		420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital		6,205	1,074	7,279	7,318	3	7,321
16.2.1 Share Premium		(814)	-	(814)	(814)	-	(814)
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Valuation Differences of Securities		719	1,074	1,793	1,832	3	1,835
16.2.4 Revaluation Fund on Tangible Assets		6,867	-	6,867	6,867	-	6,867
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		(567)	-	(567)	(567)	-	(567)
16.3 Profit Reserves		192,815	-	192,815	180,055	-	180,055
16.3.1 Legal Reserves		11,496	-	11,496	10,792	-	10,792
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		123,953	-	123,953	111,897	-	111,897
16.3.4 Other Profit Reserves		57,366	-	57,366	57,366	-	57,366
16.4 Profit or Loss		(22,241)	-	(22,241)	12,760	-	12,760
16.4.1 Prior Periods' Profit or Loss		-	-	-	-	-	-
16.4.2 Current Period Profit or Loss		(22,241)	-	(22,241)	12,760	-	12,760
16.5 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,188,148</b>	<b>2,068,778</b>	<b>4,256,926</b>	<b>2,190,761</b>	<b>1,473,616</b>	<b>3,664,377</b>

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS  
AS AT 30 JUNE 2015 AND 31 DECEMBER 2014**

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

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/06/2015			PRIOR PERIOD 31/12/2014		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>833,752</b>	<b>1,504,539</b>	<b>2,338,291</b>	<b>1,145,816</b>	<b>1,718,654</b>	<b>2,864,470</b>
<b>I. GUARANTEES</b>	(5.IV.1)	<b>323,126</b>	<b>445,960</b>	<b>769,086</b>	<b>415,443</b>	<b>434,134</b>	<b>849,577</b>
1.1 Letters of Guarantee		323,126	272,427	595,553	415,443	305,582	721,025
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		323,126	272,427	595,553	415,443	305,582	721,025
1.2 Bank Acceptances		-	375	375	-	276	276
1.2.1 Import Letter of Acceptance		-	375	375	-	276	276
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	153,267	153,267	-	107,643	107,643
1.3.1 Documentary Letters of Credit		-	43,361	43,361	-	37,314	37,314
1.3.2 Other Letters of Credit		-	109,906	109,906	-	70,329	70,329
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		-	19,891	19,891	-	20,633	20,633
1.9 Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.IV.1)	<b>269,942</b>	<b>82,139</b>	<b>352,081</b>	<b>256,002</b>	<b>52,276</b>	<b>308,278</b>
2.1 Irrevocable Commitments		269,942	82,139	352,081	256,002	52,276	308,278
2.1.1 Asset Purchase and Sale Commitments		29,776	82,139	111,915	5,820	52,276	58,096
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		42,023	-	42,023	42,628	-	42,628
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		87,305	-	87,305	84,154	-	84,154
2.1.8 Tax and Fund Obligations from Export Commitments		3	-	3	71	-	71
2.1.9 Commitments for Credit Card Limits		84,042	-	84,042	84,778	-	84,778
2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services		256	-	256	273	-	273
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		26,537	-	26,537	38,278	-	38,278
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>240,684</b>	<b>976,440</b>	<b>1,217,124</b>	<b>474,371</b>	<b>1,232,244</b>	<b>1,706,615</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		240,684	976,440	1,217,124	474,371	1,232,244	1,706,615
3.2.1 Forward Foreign Currency Purchases/Sales		-	432	432	3,668	5,598	9,266
3.2.1.1 Forward Foreign Currency Purchases		-	215	215	1,224	3,382	4,606
3.2.1.2 Forward Foreign Currency Sales		-	217	217	2,444	2,216	4,660
3.2.2 Currency and Interest Rate Swaps		239,234	899,070	1,138,304	470,703	1,160,484	1,631,187
3.2.2.1 Currency Swaps-Purchases		25,099	580,303	605,402	1,236	850,473	851,709
3.2.2.2 Currency Swaps-Sales		214,135	318,767	532,902	469,467	310,011	779,478
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		900	912	1,812	-	-	-
3.2.3.1 Currency Options-Purchases		450	456	906	-	-	-
3.2.3.2 Currency Options-Sales		450	456	906	-	-	-
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		550	76,026	76,576	-	66,162	66,162
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>3,186,833</b>	<b>396,762</b>	<b>3,583,595</b>	<b>2,997,719</b>	<b>809,070</b>	<b>3,806,789</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>774,795</b>	<b>26,863</b>	<b>801,658</b>	<b>266,156</b>	<b>40,077</b>	<b>306,233</b>
4.1 Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2 Securities Held in Custody		646,078	9,430	655,508	175,465	10,651	186,116
4.3 Checks Received for Collection		107,750	6,140	113,890	54,201	11,004	65,205
4.4 Commercial Notes Received for Collection		12,244	7,565	19,809	23,868	10,802	34,670
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		276	93	369	277	2	279
4.8 Custodians		8,447	3,635	12,082	12,345	7,618	19,963
<b>V. PLEDGED ITEMS</b>		<b>2,411,718</b>	<b>369,899</b>	<b>2,781,617</b>	<b>2,731,243</b>	<b>768,993</b>	<b>3,500,236</b>
5.1 Securities		36,977	-	36,977	24,237	-	24,237
5.2 Guarantee Notes		9,010	1,646	10,656	6,633	27,061	33,694
5.3 Commodities		122,454	53,171	175,625	120,529	55,363	175,892
5.4 Warrants		310	-	310	2,274	-	2,274
5.5 Immovables		1,512,484	279,970	1,792,454	1,727,790	642,243	2,370,033
5.6 Other Pledged Items		730,483	35,112	765,595	849,780	44,326	894,106
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>320</b>	<b>-</b>	<b>320</b>	<b>320</b>	<b>-</b>	<b>320</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>4,020,585</b>	<b>1,901,301</b>	<b>5,921,886</b>	<b>4,143,535</b>	<b>2,527,724</b>	<b>6,671,259</b>

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE PERIODS ENDED 30 JUNE 2015 AND 2014**  
**(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

INCOME AND EXPENSE ITEMS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA			
			CURRENT PERIOD (01/01/2015 - 30/06/2015)	PRIOR PERIOD (01/01/2014 - 30/06/2014)	CURRENT PERIOD (01/04/2015 - 30/06/2015)	PRIOR PERIOD (01/04/2014 - 30/06/2014)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.III.1)	<b>144,652</b>	<b>180,794</b>	<b>70,602</b>	<b>90,197</b>
1.1	Interest from Loans		133,711	150,707	64,381	75,866
1.2	Interest from Reserve Deposits		-	-	-	-
1.3	Interest from Banks		1,410	1,112	1,035	339
1.4	Interest from Money Market Transactions		2,113	238	463	203
1.5	Interest from Securities Portfolio		6,698	25,529	4,214	13,650
1.5.1	Trading Securities		10	14	5	4
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3	Available for Sale Securities		6,688	25,515	4,209	13,646
1.5.4	Held to Maturity Securities		-	-	-	-
1.6	Interest from Financial Leases		-	-	-	-
1.7	Other Interest Income		720	3,208	509	139
<b>II.</b>	<b>INTEREST EXPENSE</b>	(5.III.2)	<b>77,148</b>	<b>86,432</b>	<b>38,304</b>	<b>43,740</b>
2.1	Interest on Deposits		71,151	70,848	35,605	35,922
2.2	Interest on Funds Borrowed		3,209	4,746	1,416	2,257
2.3	Interest on Money Market Transactions		2,714	10,781	1,282	5,561
2.4	Interest on Securities Issued		-	-	-	-
2.5	Other Interest Expense		74	57	1	-
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>67,504</b>	<b>94,362</b>	<b>32,298</b>	<b>46,457</b>
<b>IV.</b>	<b>NET FEE AND COMMISSION INCOME</b>		<b>6,319</b>	<b>7,535</b>	<b>3,245</b>	<b>3,646</b>
4.1	Fees and Commissions Received		8,701	9,912	4,483	4,858
4.1.1	Non-Cash Loans		3,251	4,624	1,528	2,100
4.1.2	Other		5,450	5,288	2,955	2,758
4.2	Fees and Commissions Paid		2,382	2,377	1,238	1,212
4.2.1	Non-Cash Loans		155	216	78	105
4.2.2	Other		2,227	2,161	1,160	1,107
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS (Net)</b>	(5.III.3)	<b>(2,994)</b>	<b>(16,608)</b>	<b>1,187</b>	<b>(8,806)</b>
6.1	Profit / Loss on Capital Market Transactions		3,744	2,740	1,973	1,469
6.2	Derivative Instruments Gain / Loss		(3,662)	(22,385)	2,929	(26,292)
6.3	Foreign Exchange Gain / Loss		(3,076)	3,037	(3,715)	16,017
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.III.4)	<b>6,983</b>	<b>14,852</b>	<b>2,466</b>	<b>4,797</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>77,818</b>	<b>100,141</b>	<b>39,202</b>	<b>46,094</b>
<b>IX.</b>	<b>IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.III.5)	<b>25,179</b>	<b>16,854</b>	<b>14,862</b>	<b>8,179</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.III.6)	<b>78,611</b>	<b>68,533</b>	<b>44,209</b>	<b>34,555</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>(25,972)</b>	<b>14,754</b>	<b>(19,869)</b>	<b>3,360</b>
<b>XII.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII.</b>	<b>PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>		-	-	-	-
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV.</b>	<b>P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		<b>(25,972)</b>	<b>14,754</b>	<b>(19,869)</b>	<b>3,360</b>
<b>XVI.</b>	<b>TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.III.7)	<b>3,731</b>	<b>(2,467)</b>	<b>2,444</b>	<b>(773)</b>
16.1	Current Tax Provision		(666)	(3,129)	204	452
16.2	Deferred Tax Provision		4,397	662	2,240	(1,225)
<b>XVII.</b>	<b>NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>(22,241)</b>	<b>12,287</b>	<b>(17,425)</b>	<b>2,587</b>
<b>XVIII.</b>	<b>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.</b>	<b>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.</b>	<b>P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-	-	-
<b>XXI.</b>	<b>TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>	(5.III.7)	-	-	-	-
21.1	Current Tax Provision		-	-	-	-
21.2	Deferred Tax Provision		-	-	-	-
<b>XXII.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	(5.III.8)	<b>(22,241)</b>	<b>12,287</b>	<b>(17,425)</b>	<b>2,587</b>
23.1	Group's Profit / Loss		(22,241)	12,287	(17,425)	2,587
23.2	Minority Shares		-	-	-	-
Earnings / Losses per Share (Full TL)			(0.0053)	0.0029	(0.0041)	0.0006

