

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

# **Tekstil Bankası Anonim Şirketi**

**Publicly Announced Consolidated Financial Statements  
and Related Disclosures as of 31 December 2014  
with Independent Auditors' Report**

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

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the consolidated balance sheet of Tekstil Bankası Anonim Şirketi ("the Bank") and its subsidiary as at 31 December 2014 and the related consolidated statements of income, the consolidated statements of recognized income and expense under equity, the consolidated statements of cash flows, the consolidated statements of changes in shareholders' equity for the period then ended, and a summary of the significant accounting policies and other disclosures.

**The Board of Directors' Responsibility for the Financial Statements:**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated 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 dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting announced by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control system relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

**Auditors' Responsibility:**

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our audit has been performed in accordance with "Regulation on Authorisation and Activities of Institutions to Perform External Audit in Banks" published on the Official Gazette dated 1 November 2006 and numbered 26333 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

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

**Opinion:**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tekstil Bankası Anonim Şirketi and its subsidiary at 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Law No. 5411, and other regulations, communiqués, circulars and pronouncements announced by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

**Report on other responsibilities arising from regulatory requirements**

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January – 31 December 2014 are not in compliance with TCC and provisions of the Bank's articles of association regarding financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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

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



Seda Hacıoğlu SMMM  
Partner

2 March 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 31 DECEMBER 2014**

Address of the Bank's

Headquarters : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul  
Telephone Number : (0212) 335 53 35  
Fax Number : (0212) 328 13 28  
Website of the Bank : [www.tekstilbank.com.tr](http://www.tekstilbank.com.tr)  
E-mail : [info@tekstilbank.com.tr](mailto: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
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

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

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

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

Contact information for questions on this financial report:

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

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**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014  
(Currency: Thousands of TL - Turkish Lira)**

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

The capital of the Parent Bank is TL 420,000 as at 31 December 2014 and is fully paid. The Bank is incorporated by GSD Group. 75.50% of the shares of the Parent Bank belongs to GSD Holding Anonim Şirketi ("GSD Holding"). The rest of the shares are traded at Borsa İstanbul (BIST). 1.04% of the shares traded at BIST have been acquired by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. Anonim Şirketi. The company is incorporated by GSD Group.

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

Main operations of GSD Group Companies are;

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

Parent Bank announced a Material Event Disclosure on 29 April 2014 in the Public Disclosure Platform (KAP), briefly declaring the signing of a share purchase agreement with respect to sale of 75.50% shares of the Parent Bank owned by GSD Holding A.Ş., the major shareholder of the Parent Bank, to Industrial Commercial Bank of China Limited (ICBC) company for 668,810 TL, which will become effective after obtaining relevant permissions from authorities in People's Republic of China and Turkey. On Ordinary General Assembly of GSD Holding A.Ş. dated 3 June 2014, it was decided to approve the sale transaction by majority of votes. With respect to the sale transaction, for obtaining the relevant permissions, formal applications have been made to Competition Authority and Banking Regulation and Supervision Agency (BRSA), and it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259. The permission process conducted by ICBC in the presence of public authorities in China and BRSA is in progress.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2014 (continued)**  
(Currency: Thousands of TL - Turkish Lira)

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

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

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

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

The operations of the Parent Bank consist of corporate and commercial banking services, fund management transactions (foreign currency, money market and securities trading), international banking services, retail banking services and credit card business. The Parent Bank also operates, through its branches, as insurance agent of 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 31 December 2014, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 852 employees as at 31 December 2014 (As at 31 December 2013 number of branches was 44, number of employees was 853).

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2014 (continued)**  
(Currency: Thousands of TL - Turkish Lira)

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

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

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

None.