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 30 JUNE 2015 AND 2014**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY	THOUSANDS OF TURKISH LIRA			
	CURRENT PERIOD (01/01/2015 - 30/06/2015)	PRIOR PERIOD (01/01/2014 - 30/06/2014)	CURRENT PERIOD (01/04/2015 - 30/06/2015)	PRIOR PERIOD (01/04/2014 - 30/06/2014)
<b>I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS</b>	<b>(52)</b>	<b>11,046</b>	<b>388</b>	<b>12,988</b>
<b>II. REVALUATION ON TANGIBLE ASSETS</b>	-	-	-	-
<b>III. REVALUATION ON INTANGIBLE ASSETS</b>	-	-	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES</b>	-	-	-	-
<b>V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)</b>	-	-	-	-
<b>VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)</b>	-	-	-	-
<b>VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS</b>	-	-	-	-
<b>VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS</b>	-	-	-	-
<b>IX. DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES</b>	<b>10</b>	<b>(2,208)</b>	<b>(78)</b>	<b>(2,596)</b>
<b>X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)</b>	<b>(42)</b>	<b>8,838</b>	<b>310</b>	<b>10,392</b>
<b>XI. CURRENT PERIOD PROFIT/LOSS</b>	<b>(22,241)</b>	<b>12,287</b>	<b>(17,425)</b>	<b>2,587</b>
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	(318)	58	(138)	(2)
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	(21,923)	12,229	(17,287)	2,589
<b>XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)</b>	<b>(22,283)</b>	<b>21,125</b>	<b>(17,115)</b>	<b>12,979</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 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 30 JUNE 2015 AND 2014**  
(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																			
30/06/2014																			
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
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)	-	8,531	-	96,711	-	45,316	-	191	34,373	-	-	-	604,308	-	604,308
Changes in the Period																			
IV.	Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Valuation Difference of Available-for-Sale Securities	-	-	-	-	-	-	-	-	-	8,838	-	-	-	-	8,838	-	8,838	
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	-	-	-	-	-	-	-	12,287	-	-	-	-	-	-	12,287	-	12,287	
XX.	Profit Distribution	-	-	-	-	2,261	15,186	57,366	(45,316)	-	-	(29,497)	-	-	-	-	-	-	
20.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.2	Transferred to Reserves	-	-	-	-	2,261	15,186	57,366	(45,316)	-	-	(29,497)	-	-	-	-	-	-	
20.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 30/06/2014		420,000	-	(814)	-	10,792	-	111,897	57,366	12,287	-	9,029	4,876	-	-	-	625,433	-	625,433

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 CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 30 JUNE 2015 AND 2014**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	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
CURRENT PERIOD 30/06/2015																		
I. Balances at the Beginning of Period - 01/01/2015	420,000	-	(814)	-	10,792	-	111,897	56,799	12,760	-	1,835	6,867	-	-	-	620,136	-	620,136
Changes in the Period																		
II. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Difference of Available-for-Sale Securities	-	-	-	-	-	-	-	-	-	-	(42)	-	-	-	-	(42)	-	(42)
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	-	-	-	-	-	-	-	-	(22,241)	-	-	-	-	-	-	(22,241)	-	(22,241)
XVIII. Profit Distribution	-	-	-	-	704	-	12,056	-	(12,760)	-	-	-	-	-	-	-	-	-
18.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transferred to Reserves	-	-	-	-	704	-	12,056	-	(12,760)	-	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII) - 30/06/2015	420,000	-	(814)	-	11,496	-	123,953	56,799	(22,241)	-	1,793	6,867	-	-	-	597,853	-	597,853

(\*) The amounts presented under 'Other Reserves' consist of amounts of 'Other Supplementary Capital' and 'Other Profit Reserves' on balance sheet.

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 30 JUNE 2015 AND 2014**  
**(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2015 - 30/06/2015)	PRIOR PERIOD (01/01/2014 - 30/06/2014)
<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>37,844</b>	<b>34,473</b>
1.1.1	Interest Received	167,634	158,246
1.1.2	Interest Paid	(77,998)	(86,449)
1.1.3	Dividend Received	6	-
1.1.4	Fees And Commissions Received	5,823	6,575
1.1.5	Other Income	1,473	1,198
1.1.6	Collections from Non-performing Loans	15,340	19,709
1.1.7	Payments to Personnel and Service Suppliers	(47,712)	(40,038)
1.1.8	Taxes Paid	(3,594)	(4,013)
1.1.9	Other	(23,128)	(20,755)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>238,739</b>	<b>(120,306)</b>
1.2.1	Net (Increase) Decrease in Trading Securities	1,778	(465)
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	26,288	13,801
1.2.4	Net (Increase) Decrease in Loans	(398,320)	205,195
1.2.5	Net (Increase) Decrease in Other Assets	2,133	(20,829)
1.2.6	Net Increase (Decrease) in Bank Deposits	(78,524)	96,452
1.2.7	Net Increase (Decrease) in Other Deposits	(29,927)	(401,373)
1.2.8	Net Increase (Decrease) in Funds Borrowed	700,351	(39,307)
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	14,960	26,220
<b>I.</b>	<b>Net Cash Provided by / (Used in) Banking Operations</b>	<b>276,583</b>	<b>(85,833)</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>(386,517)</b>	<b>(11,001)</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	(398)	(11,563)
2.4	Fixed Assets Sales	4	137
2.5	Cash Paid for Purchase of Investments Available for Sale	(506,395)	(62,973)
2.6	Cash Obtained From Sale of Investments Available for Sale	120,295	63,882
2.7	Cash Paid for Purchase of Investment Securities	-	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	(23)	(484)
<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>7,616</b>	<b>(2,175)</b>
<b>V.</b>	<b>Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(102,318)</b>	<b>(99,009)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>386,179</b>	<b>378,580</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>283,861</b>	<b>279,571</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 30 JUNE 2015 (continued)  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

**SECTION THREE**

**EXPLANATIONS ON 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, and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations (all “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

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.

Financial Statements have been prepared in TL, under the historical cost convention except for the financial assets at fair value through profit or loss, available-for-sale assets and negative value of trading derivatives carried at fair value and revalued buildings. 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 which have entered into force as of 1 January 2015 have no material impact on the Group’s accounting policies, financial position and performance. 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 will assess the potential 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 regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2014. 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 30 JUNE 2015 (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 short-term 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 30 June 2015, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 2.6863, Euro: TL 2.9822, GBP: TL 4.2104 and JPY: TL 0.0218.

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.

On 21 April 2015 Tekstil Portföy Yönetimi A.Ş. (Tekstil Portföy) was established with TL 2,000,000 –full amount- capital from Tekstil Yatırım. Tekstil Portföy is a subsidiary of Tekstil Yatırım with 100% partnership and an indirect subsidiary of the Parent Bank. As at 30 June 2015 Tekstil Portföy has been consolidated in Tekstil Yatırım by full consolidation method. "Tekstil Yatırım", the consolidated subsidiary of the Parent Bank, represents Tekstil Portföy and Tekstil Yatırım as a whole.

Tekstil Yatırım which is financial subsidiary of the Parent Bank is consolidated to accompanying consolidated financial statements by using "Full Consolidation" method as at 30 June 2015 and 31 December 2014.

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 30 June 2015 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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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**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 fees from loans are discounted with effective interest rate method and allocated to related period’s income statement.

**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.

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**VII. Financial assets (continued)**

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. 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 Group 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.

**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.

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**VIII. Impairment of financial assets (continued)**

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 30 June 2015, 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.

Provisions for foreign exchange gain/loss on foreign currency indexed loans are netted with loans on the asset side of consolidated balance sheet.

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.

**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 30 June 2015 and 31 December 2014.

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.



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**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	Minimum of lease period or useful life

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 30 June 2015, revaluation surplus on tangible assets amounts to TL 7,228 (31 December 2014: TL 7,228).

**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.

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**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.

**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.

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**XVIII. Taxation (continued)**

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.

**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 30 June 2015 and 31 December 2014, 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.

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**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.

**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 30 June 2015, no reclassifications have been made on the consolidated financial statements for the period ended 31 December 2014 and 30 June 2014.

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**SECTION FOUR**

**CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Consolidated capital adequacy ratio**

As at 30 June 2015, the Group’s consolidated capital adequacy ratio is 17.90% (31 December 2014: 18.91%).

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” published in the Official Gazette no. 29111 dated 6 September 2014, “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:**

30 June 2015							
Risk Weights							
Parent Bank							
	%0	%20	%50	%75	%100	%150	%200
<b>Value at Credit Risk</b>	-	<b>86,576</b>	<b>270,274</b>	<b>71,966</b>	<b>2,254,536</b>	<b>97,860</b>	<b>289,836</b>
<b>Risk Classifications</b>							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	609,335	-	139,741	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	708	-	-
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	649,041	57,901	6,612	-	290,552	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	15,930	373,506	66,335	-	1,716,919	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	2,175	794	-	95,955	3,624	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	13,962	126	324,904	-	95,959	-	-
Non-performing Receivables	-	-	2,955	-	31,786	509	-
Higher-Risk Categories Defined by Agency	4,013	553	-	-	-	64,731	144,918
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	33,669	-	-	-	114,988	-	-
<b>Risk Weights</b>							
<b>Consolidated</b>							
	%0	%20	%50	%75	%100	%150	%200
<b>Value at Credit Risk</b>	-	<b>86,576</b>	<b>270,301</b>	<b>76,070</b>	<b>2,260,655</b>	<b>97,860</b>	<b>289,836</b>
<b>Risk Classifications</b>							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	610,372	-	139,741	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	867	-	-
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	646,615	57,901	6,667	-	290,962	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	15,930	373,506	66,335	-	1,738,856	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	2,175	794	-	101,426	3,624	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	13,962	126	324,904	-	95,959	-	-
Non-performing Receivables	-	-	2,955	-	31,786	509	-
Higher-Risk Categories Defined by Agency	4,013	553	-	-	-	64,731	144,918
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	33,669	-	-	-	98,601	-	-

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

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

	<b>30 June 2015</b>	
	<b>Parent Bank</b>	<b>Consolidated</b>
Capital Requirement for Credit Risk (VaCR*0.08) (CRCR)	245,684	246,504
Capital Requirement for Market Risk (CRMR)	1,651	1,700
Capital Requirement for Operational Risk (CROR)	23,874	25,156
Shareholders' Equity	606,503	611,695
Shareholders' Equity/((CRCR+CRMR+CROR) *12.5*100)	17.89	17.90
Tier I Capital/(( CRCR+CRMR+CROR)*12.5*100)	17.19	17.20
Common Equity/(( CRCR+CRMR+CROR)*12.5*100)	17.25	17.26

  

	<b>31 December 2014</b>	
	<b>Parent Bank</b>	<b>Consolidated</b>
Capital Requirement for Credit Risk (VaCR*0.08) (CRCR)	241,818	241,369
Capital Requirement for Market Risk (CRMR)	899	1,516
Capital Requirement for Operational Risk (CROR)	22,599	24,008
Shareholders' Equity	626,848	630,801
Shareholders' Equity/((CRCR+CRMR+CROR) *12.5*100)	18.90	18.91
Tier I Capital/(( CRCR+CRMR+CROR)*12.5*100)	18.29	18.30
Common Equity/(( CRCR+CRMR+CROR)*12.5*100)	18.34	18.35



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

**Components of shareholders' equity:**

	30 June 2015	31 December 2014
<b>COMMON EQUITY</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	420,000	420,000
Share premium	(814)	(814)
Share cancellation profits	-	-
Reserves	170,574	180,055
Gains reflected in equity in accordance with TAS	8,660	8,702
Profit	-	12,760
Current Period Profit	-	12,760
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>598,420</b>	<b>620,703</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 (-)	567	567
Leasehold improvements (-)	6,630	7,563
Goodwill or other intangible assets and deferred tax liability related to these items (-)	672	395
Net deferred tax asset/liability (-)	683	-
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>8,552</b>	<b>8,525</b>
<b>Total Common Equity</b>	<b>589,868</b>	<b>612,178</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>-</b>	<b>-</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>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>

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

<b>Deductions from Tier I Capital</b>	<b>2,031</b>	<b>1,579</b>
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 (-)	1,007	1,579
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 (-)	1,024	-
<b>Total Tier I Capital</b>	<b>587,837</b>	<b>610,599</b>
<b>TIER II CAPITAL</b>		
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	26,164	22,615
Third parties' shares in the Tier II Capital	-	-
<b>Tier II Capital Before Deductions</b>	<b>26,164</b>	<b>22,615</b>
<b>Deductions From Tier II Capital</b>		
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>26,164</b>	<b>22,615</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>614,001</b>	<b>633,214</b>
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 (-)	2,065	1,915
Loans granted to banks and financial institutions, including those established abroad, and to bank's qualified shareowners or investments made to debt instruments issued by them (-)	-	195
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 (-)	241	303
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 (-)	-	-
<b>TOTAL CAPITAL</b>	<b>611,695</b>	<b>630,801</b>
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	<b>-</b>	<b>-</b>
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	-	-

(\*) As at 30 June 2015, as per Account Pledge Agreement dated 25 June 2015 signed with Industrial and Commercial Bank of China Limited (ICBC), the major shareholder, the Parent Bank has considered loans granted to ICBC amounting TL 565,313 as loans against cash collateral and has not considered it in the items deducted from capital.

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

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

None.

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

None.

**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 general 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. 29111 dated 6 September 2014 and “Communiqué on Capital Requirement Calculation for Market Risk of Options” and reported on a 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 parametric method 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**

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	798
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	100
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	60
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	8
(VI) Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	6
(VII) Capital Requirement for Counterparty Credit Risk - Standard Method	728
(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) (*)	1,700
<b>(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>21,250</b>

(\*) For the purpose of the capital adequacy ratio calculation, 8% of total amount of TL 21,250, which is TL 1,700 was used for the market risk. TL 1,700 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 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).

	23/06/15	24/06/15	25/06/15	26/06/15	29/06/15	30/06/15
<b>USD</b>	2.6786	2.6710	2.6770	2.6638	2.6587	2.6863
<b>GBP</b>	4.2393	4.2096	4.2162	4.1759	4.1780	4.2104
<b>EURO</b>	3.0401	3.0017	3.0003	2.9813	2.9777	2.9822
<b>JPY</b>	0.0217	0.0215	0.0216	0.0215	0.0215	0.0218

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty days ending 30 June 2015 (TL full):

	Monthly Average FC Exchange Bid Rates
<b>USD</b>	2.7014
<b>GBP</b>	4.1953
<b>EURO</b>	3.0331
<b>JPY</b>	0.0218

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

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

<b>30 June 2015</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 (*)	5,681	213,758	51,616	271,055
Banks	11,138	27,469	1,818	40,425
Financial Assets at Fair Value Through Profit or Loss (**)	53	258	-	311
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	363,044	-	363,044
Loans (***)	128,464	1,041,456	1,645	1,171,565
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (**)	896	5,126	-	6,022
<b>Total Assets</b>	<b>146,232</b>	<b>1,651,111</b>	<b>55,079</b>	<b>1,852,422</b>
<b>Liabilities</b>				
Bank Deposits	3	67,320	-	67,323
Foreign Currency Deposits	377,426	691,897	11,235	1,080,558
Interbank Money Markets	-	-	-	-
Funds Borrowed from Other Financial Institutions	47,161	864,293	253	911,707
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	154	1,788	-	1,942
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities (**) (*****)	1,890	852	51	2,793
<b>Total Liabilities (**) (*****)</b>	<b>426,634</b>	<b>1,626,150</b>	<b>11,539</b>	<b>2,064,323</b>
<b>Net On Balance Sheet Position</b>	<b>(280,402)</b>	<b>24,961</b>	<b>43,540</b>	<b>(211,901)</b>
<b>Net Off Balance Sheet Position</b>	<b>280,178</b>	<b>(25,346)</b>	<b>(43,117)</b>	<b>211,715</b>
Financial Derivatives (Assets) (*****)	305,676	295,041	34,430	635,147
Financial Derivatives (Liabilities) (*****)	25,498	320,387	77,547	423,432
<b>Non-cash Loans (*****)</b>	<b>108,338</b>	<b>333,287</b>	<b>4,335</b>	<b>445,960</b>
<b>31 December 2014</b>				
<b>Total Assets (*) (**) (***)</b>	<b>154,265</b>	<b>791,097</b>	<b>49,481</b>	<b>994,843</b>
<b>Total Liabilities (**) (*****)</b>	<b>474,381</b>	<b>983,125</b>	<b>10,447</b>	<b>1,467,953</b>
<b>Net On Balance Sheet Position</b>	<b>(320,116)</b>	<b>(192,028)</b>	<b>39,034</b>	<b>(473,110)</b>
<b>Net Off Balance Sheet Position</b>	<b>320,240</b>	<b>191,451</b>	<b>(39,123)</b>	<b>472,568</b>
Financial Derivatives (Assets) (*****)	321,137	526,922	30,485	878,544
Financial Derivatives (Liabilities) (*****)	897	335,471	69,608	405,976
<b>Non-cash Loans (*****)</b>	<b>100,108</b>	<b>330,175</b>	<b>3,851</b>	<b>434,134</b>

(\*) As at 30 June 2015 precious metals balance in the Central Bank accounts amounting to TL 50,684 is included in Other FC (31 December 2014 – TL 44,108).