**VII. Other information**

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



## **SECTION TWO**

### **Consolidated Financial Statements**

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)**  
**AS AT 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

ASSETS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 31/12/2014			PRIOR PERIOD 31/12/2013		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	<b>43,107</b>	<b>305,483</b>	<b>348,590</b>	<b>82,638</b>	<b>367,635</b>	<b>450,273</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	<b>14,184</b>	<b>1,063</b>	<b>15,247</b>	<b>12,292</b>	<b>3,558</b>	<b>15,850</b>
2.1 Trading Securities		14,184	1,063	15,247	12,292	3,558	15,850
2.1.1 Public Sector Debt Securities		-	425	425	-	393	393
2.1.2 Share Certificates		36	-	36	37	-	37
2.1.3 Positive Value of Trading Derivatives		12,131	638	12,769	11,204	3,165	14,369
2.1.4 Other Securities		2,017	-	2,017	1,051	-	1,051
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	<b>38,321</b>	<b>45,318</b>	<b>83,639</b>	<b>43,317</b>	<b>33,086</b>	<b>76,403</b>
<b>IV. INTERBANK MONEY MARKET</b>		<b>86,026</b>	<b>-</b>	<b>86,026</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 İstanbul 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)	<b>199,530</b>	<b>4,197</b>	<b>203,727</b>	<b>382,267</b>	<b>6,681</b>	<b>388,948</b>
5.1 Share Certificates		160	-	160	160	-	160
5.2 Public Sector Debt Securities		199,370	33	199,403	381,358	56	381,414
5.3 Other Securities		-	4,164	4,164	749	6,625	7,374
<b>VI. LOANS</b>	(5.1.5)	<b>2,377,937</b>	<b>434,981</b>	<b>2,812,918</b>	<b>2,237,392</b>	<b>594,772</b>	<b>2,832,164</b>
6.1 Loans		2,330,372	434,981	2,765,353	2,191,209	594,772	2,785,981
6.1.1 Loans Utilized to the Bank's Risk Group		47,082	21,808	68,890	20,515	28	20,543
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		2,283,290	413,173	2,696,463	2,170,694	594,744	2,765,438
6.2 Loans under Follow-Up		158,212	-	158,212	179,800	-	179,800
6.3 Specific Provisions (-)		110,647	-	110,647	133,617	-	133,617
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(5.1.6)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1 Public Sector Debt Securities		-	-	-	-	-	-
8.2 Other Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINT VENTURES (Net)</b>	(5.1.9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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>	(5.1.12)	<b>26,821</b>	<b>-</b>	<b>26,821</b>	<b>16,445</b>	<b>-</b>	<b>16,445</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>1,974</b>	<b>-</b>	<b>1,974</b>	<b>1,902</b>	<b>-</b>	<b>1,902</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		1,974	-	1,974	1,902	-	1,902
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSETS</b>	(5.1.15)	<b>4,029</b>	<b>-</b>	<b>4,029</b>	<b>5,829</b>	<b>-</b>	<b>5,829</b>
17.1 Current Tax Assets		2,292	-	2,292	3,134	-	3,134
17.2 Deferred Tax Assets		1,737	-	1,737	2,695	-	2,695
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	<b>60,066</b>	<b>21,340</b>	<b>81,406</b>	<b>48,889</b>	<b>17,551</b>	<b>66,440</b>
<b>TOTAL ASSETS</b>		<b>2,851,995</b>	<b>812,382</b>	<b>3,664,377</b>	<b>2,830,971</b>	<b>1,023,283</b>	<b>3,854,254</b>

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)**  
**AS AT 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