(\*\*) As at 30 June 2015, 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 919 and TL 3,380, respectively, (31 December 2014: TL 638 and TL 5,544) are not included in the table. As at 30 June 2015, accrual differences of value dated transactions presented in "Other External Resources" under liabilities and "Other Assets" under assets amounting to TL 1 and TL 91, respectively (31 December 2014: TL 116 Other External Resources - accrual differences of value dated transactions), also are not included in the table.

(\*\*\*) As at 30 June 2015, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 167,414 (31 December 2014: TL 183,099).

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

(\*\*\*\*\*) As at 30 June 2015, value dated FX buying and FX selling transactions amounting to TL 54,173 and TL 27,966, respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2014: TL 24,689 and TL 27,587). As at 30 June 2015 precious metal swap transactions amounting to TL 76,026 in "Other" item of Derivatives Financial Instruments section of off-balance sheet items is included in Other FC column (31 December 2014 – TL 66,162).

(\*\*\*\*\*) As at 30 June 2015, "Valuation differences of securities" in equity amounting to TL 1,074 (31 December 2014: 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 30 June 2015 and 31 December 2014 (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 currency rate	30 June 2015				31 December 2014			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(146)	146	(39)	39	(58)	58	(58)	58
EURO	(22)	22	(22)	22	12	(12)	12	(12)
Other FC	42	(42)	42	(42)	(9)	9	(9)	9
	<b>(126)</b>	<b>126</b>	<b>(19)</b>	<b>19</b>	<b>(55)</b>	<b>55</b>	<b>(55)</b>	<b>55</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 repricing dates):**

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>30 June 2015</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	260,150	-	-	-	84,374	344,524
Banks	27,835	-	-	-	-	17,706	45,541
Financial Assets at Fair Value Through Profit or Loss	1,651	724	53	166	92	382	3,068
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	47,104	28,323	94,447	376,700	17,957	160	564,691
Loans	1,017,338	311,021	760,864	923,357	135,800	35,250	3,183,630
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	98	-	-	-	-	115,374	115,472
<b>Total Assets</b>	<b>1,094,026</b>	<b>600,218</b>	<b>855,364</b>	<b>1,300,223</b>	<b>153,849</b>	<b>253,246</b>	<b>4,256,926</b>
<b>Liabilities</b>							
Bank Deposits	59,301	-	-	-	-	27,057	86,358
Other Deposits	1,697,352	457,266	14,467	-	-	143,377	2,312,462
Interbank Money Market Borrowings	173,163	-	-	-	-	-	173,163
Miscellaneous Payables	-	-	-	-	-	9,448	9,448
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	10,128	177,182	751,031	447	-	-	938,788
Other Liabilities	2,731	2,554	-	-	-	731,422	736,707
<b>Total Liabilities</b>	<b>1,942,675</b>	<b>637,002</b>	<b>765,498</b>	<b>447</b>	<b>-</b>	<b>911,304</b>	<b>4,256,926</b>
Balance Sheet Long Position	-	-	89,866	1,299,776	153,849	-	1,543,491
Balance Sheet Short Position	(848,649)	(36,784)	-	-	-	(658,058)	(1,543,491)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(848,649)</b>	<b>(36,784)</b>	<b>89,866</b>	<b>1,299,776</b>	<b>153,849</b>	<b>(658,058)</b>	<b>-</b>

(\*) Tangible and intangible assets amounting to TL 27,093, tax assets amounting to TL 6,553 and other assets amounting to TL 81,728 are presented within other assets as non-interest bearing; provisions amounting to TL 52,345, tax liability amounting to TL 7,520, other liabilities amounting to TL 73,704 and equity amounting to TL 597,853 are presented within other liabilities as non-interest bearing.

**Interest rates applied to monetary financial instruments:**

	EURO %	USD %	JPY %	TL %
<b>30 June 2015 (*)</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	0.13	-	3.52
Banks	-	0.14	-	11.51
Financial Assets at Fair Value Through Profit or Loss	0.71	4.35	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	4.35	-	10.29
Loans	4.70	4.03	5.76	12.92
Investment Securities Held-to-Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	0.45	-	11.35
Other Deposits	1.93	2.05	0.50	11.50
Interbank Money Market Borrowings	-	-	-	9.44
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	1.48	1.15	-	6.95

(\*) Stated at compound interest rates.



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

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>31 December 2014</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	28,182	-	-	-	320,408	348,590
Banks	78,893	-	-	-	-	4,746	83,639
Financial Assets at Fair Value Through Profit or Loss	12,666	215	31	53	229	2,053	15,247
Interbank Money Market Placements	86,026	-	-	-	-	-	86,026
Investment Securities Av.-for-Sale	66,828	67,012	68,041	123	1,563	160	203,727
Loans	1,322,993	298,548	478,347	535,154	130,311	47,565	2,812,918
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	17	-	-	-	-	114,213	114,230
<b>Total Assets</b>	<b>1,567,423</b>	<b>393,957</b>	<b>546,419</b>	<b>535,330</b>	<b>132,103</b>	<b>489,145</b>	<b>3,664,377</b>
<b>Liabilities</b>							
Bank Deposits	164,997	-	-	-	-	30	165,027
Other Deposits	1,511,112	665,029	26,707	1	-	139,384	2,342,233
Interbank Money Market Borrowings	64,359	-	-	-	-	-	64,359
Miscellaneous Payables	-	-	-	-	-	8,805	8,805
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	59,569	109,672	178,862	-	-	-	348,103
Other Liabilities	2,949	2,757	30	-	-	730,114	735,850
<b>Total Liabilities</b>	<b>1,802,986</b>	<b>777,458</b>	<b>205,599</b>	<b>1</b>	<b>-</b>	<b>878,333</b>	<b>3,664,377</b>
Balance Sheet Long Position	-	-	340,820	535,329	132,103	-	1,008,252
Balance Sheet Short Position	(235,563)	(383,501)	-	-	-	(389,188)	(1,008,252)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(235,563)</b>	<b>(383,501)</b>	<b>340,820</b>	<b>535,329</b>	<b>132,103</b>	<b>(389,188)</b>	<b>-</b>

(\*) Tangible and intangible assets amounting to TL 28,795 tax assets amounting to TL 4,029 and other assets amounting to TL 81,389 are presented within other assets as non-interest bearing; provisions amounting to TL 43,657, tax liability amounting to TL 7,543 other liabilities amounting to TL 58,778 and equity amounting to TL 620,136 are presented within other liabilities as non-interest bearing.

**Interest rates applied to monetary financial instruments:**

Prior Period	EURO %	USD %	JPY %	TL %
<b>31 December 2014 (*)</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	1.51
Banks	-	0.40	-	11.45
Financial Assets at Fair Value Through Profit or Loss	0.79	3.33	-	-
Interbank Money Market Placements	-	-	-	11.85
Investment Securities Available-for-Sale	-	5.83	-	11.41
Loans	5.15	5.40	5.78	12.43
Investment Securities Held-to-Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	0.99	1.51	-	-
Other Deposits	2.17	2.36	-	10.74
Interbank Money Market Borrowings	-	-	-	8.69
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	1.75	1.65	-	7.25

(\*) 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 Evaluation of Interest Rate Risk Arising from Banking Accounts via Standard Shock Method”, 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 Interest Rate Risk Arising from Banking Accounts via Standard Shock Method”, 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 30 June 2015.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	500	(39,347)	(%6.5)
	(400)	35,714	%5.9
EURO	200	238	%0.0
	(200)	(40)	%0.0
USD	200	(31,402)	(%5.2)
	(200)	34,621	%5.7
<b>Total (of negative shocks)</b>		<b>70,295</b>	<b>%11.6</b>
<b>Total (of positive shocks)</b>		<b>(70,511)</b>	<b>(%11.7)</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. Since the retail and corporate deposit customers have a stable business relation with Parent Bank, the volume of deposits has retained a stable path in the course of time. 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 1 month	1-3 months	3-12 Months	1-5 Years	5 years and Over	Undist. (*)	Total
<b>30 June 2015</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	238,832	105,692	-	-	-	-	-	344,524
Banks	17,706	27,835	-	-	-	-	-	45,541
Financial Assets at Fair Value Through Profit or Loss	382	1,651	724	53	166	92	-	3,068
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	160	797	-	94,391	432,264	37,079	-	564,691
Loans	-	500,782	440,779	861,902	1,209,117	135,800	35,250	3,183,630
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	66,518	1,912	2,133	51	5,919	38,939	115,472
<b>Total Assets</b>	<b>257,080</b>	<b>703,275</b>	<b>443,415</b>	<b>958,479</b>	<b>1,641,598</b>	<b>178,890</b>	<b>74,189</b>	<b>4,256,926</b>
<b>Liabilities</b>								
Bank Deposits	27,057	59,301	-	-	-	-	-	86,358
Other Deposits	143,377	1,697,350	457,262	14,464	9	-	-	2,312,462
Funds Borrowed from Other Financial Institutions	-	10,128	177,182	751,031	447	-	-	938,788
Interbank Money Markets	-	173,163	-	-	-	-	-	173,163
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	9,448	-	-	-	-	-	-	9,448
Other Liabilities	-	81,564	4,945	-	-	-	650,198	736,707
<b>Total Liabilities</b>	<b>179,882</b>	<b>2,021,506</b>	<b>639,389</b>	<b>765,495</b>	<b>456</b>	<b>-</b>	<b>650,198</b>	<b>4,256,926</b>
<b>Net Liquidity Gap</b>	<b>77,198</b>	<b>(1,318,231)</b>	<b>(195,974)</b>	<b>192,984</b>	<b>1,641,142</b>	<b>178,890</b>	<b>(576,009)</b>	<b>-</b>
<b>31 December 2014</b>								
<b>Total Assets</b>	<b>223,569</b>	<b>1,051,716</b>	<b>500,757</b>	<b>1,057,211</b>	<b>589,852</b>	<b>153,359</b>	<b>87,913</b>	<b>3,664,377</b>
<b>Total Liabilities</b>	<b>148,219</b>	<b>1,866,624</b>	<b>780,134</b>	<b>205,587</b>	<b>20</b>	<b>-</b>	<b>663,793</b>	<b>3,664,377</b>
<b>Net Liquidity Gap</b>	<b>75,350</b>	<b>(814,908)</b>	<b>(279,377)</b>	<b>851,624</b>	<b>589,832</b>	<b>153,359</b>	<b>(575,880)</b>	<b>-</b>

(\*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 27,093, stationary supplies amounting to TL 348, assets to be disposed of amounting to TL 11,498, loans in follow-up amounting to TL 35,250 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 52,345 and equity amounting to TL 597,853 are included here.

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

Liquidity coverage ratios calculated weekly on bank only basis and monthly on consolidated basis are subject to regulatory reporting starting from 1 January 2015 as per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 40% for foreign currency denominated assets and liabilities and 60% for total assets and liabilities for 2015. Monthly consolidated liquidity coverage ratios for the first six months of 2015 are as follows:

<b>Liquidity Coverage Ratios</b>	<b>FC Liquidity Coverage Ratio</b>	<b>Total Liquidity Coverage Ratio</b>
<b>30 June 2015</b>	146.24	104.67
Average (%)	119.54	101.10
Max. (%)	146.24	121.79
Min. (%)	99.38	77.64

**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 37th 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.

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**VIII. Information related to consolidated credit risk mitigation techniques (continued)**

**Collaterals according to risk classifications:**

<b>Risk Classifications</b>	<b>Amount (**)</b>	<b>Financial Collaterals</b>	<b>Other/ Physical Collaterals</b>	<b>Guaranties and Credit Derivatives</b>
Claims on sovereigns and Central Banks	749,889	91,827	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial enterprises	867	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and capital market intermediary	1,002,133	646,609	-	-
Claims on corporate receivables	2,187,935	77,850	-	148
Claims included in the regulatory retail portfolios	109,360	6,113	-	-
Claims secured by residential property (*)	438,769	18,117	-	102
Non-performing receivables	35,250	-	-	-
Higher risk categories decided by Agency	215,984	6,335	-	-
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	132,270	-	-	-
<b>Total</b>	<b>4,872,457</b>	<b>846,851</b>	<b>-</b>	<b>250</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.

**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 Business Continuity Committee within the scope of the Parent Bank Business Continuity Strategy. Risk management committees are market risk committee, credit risk committee, operational risk committee and business continuity committee.

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

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>30 June 2015</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking and Others</b>	<b>Total Operations</b>
Operating Income	13,111	38,286	26,421	77,818
Operating profit of segment	(4,453)	(18,635)	(2,884)	(25,972)
Costs not distributed	-	-	-	-
Operating profit	(4,453)	(18,635)	(2,884)	(25,972)
Income from subsidiaries	-	-	-	-
Profit before tax	(4,453)	(18,635)	(2,884)	(25,972)
Tax provision (-)	-	-	(3,731)	(3,731)
Profit after tax	(4,453)	(18,635)	847	(22,241)
Non-controlling rights	-	-	-	-
<b>Net Profit</b>	<b>(4,453)</b>	<b>(18,635)</b>	<b>847</b>	<b>(22,241)</b>
Segment assets (*)	399,430	2,759,498	1,097,998	4,256,926
Investments in subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>399,430</b>	<b>2,759,498</b>	<b>1,097,998</b>	<b>4,256,926</b>
Segment liabilities (*)	1,529,569	833,609	1,295,895	3,659,073
Equity	-	-	597,853	597,853
<b>Total Liabilities</b>	<b>1,529,569</b>	<b>833,609</b>	<b>1,893,748</b>	<b>4,256,926</b>
<b>Other Segment Items</b>	<b>129</b>	<b>247</b>	<b>2,247</b>	<b>2,623</b>
Capital expenditure	-	-	421	421
Depreciation and amortization	129	247	1,817	2,193
Impairment losses (**)	-	-	9	9
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

(\*) Assets in others column contain securities under treasury department's and Parent Bank's subsidiary's assets, 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's liability, general provisions, reserve for employee benefits, current tax liabilities and liabilities not distributed.

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

Starting from 1 January 2015 certain parameters used in segment reporting of the Parent Banks's have been changed and the amounts of the current period presented accordingly.

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; 65% for corporate banking, 9% for retail banking, 26% 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%, 17% and 34% 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 Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking and Others</b>	<b>Total Operations</b>
<b>For the period ended 30 June 2014</b>				
Operating Income	9,690	49,000	41,451	100,141
Operating profit of segment	(4,988)	(3,333)	23,075	14,754
Costs not distributed	-	-	-	-
Operating profit	(4,988)	(3,333)	23,075	14,754
Income from subsidiaries	-	-	-	-
Profit before tax	(4,988)	(3,333)	23,075	14,754
Tax provision (-)	-	-	2,467	2,467
Profit after tax	(4,988)	(3,333)	20,608	12,287
Non-controlling rights	-	-	-	-
<b>Net Profit</b>	<b>(4,988)</b>	<b>(3,333)</b>	<b>20,608</b>	<b>12,287</b>
<b>Other Segment Items</b>	<b>128</b>	<b>244</b>	<b>13,683</b>	<b>14,055</b>
Capital expenditure	-	-	12,047	12,047
Depreciation and amortization	128	244	1,477	1,849
Impairment losses (**)	-	-	159	159
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-
<b>As at 31 December 2014</b>				
Segment assets (*)	400,147	2,442,547	821,683	3,664,377
Investments in subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>400,147</b>	<b>2,442,547</b>	<b>821,683</b>	<b>3,664,377</b>
Segment liabilities (*)	1,457,810	924,215	662,216	3,044,241
Equity	-	-	620,136	620,136
<b>Total Liabilities</b>	<b>1,457,810</b>	<b>924,215</b>	<b>1,282,352</b>	<b>3,664,377</b>

(\*) 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 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, as of 31 December 2014, segments of the Group are distributed based on their asset sizes as percentages in prior period as; 67% for corporate banking, 11% for retail banking, 22% for investment banking and others segment. For the six month period ended 30 June 2014, 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.



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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:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Cash	15,092	18,576	14,904	15,849
Central Bank of Turkey (*)	58,377	252,479	28,203	289,634
Others	-	-	-	-
<b>Total</b>	<b>73,469</b>	<b>271,055</b>	<b>43,107</b>	<b>305,483</b>

b) Balances with the Central Bank of Turkey:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Unrestricted Demand Deposits (*)	58,377	146,787	28,203	157,654
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	105,692	-	131,980
<b>Total</b>	<b>58,377</b>	<b>252,479</b>	<b>28,203</b>	<b>289,634</b>

(\*) As at 30 June 2015, the Parent Bank keeps precious metals amounting to TL 50,684 as reserve deposits at Central Bank of Turkey (31 December 2014: TL 44,108)

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. Starting from November 2014, interest is paid on reserve requirements held in TL and starting from May 2015 interest is paid on required reserves, reserve options and free reserves denominated in US dollars. The reserve rates for TL liabilities vary between 5% and 11.5% due their maturity profile as of 30 June 2015 (31 December 2014: between 5% and 11.5%); the reserve rates for foreign currency liabilities vary between 6% and 20% (31 December 2014: 6% and 13%).

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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 30 June 2015 and 31 December 2014, the financial assets at fair value through profit or loss are kept under unrestricted account.

- b) Positive value of trading derivatives:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Forward transactions	-	4	32	7
Swap transactions	1,454	915	12,099	631
Futures	-	-	-	-
Options	2	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,456</b>	<b>919</b>	<b>12,131</b>	<b>638</b>

**3. Information on banks:**

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	5,116	22,834	38,321	40,581
Foreign	-	17,591	-	4,737
Foreign branches	-	-	-	-
<b>Total</b>	<b>5,116</b>	<b>40,425</b>	<b>38,321</b>	<b>45,318</b>

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

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

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Given as collateral or blocked	16,463	-	10,217	-
Subject to repurchase agreements	176,007	-	64,480	-
<b>Total</b>	<b>192,470</b>	<b>-</b>	<b>74,697</b>	<b>-</b>

As at 30 June 2015, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 372,221 are unrestricted (31 December 2014: TL 129,030).