LIABILITIES AND EQUITY		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2014			PRIOR PERIOD 31/12/2013		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I. DEPOSITS</b>	(5.II.1)		<b>1,354,997</b>	<b>1,152,263</b>	<b>2,507,260</b>	<b>1,249,923</b>	<b>1,271,890</b>	<b>2,521,813</b>
1.1 Deposits of the Bank's Risk Group			13,414	31,817	45,231	10,628	47,034	57,662
1.2 Others			1,341,583	1,120,446	2,462,029	1,239,295	1,224,856	2,464,151
<b>II. NEGATIVE VALUE OF TRADING DERIVATIVES</b>	(5.II.2)		<b>71</b>	<b>5,544</b>	<b>5,615</b>	<b>5,683</b>	<b>436</b>	<b>6,119</b>
<b>III. FUNDS BORROWED</b>	(5.II.3)		<b>36,109</b>	<b>311,994</b>	<b>348,103</b>	<b>39,731</b>	<b>301,269</b>	<b>341,000</b>
<b>IV. DUE TO MONEY MARKETS</b>			<b>64,359</b>	-	<b>64,359</b>	<b>258,597</b>	-	<b>258,597</b>
4.1 Interbank Money Market			-	-	-	-	-	-
4.2 Istanbul Stock Exchange			-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements			64,359	-	64,359	258,597	-	258,597
<b>V. SECURITIES ISSUED (Net)</b>			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset Backed Securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Bank Borrowers' Funds			-	-	-	-	-	-
6.2 Others			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>			<b>8,134</b>	<b>671</b>	<b>8,805</b>	<b>12,238</b>	<b>1,905</b>	<b>14,143</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.4)		<b>55,758</b>	<b>3,141</b>	<b>58,899</b>	<b>46,229</b>	<b>7,090</b>	<b>53,319</b>
<b>IX. FACTORING PAYABLES</b>			-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.II.5)		-	-	-	-	-	-
10.1 Financial Lease Payables			-	-	-	-	-	-
10.2 Operational Lease Payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )			-	-	-	-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.II.6)		-	-	-	-	-	-
11.1 Fair Value Hedge			-	-	-	-	-	-
11.2 Cash Flow Hedge			-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries			-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.7)		<b>43,657</b>	-	<b>43,657</b>	<b>48,010</b>	-	<b>48,010</b>
12.1 General Provisions			22,615	-	22,615	23,736	-	23,736
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Benefits			11,035	-	11,035	9,194	-	9,194
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			10,007	-	10,007	15,080	-	15,080
<b>XIII. TAX LIABILITIES</b>	(5.II.8)		<b>7,543</b>	-	<b>7,543</b>	<b>6,945</b>	-	<b>6,945</b>
13.1 Current Tax Liability			7,543	-	7,543	6,945	-	6,945
13.2 Deferred Tax Liability			-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	(5.II.9)		-	-	-	-	-	-
14.1 Held For Sale			-	-	-	-	-	-
14.2 Discontinued Operations			-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(5.II.10)		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.11)		<b>620,133</b>	<b>3</b>	<b>620,136</b>	<b>604,311</b>	<b>(3)</b>	<b>604,308</b>
16.1 Paid-in Capital			420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital			7,318	3	7,321	33,753	(3)	33,750
16.2.1 Share Premium			(814)	-	(814)	(814)	-	(814)
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Valuation Differences of Securities			1,832	3	1,835	194	(3)	191
16.2.4 Revaluation Fund on Tangible Assets			6,867	-	6,867	34,373	-	34,373
16.2.5 Revaluation Fund on Intangible Assets			-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Property			-	-	-	-	-	-
16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures			-	-	-	-	-	-
16.2.8 Hedging Funds (Effective Portion)			-	-	-	-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations			-	-	-	-	-	-
16.2.10 Other Supplementary Capital			(567)	-	(567)	-	-	-
16.3 Profit Reserves			180,055	-	180,055	105,242	-	105,242
16.3.1 Legal Reserves			10,792	-	10,792	8,531	-	8,531
16.3.2 Status Reserves			-	-	-	-	-	-
16.3.3 Extraordinary Reserves			111,897	-	111,897	96,711	-	96,711
16.3.4 Other Profit Reserves			57,366	-	57,366	-	-	-
16.4 Profit or Loss			12,760	-	12,760	45,316	-	45,316
16.4.1 Prior Periods' Profit or Loss			-	-	-	-	-	-
16.4.2 Current Period Profit or Loss			12,760	-	12,760	45,316	-	45,316
16.5 Minority Shares			-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>2,190,761</b>	<b>1,473,616</b>	<b>3,664,377</b>	<b>2,271,667</b>	<b>1,582,587</b>	<b>3,854,254</b>