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

b) Available-for-sale securities:

	30 June 2015	31 December 2014
Debt instruments	564,627	203,569
Listed	341,324	199,405
Unlisted	223,303	4,164
Equity instruments	160	160
Listed	-	-
Unlisted	160	160
Impairment provision (-)	96	2
<b>Total</b>	<b>564,691</b>	<b>203,727</b>

**5. Information related to loans:**

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

As it is mentioned in Section One Note II, GSD Holding A.Ş., the major shareholder of the Parent Bank, sold its 75.50% shares of the Parent Bank to ICBC. The share transfer was carried out on 22 May 2015. Therefore, in the following table regarding the loans given to shareholders; the figures represent loans granted to GSD Group as at 31 December 2014 and to ICBC Group as at 30 June 2015.

	30 June 2015		31 December 2014	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	565,313	-	26,372	2
Corporate shareholders(*)	565,313	-	26,372	2
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	42,448	515
Loans granted to employees	1,813	-	1,693	-
<b>Total</b>	<b>567,126</b>	<b>-</b>	<b>70,513</b>	<b>517</b>

(\*) As at 30 June 2015, as per Account Pledge Agreement dated 25 June 2015 signed with Industrial and Commercial Bank of China Limited (ICBC), the major shareholder, the Parent Bank has considered loans granted to ICBC amounting TL 565,313 as loans against cash collateral.

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

- 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 (Total)	Conditions of Contracts Amended		Loans and Other Receivables (Total)	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	3,074,338	2,058	-	63,777	29,442	-
Enterprise loans	-	-	-	-	-	-
Export loans	146,205	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1,044,529	-	-	7	-	-
Consumer loans	335,999	2,057	-	16,827	33	-
Credit cards	26,134	-	-	1,574	-	-
Other	1,521,471	1	-	45,369	29,409	-
Specialized loans	9,457	18	-	808	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>3,083,795</b>	<b>2,076</b>	<b>-</b>	<b>64,585</b>	<b>29,442</b>	<b>-</b>

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 the Extension of the Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended by 1 or 2 Times	2,030	29,442
Extended by 3,4 or 5 Times	46	-
Extended by More than 5 Times	-	-

The Time Extended via the Amendment on Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Up to 6 Months	20	970
6 Months - 12 Months	339	449
1-2 Years	518	2,629
2-5 Years	1,028	4,056
5 Years and Over	171	21,338

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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 Long Term	Total
<b>Consumer Loans – TL</b>	<b>22,520</b>	<b>323,794</b>	<b>346,314</b>
Real estate Loans	1,155	100,797	101,952
Automotive Loans	6	1,019	1,025
Consumer Loans	21,359	221,978	243,337
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	<b>-</b>	<b>1,835</b>	<b>1,835</b>
Real estate Loans	-	1,835	1,835
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Credit Cards – TL</b>	<b>22,528</b>	<b>-</b>	<b>22,528</b>
Installment	5,635	-	5,635
Non installment	16,893	-	16,893
<b>Credit Cards – FC</b>	<b>534</b>	<b>-</b>	<b>534</b>
Installment	-	-	-
Non Installment	534	-	534
<b>Loans Given to Employees – TL</b>	<b>169</b>	<b>825</b>	<b>994</b>
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	169	825	994
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>811</b>	<b>-</b>	<b>811</b>
Installment	311	-	311
Non Installment	500	-	500
<b>Employee Credit Cards – FC</b>	<b>8</b>	<b>-</b>	<b>8</b>
Installment	-	-	-
Non Installment	8	-	8
<b>Overdraft Account – TL (Individual)</b>	<b>3,683</b>	<b>-</b>	<b>3,683</b>
<b>Overdraft Account – FC (Individual)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>50,253</b>	<b>326,454</b>	<b>376,707</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>34,778</b>	<b>216,415</b>	<b>251,193</b>
Business Residential Loans	-	-	-
Automotive Loans	79	19,492	19,571
Consumer Loans	34,699	196,923	231,622
Other	-	-	-
<b>Installment Corporate Loans – Indexed to FC</b>	<b>7,230</b>	<b>54,333</b>	<b>61,563</b>
Business Residential Loans	-	-	-
Automotive Loans	-	6,066	6,066
Consumer Loans	7,230	48,267	55,497
Other	-	-	-
<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>3,778</b>	<b>-</b>	<b>3,778</b>
Installment	1,768	-	1,768
Non Installment	2,010	-	2,010
<b>Corporate Credit Cards – FC</b>	<b>49</b>	<b>-</b>	<b>49</b>
Installment	-	-	-
Non Installment	49	-	49
<b>Overdraft Account – TL (Commercial)</b>	<b>4,064</b>	<b>-</b>	<b>4,064</b>
<b>Overdraft Account – FC (Commercial)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>49,899</b>	<b>270,748</b>	<b>320,647</b>

e) Domestic and foreign loans:

	30 June 2015	31 December 2014
Domestic loans	2,551,885	2,740,602
Foreign loans	596,495	24,751
<b>Total</b>	<b>3,148,380</b>	<b>2,765,353</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:

	30 June 2015	31 December 2014
Specific Provisions		
Loans and Receivables with Limited Collectability	1,708	4,431
Loans and Receivables with Doubtful Collectability	19,277	18,483
Uncollectible Loans and Receivables	102,874	87,733
<b>Total</b>	<b>123,859</b>	<b>110,647</b>

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

h.1) Information on non-performing loans and other receivables those are restructured or rescheduled:

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period	-	-	377
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	377
Prior period	-	-	637
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	637

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	16,789	32,550	108,873
Additions (+)	15,788	1,183	33
Transfers from Other Categories of Non- Performing Loans (+)	-	20,786	24,575
Transfers to Other Categories of Non-Performing Loans (-)	20,786	24,575	-
Collections (-)	1,795	4,293	10,019
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	9,996	25,651	123,462
Specific Provisions (-)	1,708	19,277	102,874
<b>Net Balance on Balance Sheet</b>	<b>8,288</b>	<b>6,374</b>	<b>20,588</b>

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 receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>8,288</b>	<b>6,374</b>	<b>20,588</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	9,996	25,651	123,462
Specific provision (-)	1,708	19,277	102,874
Loans Allowed to Real Persons and Corporate Bodies (Net)	8,288	6,374	20,588
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>12,358</b>	<b>14,067</b>	<b>21,140</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	16,789	32,550	108,873
Specific provision (-)	4,431	18,483	87,733
Loans Allowed to Real Persons and Corporate Bodies (Net)	12,358	14,067	21,140
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 30 June 2015 and 31 December 2014, there are no financial assets held-to-maturity.

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

As at 30 June 2015 and 31 December 2014, there are no financial assets held-to-maturity.

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

As at 30 June 2015 and 31 December 2014, there are no financial assets held-to-maturity.



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

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

As at 30 June 2015 and 31 December 2014, there are no financial assets held-to-maturity.

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

None.

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

As at 30 June 2015, 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 30 June 2015, the Parent Bank has no non-consolidated subsidiary.

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage	Banks Risk Group Share Percentage (%)
Tekstil Yatırım Menkul Değerler A.Ş. (Tekstil Yatırım)	İstanbul/Turkey	99.998	100.00

f) As at 30 June 2015, information on consolidated subsidiaries according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
42,463	30,261	210	2,648	3,728	1,256	630	-

As it is mentioned in Section Three Note III, Tekstil Yatırım has participated to Tekstil Portföy Yönetim A.Ş. ( Tekstil Portföy ) with 100% ownership on April 2015. The amounts of Tekstil Yatırım given above represents the consolidated amounts of Tekstil Yatırım and Tekstil Portföy.

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

g) Movement of consolidated subsidiaries:

	30 June 2015	31 December 2014
Balance at the Beginning of the Period	25,000	15,693
Movements during the Period	-	9,307
Purchases	-	8,013
Bonus Shares Received	-	1,294
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>25,000</b>	<b>25,000</b>
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

h) Sectoral distribution of consolidated subsidiaries:

	30 June 2015	31 December 2014
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	25,000	25,000
Other Non Financial Subsidiaries	-	-
<b>Total</b>	<b>25,000</b>	<b>25,000</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 4,212 which was calculated on deductible temporary differences except general provisions and TL 1,707 which was calculated on financial loss at 30 June 2015 (31 December 2014: TL 1,737 on temporary differences).

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 30 June 2015 and 31 December 2014.

**15. Information on other assets:**

As at 30 June 2015, 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 11,498 (31 December 2014: TL 11,190).

Other assets, other than assets to be disposed of, amounting to TL 70,328 (31 December 2014: TL 70,216), 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) 30 June 2015:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	17,568	29,084	851,363	2,872	535	33	15	901,470
Foreign Currency Deposits	71,830	21,773	957,616	9,851	15,205	4,283	-	1,080,558
Residents in Turkey	64,135	21,048	908,944	5,763	6,635	850	-	1,007,375
Residents Abroad	7,695	725	48,672	4,088	8,570	3,433	-	73,183
Public Sector Deposits	13,613	-	-	-	-	-	-	13,613
Commercial Deposits	38,784	27,818	241,914	16	-	-	-	308,532
Other Ins. Deposits	1,582	532	6,136	19	12	8	-	8,289
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	27,057	59,301	-	-	-	-	-	86,358
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	27,034	59,301	-	-	-	-	-	86,335
Foreign Banks	23	-	-	-	-	-	-	23
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>170,434</b>	<b>138,508</b>	<b>2,057,029</b>	<b>12,758</b>	<b>15,752</b>	<b>4,324</b>	<b>15</b>	<b>2,398,820</b>

a.2) 31 December 2014:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	18,821	19,707	855,998	3,396	434	423	20	898,799
Foreign Currency Deposits	46,746	27,340	849,439	46,636	12,640	4,464	-	987,265
Residents in Turkey	43,107	26,908	806,945	43,031	5,065	776	-	925,832
Residents Abroad	3,639	432	42,494	3,605	7,575	3,688	-	61,433
Public Sector Deposits	16,172	6	10	-	-	-	-	16,188
Commercial Deposits	56,009	72,176	286,548	523	-	-	-	415,256
Other Ins. Deposits	1,636	128	22,919	24	17	1	-	24,725
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	30	164,997	-	-	-	-	-	165,027
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	7	164,997	-	-	-	-	-	165,004
Foreign Banks	23	-	-	-	-	-	-	23
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>139,414</b>	<b>284,354</b>	<b>2,014,914</b>	<b>50,579</b>	<b>13,091</b>	<b>4,888</b>	<b>20</b>	<b>2,507,260</b>

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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 Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Saving Deposits	422,262	414,667	478,218	472,138
Foreign Currency Savings Deposits	151,472	137,953	475,144	392,135
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>573,734</b>	<b>552,620</b>	<b>953,362</b>	<b>864,273</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 2,049 (31 December 2014: TL 34,890).

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

	<b>30 June 2015</b>	<b>31 December 2014</b>
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	-	17,097
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship	2,049	17,793
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	-

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

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

Negative difference on derivatives held for trading:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Forwards	-	6	71	-
Swaps	1,892	3,374	-	5,544
Futures	-	-	-	-
Options	2	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,894</b>	<b>3,380</b>	<b>71</b>	<b>5,544</b>

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	27,081	13,175	36,109	20,942
Foreign Banks, Institutions and Funds	-	898,532	-	291,052
<b>Total</b>	<b>27,081</b>	<b>911,707</b>	<b>36,109</b>	<b>311,994</b>

b) Contractual maturities of funds borrowed:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Short-Term	27,081	511,218	35,174	264,727
Medium and Long-Term	-	400,489	935	47,267
<b>Total</b>	<b>27,081</b>	<b>911,707</b>	<b>36,109</b>	<b>311,994</b>

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

Other external resources are amounting to TL 73,715 (31 December 2014: TL 58,899) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

**5. Obligations under financial leases (net):**

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 30 June 2015 and 31 December 2014, the Group does not have financial lease liabilities.

As at 30 June 2015 and 31 December 2014, the Group does not have any obligations from operational lease agreements.

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

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

None.

**7. Information on provisions:**

a) Information on general provisions:

	30 June 2015	31 December 2014
General Provisions		
Provision for Group I Loans and Receivables	21,332	18,318
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	130	156
Provision for Group II Loans and Receivables	3,044	2,195
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	1,473	1,441
Provision for Non-cash Loans	1,684	1,943
Other	104	159
<b>Total</b>	<b>26,164</b>	<b>22,615</b>

As at 30 June 2015, as per Account Pledge Agreement dated 25 June 2015, the Parent Bank has provided a loan to Industrial and Commercial Bank of China Limited (ICBC), the major shareholder, amounting to TL 565,313. Such loan has been considered as loan against cash collateral and is not taken into account for general provision calculation.

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 30 June 2015, at ceiling amount of TL-full 3,541 (31 December 2014: TL-full 3,438), 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.

	30 June 2015	31 December 2014
Discount Ratio (%)	8.00	8.00
Expected Salary/ETI Liability Ceiling Increase Rate (%)	6.00	6.00
Rate for the Probability of Retirement (%)	93.00	93.00

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.

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

Movement of ETI liability is below:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Balance at Prior Period End	7,153	5,515
Current year provisions/ (reversal of provision)	1,641	3,000
Paid in current year	(895)	(1,362)
<b>Balance at Current Period End</b>	<b>7,899</b>	<b>7,153</b>

The Group also has vacation pay liability amounting TL 4,463 (31 December 2014: TL 3,882) as at 30 June 2015.

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

As at 30 June 2015, foreign exchange differences on foreign currency indexed loans amounting TL 161 (31 December 2014: TL 1,003) 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 30 June 2015, the Parent Bank has provision amounting to TL 6,272 (31 December 2014: TL 6,628) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 12,543 (31 December 2014: TL 12,799).

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 30 June 2015, the Parent Bank has provision for credit card service promotions amounting TL 125 (31 December 2014: TL 131).

e.3) Information on other provisions:

As at 30 June 2015, there is provision filed against the Parent Bank and its subsidiary amounting TL 6,889 (31 December 2014: TL 3,248 provision for lawsuits) and provision for the rediscount amount of the certain loan customers who are not classified in the follow-up section but who are likely to have payment problems in future amounting to TL 533.

**8. Taxation:**

a) Current tax liability: As at 30 June 2015, corporate taxes payable of the Group after deductions of prepaid taxes is TL 186 (31 December 2014: TL 150).

b) Information on taxes payable:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Corporate taxes payable	186	150
Taxation on securities	2,164	1,855
Capital gains tax on property	186	174
Banking Insurance Transaction Tax (BITT)	2,054	2,377
Taxes on foreign exchange transactions	-	-
Value added tax payable	65	94
Other	1,426	1,579
<b>Total</b>	<b>6,081</b>	<b>6,229</b>



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

c) Information on premiums payable:

	30 June 2015	31 December 2014
Social security premiums- employee share	611	556
Social security premiums- employer share	692	633
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	43	40
Unemployment insurance- employer share	92	84
Other	1	1
<b>Total</b>	<b>1,439</b>	<b>1,314</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:

	30 June 2015	31 December 2014
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>30 June 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Associates, subsidiaries and joint ventures	-	-	-	-
Valuation gain/loss of available for sale securities	719	1,074	1,832	3
Translation gain/loss	-	-	-	-
<b>Total</b>	<b>719</b>	<b>1,074</b>	<b>1,832</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 profit distribution of Parent Bank for the year 2014:

According to Ordinary General Assembly's decision dated 31 March 2015, Parent Bank has transferred the net profit after tax for the year 2014 amounting to TL 12,516 to legal reserves and extraordinary reserves with amounts of TL 625 and TL 11,891 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>30 June 2015</b>		<b>30 June 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest income received from loans (*)				
Short Term Loans	80,717	2,301	92,322	4,339
Medium and Long Term Loans	36,447	10,617	39,616	11,590
Loans Under Follow-Up	3,629	-	2,840	-
Source Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>120,793</b>	<b>12,918</b>	<b>134,778</b>	<b>15,929</b>

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

b) Information on interest income received from banks:

	<b>30 June 2015</b>		<b>30 June 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Central Bank of Turkey	655	-	-	-
Domestic Banks	579	134	1,004	93
Foreign Banks	34	8	6	9
Foreign Branches	-	-	-	-
<b>Total</b>	<b>1,268</b>	<b>142</b>	<b>1,010</b>	<b>102</b>

c) Information on interest income received from securities portfolio:

	<b>30 June 2015</b>		<b>30 June 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Trading Securities	-	10	-	14
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	6,042	646	25,325	190
Investment Securities Held-to-Maturity	-	-	-	-
<b>Total</b>	<b>6,042</b>	<b>656</b>	<b>25,325</b>	<b>204</b>

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

**2. Interest expense:**

a) Information on interest expense related to funds borrowed:

	<b>30 June 2015</b>		<b>30 June 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Banks (*)</b>	<b>1,134</b>	<b>2,075</b>	<b>1,168</b>	<b>3,578</b>
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,127	172	1,139	647
Foreign Banks	7	1,903	29	2,931
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>1,134</b>	<b>2,075</b>	<b>1,168</b>	<b>3,578</b>

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

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

- 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						Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	
<b>TL</b>								
Bank Deposits	-	49	-	-	-	-	-	49
Saving Deposits	-	848	44,226	153	18	14	-	45,259
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,261	14,024	7	-	1	-	15,293
Other Deposits	-	10	510	1	-	1	-	522
<b>Total Turkish Lira</b>	<b>-</b>	<b>2,168</b>	<b>58,760</b>	<b>161</b>	<b>18</b>	<b>16</b>	<b>-</b>	<b>61,123</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	-	41	9,477	231	126	48	-	9,923
Bank Deposits	-	105	-	-	-	-	-	105
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total Foreign Currency</b>	<b>-</b>	<b>146</b>	<b>9,477</b>	<b>231</b>	<b>126</b>	<b>48</b>	<b>-</b>	<b>10,028</b>
<b>Total</b>	<b>-</b>	<b>2,314</b>	<b>68,237</b>	<b>392</b>	<b>144</b>	<b>64</b>	<b>-</b>	<b>71,151</b>

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

	<b>30 June 2015</b>	<b>30 June 2014</b>
<b>Profit</b>	<b>169,961</b>	<b>236,439</b>
Capital Market Gains	3,868	2,741
Derivative Gains	80,209	107,288
Foreign Exchange Gains	85,884	126,410
<b>Loss (-)</b>	<b>172,955</b>	<b>253,047</b>
Capital Market Losses	124	1
Derivative Losses	83,871	129,673
Foreign Exchange Losses	88,960	123,373

Net profit related to derivative transactions resulting from foreign currency rate changes is amounted to TL 4,027 (30 June 2014: TL 1,004 net loss).