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS**  
**AS AT 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 31/12/2014			PRIOR PERIOD 31/12/2013		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II-III)</b>		<b>1,145,816</b>	<b>1,718,654</b>	<b>2,864,470</b>	<b>1,283,414</b>	<b>1,827,497</b>	<b>3,110,911</b>
<b>I. GUARANTEES</b>	(5.IV.1)	<b>415,443</b>	<b>434,134</b>	<b>849,577</b>	<b>582,426</b>	<b>628,534</b>	<b>1,210,960</b>
1.1 Letters of Guarantee		415,443	305,582	721,025	582,426	350,976	933,402
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		415,443	305,582	721,025	582,426	350,976	933,402
1.2 Bank Acceptances		-	276	276	-	1,458	1,458
1.2.1 Import Letter of Acceptance		-	276	276	-	1,458	1,458
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	107,643	107,643	-	228,971	228,971
1.3.1 Documentary Letters of Credit		-	37,314	37,314	-	165,585	165,585
1.3.2 Other Letters of Credit		-	70,329	70,329	-	63,386	63,386
1.4 Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Related Guarantees		-	-	-	-	-	-
1.8 Other Collaterals		-	20,633	20,633	-	47,129	47,129
1.9 Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.IV.1)	<b>256,002</b>	<b>52,276</b>	<b>308,278</b>	<b>214,390</b>	<b>87,537</b>	<b>301,927</b>
2.1 Irrevocable Commitments		256,002	52,276	308,278	214,390	87,537	301,927
2.1.1 Asset Purchase and Sale Commitments		5,820	52,276	58,096	6,622	87,537	94,159
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		42,628	-	42,628	44,375	-	44,375
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		84,154	-	84,154	83,116	-	83,116
2.1.8 Tax and Fund Obligations from Export Commitments		71	-	71	3	-	3
2.1.9 Commitments for Credit Card Limits		84,778	-	84,778	79,889	-	79,889
2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services		273	-	273	385	-	385
2.1.11 Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12 Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		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>	(5.IV.3)	<b>474,371</b>	<b>1,232,244</b>	<b>1,706,615</b>	<b>486,598</b>	<b>1,111,426</b>	<b>1,598,024</b>
3.1 Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2 Trading Purpose Derivatives		474,371	1,232,244	1,706,615	486,598	1,111,426	1,598,024
3.2.1 Forward Foreign Currency Purchases/Sales		3,668	5,598	9,266	90,001	151,802	241,803
3.2.1.1 Forward Foreign Currency Purchases		1,224	3,382	4,606	28,493	92,658	121,151
3.2.1.2 Forward Foreign Currency Sales		2,444	2,216	4,660	61,508	59,144	120,652
3.2.2 Currency and Interest Rate Swaps		470,703	1,160,484	1,631,187	336,025	804,391	1,140,416
3.2.2.1 Currency Swaps-Purchases		1,236	850,473	851,709	22,536	583,047	605,583
3.2.2.2 Currency Swaps-Sales		469,467	310,011	779,478	313,489	221,344	534,833
3.2.2.3 Interest Rate Swaps-Purchases		-	-	-	-	-	-
3.2.2.4 Interest Rate Swaps-Sales		-	-	-	-	-	-
3.2.3 Currency, Interest Rate and Security Options		-	-	-	60,572	93,519	154,091
3.2.3.1 Currency Options-Purchases		-	-	-	34,007	42,782	76,789
3.2.3.2 Currency Options-Sales		-	-	-	26,565	50,737	77,302
3.2.3.3 Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5 Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6 Securities Options-Sales		-	-	-	-	-	-
3.2.4 Currency Futures		-	-	-	-	-	-
3.2.4.1 Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2 Currency Futures-Sales		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6 Others		-	66,162	66,162	-	61,714	61,714
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>2,997,719</b>	<b>809,070</b>	<b>3,806,789</b>	<b>3,139,692</b>	<b>1,021,816</b>	<b>4,161,508</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>266,156</b>	<b>40,077</b>	<b>306,233</b>	<b>241,582</b>	<b>31,088</b>	<b>272,670</b>
4.1 Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2 Securities Held in Custody		175,465	10,651	186,116	155,514	10,251	165,765
4.3 Checks Received for Collection		54,201	11,004	65,205	64,656	7,152	71,808
4.4 Commercial Notes Received for Collection		23,868	10,802	34,670	12,666	6,931	19,597
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		277	2	279	369	130	499
4.8 Custodians		12,345	7,618	19,963	8,377	6,624	15,001
<b>V. PLEDGED ITEMS</b>		<b>2,731,243</b>	<b>768,993</b>	<b>3,500,236</b>	<b>2,877,118</b>	<b>990,728</b>	<b>3,867,846</b>
5.1 Securities		24,237	-	24,237	17,334	-	17,334
5.2 Guarantee Notes		6,633	27,061	33,694	8,945	38,138	47,083
5.3 Commodities		120,529	55,363	175,892	102,286	57,024	159,310
5.4 Warrants		2,274	-	2,274	469	-	469
5.5 Immovables		1,727,790	642,243	2,370,033	1,918,718	823,100	2,741,818
5.6 Other Pledged Items		849,780	44,326	894,106	829,366	72,466	901,832
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>320</b>	<b>-</b>	<b>320</b>	<b>20,992</b>	<b>-</b>	<b>20,992</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>4,143,535</b>	<b>2,527,724</b>	<b>6,671,259</b>	<b>4,423,106</b>	<b>2,849,313</b>	<b>7,272,419</b>

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE PERIODS ENDED 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

INCOME AND EXPENSE ITEMS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA	
			CURRENT PERIOD (01/01/2014 - 31/12/2014)	PRIOR PERIOD (01/01/2013 - 31/12/2013)
<b>I. INTEREST INCOME</b>	(5.III.1)		<b>343,726</b>	<b>295,606</b>
1.1 Interest from Loans			298,329	260,840
1.2 Interest from Reserve Deposits			-	-
1.3 Interest from Banks			2,006	1,591
1.4 Interest from Money Market Transactions			762	25
1.5 Interest from Securities Portfolio			39,053	32,454
1.5.1 Trading Securities			30	21
1.5.2 Financial Assets at Fair Value Through Profit or Loss			-	-
1.5.3 Available for Sale Securities			39,023	32,433
1.5.4 Held to Maturity Securities			-	-
1.6 Interest from Financial Leases			-	-
1.7 Other Interest Income			3,576	696
<b>II. INTEREST EXPENSE</b>	(5.III.2)		<b>160,464</b>	<b>151,939</b>
2.1 Interest on Deposits			134,282	130,065
2.2 Interest on Funds Borrowed			9,330	10,422
2.3 Interest on Money Market Transactions			16,794	9,799
2.4 Interest on Securities Issued			-	-
2.5 Other Interest Expense			58	1,653
<b>III. NET INTEREST INCOME (I - II)</b>			<b>183,262</b>	<b>143,667</b>
<b>IV. NET FEE AND COMMISSION INCOME</b>			<b>13,999</b>	<b>16,655</b>
4.1 Fees and Commissions Received			18,923	20,929
4.1.1 Non-Cash Loans			8,486	10,646
4.1.2 Other			10,437	10,283
4.2 Fees and Commissions Paid			4,924	4,274
4.2.1 Non-Cash Loans			379	400
4.2.2 Other			4,545	3,874
<b>V. DIVIDEND INCOME</b>	(5.III.3)		<b>-</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.III.4)		<b>(27,192)</b>	<b>(5,815)</b>
6.1 Profit / Loss on Capital Market Transactions			14,838	7,008
6.2 Derivative Instruments Gain / Loss			(23,207)	76,294
6.3 Foreign Exchange Gain / Loss			(18,823)	(89,117)
<b>VII. OTHER OPERATING INCOME</b>	(5.III.5)		<b>20,620</b>	<b>70,830</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>			<b>190,689</b>	<b>225,337</b>
<b>IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.III.6)		<b>39,771</b>	<b>57,616</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.III.7)		<b>135,091</b>	<b>118,630</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>			<b>15,827</b>	<b>49,091</b>
<b>XII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>			<b>-</b>	<b>-</b>
<b>XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>			<b>-</b>	<b>-</b>
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>			<b>-</b>	<b>-</b>
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.III.8)		<b>15,827</b>	<b>49,091</b>
<b>XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.III.9)		<b>(3,067)</b>	<b>(3,775)</b>
16.1 Current Tax Provision			(2,077)	(4,643)
16.2 Deferred Tax Provision			(990)	868
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.III.10)		<b>12,760</b>	<b>45,316</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>			<b>-</b>	<b>-</b>
18.1 Assets Held for Sale			-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures			-	-
18.3 Others			-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>			<b>-</b>	<b>-</b>
19.1 Assets Held for Sale			-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures			-	-
19.3 Others			-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>	(5.III.8)		<b>-</b>	<b>-</b>
<b>XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>	(5.III.9)		<b>-</b>	<b>-</b>
21.1 Current Tax Provision			-	-
21.2 Deferred Tax Provision			-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(5.III.10)		<b>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.III.11)		<b>12,760</b>	<b>45,316</b>
23.1 Group's Profit / Loss			12,760	45,316
23.2 Minority Shares			-	-
Earnings / Losses per Share (Full TL)			0.0030	0.0108