**4. Other operating income:**

The amount of TL 5,020 (30 June 2014: TL 5,556) of the “other operational income” item consists of collections of receivables for which a provision was made in the previous periods.

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

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

	30 June 2015	30 June 2014
Specific Provisions on Loans and Other Receivables	17,486	16,185
Loans and Receivables in Group III	1,924	3,172
Loans and Receivables in Group IV	9,331	10,711
Loans and Receivables in Group V	6,231	2,302
General Provision Expenses	3,549	-
Provision for Possible Losses	-	-
Impairment Losses on Securities:	9	159
Trading securities	9	3
Investment Securities Available-for-Sale	-	156
Other Impairment Losses:	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	4,135	510
<b>Total</b>	<b>25,179</b>	<b>16,854</b>

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

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

	30 June 2015	30 June 2014
Personnel Expenses	47,712	40,038
Reserve for Employee Termination Indemnities and Vacation Pay	1,327	771
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	1,800	1,404
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	317	298
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	76	147
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	20,284	18,787
Operational Leases	10,559	9,182
Repair and Maintenance	1,083	1,089
Advertising	549	431
Other Expenses	8,093	8,085
Loss on Sale of Assets	8	189
Other (*)	7,087	6,899
<b>Total</b>	<b>78,611</b>	<b>68,533</b>

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

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

**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 30 June 2015, current tax expense is TL 666 (30 June 2014: TL 3,129).

For the period ended 30 June 2015, deferred tax income is TL 4,397 (30 June 2014: TL 662).

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

For the period ended 30 June 2015, deferred tax income arising from temporary differences amounting TL 2,690 (30 June 2014: TL 1,817).

Additionally, for the period ended 30 June 2015, the current tax effect amounting to TL 225 and deferred tax effect amounting to TL (215), on an aggregate TL 10 tax effect (30 June 2014: total TL (2,208) ) 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 30 June 2015, TL 2,690 (30 June 2014: TL 1,817) deferred tax income is arising from temporary differences. For the period ended 30 June 2015, TL 1,707 deferred tax income is arising from financial losses on balance sheet as at 30 June 2015 (30 June 2014: TL 1,155 deferred tax expense).

**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 30 June 2015, asset purchase and sale commitments amount to TL 111,915 (31 December 2014: TL 58,096), loan granting commitments amount to TL 42,023 (31 December 2014: TL 42,628), commitments for credit card limits amount to TL 84,042 (31 December 2014: TL 84,778) commitments for cheque payments amount to TL 87,305 (31 December 2014: TL 84,154), commitments for promotional operations re-credit cards amount to TL 256 (31 December 2014: TL 273), tax and fund obligations from export commitments amount to TL 3 (31 December 2014: TL 71) and other irrevocable commitments amount to TL 26,537 (31 December 2014: TL 38,278).

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 30 June 2015, the Group has letters of guarantee amounting to TL 595,553 (31 December 2014: TL 721,025), bills of exchange and acceptances amounting to TL 375 (31 December 2014: TL 276), letters of credit amounting to TL 153,267 (31 December 2014: TL 107,643) and other guarantees amounting to TL 19,891 (31 December 2014: TL 20,633).

c) Non-cash loans:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Non-Cash Loans Given for Cash Loan Risks	21,033	13,197
With Original Maturity of 1 Year or Less	3,546	954
With Original Maturity of More Than 1 Year	17,487	12,243
Other Non-Cash Loans	748,053	836,380
<b>Toplam</b>	<b>769,086</b>	<b>849,577</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:**

As it is mentioned in Section One Note II, GSD Holding A.Ş., the major shareholder of the Parent Bank, sold its 75.50% shares of the Parent Bank to ICBC and the share transfer was carried out on 22 May 2015. The following information related with the Parent Bank's risk group; represents ICBC Group for the current period information and GSD Group for the prior period information.

**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	-	-	68,820	517	70	-
Balance at the End of the Period	-	-	565,313	-	6	-
Interest and Commission Income Received	-	-	2,847	2	-	-

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

As at 30 June 2015, as per Account Pledge Agreement dated 25 June 2015 signed with Industrial and Commercial Bank of China Limited (ICBC), the major shareholder, the Parent Bank has considered loans granted to ICBC amounting TL 565,313 as loans against cash collateral.

The Parent Bank has placements amounting to TL 232 (31 December 2014: TL 300) in its risk group banks as at 30 June 2015. Also the Parent Bank has TL 143 irrevocable commitment in its risk group as at 30 June 2015 (31 December 2014: TL 1,649).

**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	-	-	20,449	364	94	-
Balance at the End of the Period	-	-	68,820	517	70	-
Interest and Commission Income Received	-	-	1,125	3	-	-

(\*) 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	-	-	41,882	56,769	3,349	893
Balance at the End of the Period	-	-	23	41,882	1,092	3,349
Interest on Deposits	-	-	695	1,193	61	62

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

As at 30 June 2015, funds borrowed amounting to TL 715,209 (31 December 2014: None) has been taken from the banks that are a part of the Parent Bank's risk group.



**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)**

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

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

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

As at 30 June 2015, the Parent Bank has no derivative transactions (31 December 2014: None) with the Parent Bank’s risk group.

**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 30 June 2015, proportion of cash loans to risk group in total cash loans is 17.8% (31 December 2014: 2.4%), proportion of deposits from its risk group in total deposits is 0.05% (31 December 2014: 1.8%), proportion of funds borrowed from its risk group in total funds borrowed is 76% (31 December 2014: None).

As at 30 June 2015, other commission income from risk group is amounted to TL 12 (30 June 2014: TL 21), other operating income from risk group is amounted to TL 16 (30 June 2014: TL 24), other commission expense to risk group is amounted to TL 3 (30 June 2014: TL 54) and other operating expense to risk group is amounted to TL 445 (30 June 2014: TL 517).

In the consolidated basis, key management cost for the current period is amounted to TL 8,915 (30 June 2014: TL 2,879).

As mentioned in Section I Note II, as proposed in the share purchase agreement signed between GSD Holding A.Ş. and ICBC regarding the sale transaction of 75.50% shares of the Parent Bank owned by GSD Holding A.Ş., the major shareholder of the Parent Bank, to ICBC, a one time bonus payment amounting to TL 4,909 to top management for completion of transactions in the content of the agreement and facilitation of the transition process has been included in current period’s cost.

**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”:

Regarding the Board of Directors Assembly dated 6 August 2015, the Parent Bank has made the following decisions and the decisions were announced in the Public Disclosure Platform (KAP) on 6 August 2015:

- “1. It is resolved by the Board of Directors of the Parent Bank at 06/08/2015;

To notify Tekstil Yatırım Menkul Değerler A.Ş. to initiate necessary procedures and applications for the increase of its capital from TL 25,000,000 (full amount) to TL 65,000,000 (full amount),

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

**VI. Information and disclosure related to subsequent events (continued)**

2. It is resolved by the Board of Directors of the Parent Bank at 06/08/2015;

Pursuant to the Articles of Association Clause 16, to give authority to the General Management of the Parent Bank to issue TL-denominated bonds and/or bills up to TL 350,000,000 (full amount) on behalf of the Parent Bank, and to make necessary applications to the Banking Regulation and Supervision Agency, the Capital Markets Board of Turkey and other authorities, and executing other relevant procedures. The bonds and/or bills can be issued to be sold domestically, in various maturities by one or more-than-one issues, without public offering, in the form of private placement and/or sales to qualified investors. The bonds and/or bills can be discounted and/or with coupon payment depending on the market conditions, while coupon bonds can be issued as either fixed or floating rate notes. One or more Treasury bonds and/or Treasury bills compatible to the bonds and/or bills to be issued can be taken as reference, and additional spread can be added to those bonds and/or bills if necessary, and those spreads can be determined by the management, as well as, all the terms and conditions including the interest rates to be paid,

3. It is resolved by the Board of Directors of the Parent Bank at 06/08/2015, pursuant to the Turkish Commercial Code numbered 6102, due to the fact that the controlling shareholder of the Parent Bank have been changed;

a. To amend the Parent Bank’s Article of Association Article 2 “TRADE NAME” as follows:

**OLD VERSION**

**TRADE NAME  
ARTICLE 2**

The title of the company is “TEKSTİL BANKASI ANONİM ŞİRKETİ”. The trade name of the Bank is shortly “TESKTİLBANK”, pursuant to the relevant articles of the Turkish Commercial Code.

**NEW VERSION**

**TRADE NAME  
ARTICLE 2**

The title of the Bank is “ICBC TURKEY BANK ANONİM ŞİRKETİ”. The trade name of the Bank is shortly “ICBC TURKEY”, pursuant to the relevant articles of the Turkish Commercial Code.

b. To authorize the the Parent Bank’s General Management to obtain necessary permissions from Banking Regulation and Supervision Agency, Capital Market Board and The Ministry of Custom and Commerce and to execute other relevant legal procedures.”

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015 (continued)**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**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 30 June 2015 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 7 August 2015 is presented in the introduction of this report.

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

None.