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 RECOGNIZED INCOME AND EXPENSE UNDER EQUITY**  
**FOR THE PERIODS ENDED 31 DECEMBER 2014 AND 2013**  
(Currency: Thousands of TL - Turkish Lira)

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2014 - 31/12/2014)	PRIOR PERIOD (01/01/2013 - 31/12/2013)
I.	ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	2,053	(21,081)
II.	REVALUATION ON TANGIBLE ASSETS	2,096	1,007
III.	REVALUATION ON INTANGIBLE ASSETS	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES	-	-
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)	-	-
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII.	OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS	(708)	-
IX.	DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES	(373)	4,165
X.	NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	3,068	(15,909)
XI.	CURRENT PERIOD PROFIT/LOSS	12,760	45,316
11.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	360	978
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	12,400	44,338
XII.	TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	15,828	29,407

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 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

		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 Perod Net Profit / (Loss)	Prior Perod 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 31/12/2013																			
I.	Balances at the Beginning of Period - 01/01/2013	420,000	-	(814)	-	7,110	-	72,074	-	26,058	-	17,057	33,416	-	-	-	574,901	-	574,901
II.	Corrections According to Turkish Accounting Standard No.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I + II)	420,000	-	(814)	-	7,110	-	72,074	-	26,058	-	17,057	33,416	-	-	-	574,901	-	574,901
Changes in the Period																			
IV.	Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Difference of Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	(16,866)	-	-	-	-	(16,866)	-	(16,866)
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	(5.V.2)	-	-	-	-	-	-	-	-	-	-	957	-	-	-	957	-	957
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	-	-	-	-	-	-	-	-	45,316	-	-	-	-	-	-	45,316	-	45,316
XX.	Profit Distribution	-	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
20.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transferred to Reserves	(5.V.4)	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
20.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 31/12/2013		420,000	-	(814)	-	8,531	-	96,711	-	45,316	-	191	34,373	-	-	-	604,308	-	604,308

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 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

		THOUSANDS OF TURKISH LIRA																	
	Footnotes (Section 5)	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves (*)	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Differences of Securities	Revaluation Fund on Tangible Assets	Securities Value Increase Fund	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Non- controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD 31/12/2014																			
I.	Balances at the Beginning of Period - 01/01/2014	420,000	-	(814)	-	8,531	-	96,711	-	45,316	-	191	34,373	-	-	-	604,308	-	604,308
Changes in the Period																			
II.	Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation Difference of Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	1,644	-	-	-	-	1,644	-	1,644
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	(5.V.2)	-	-	-	-	-	-	-	-	-	-	1,991	-	-	-	1,991	-	1,991
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.	Issuences of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Abolition profit of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	(5.V.7)	-	-	-	-	-	-	(567)	-	-	-	-	-	-	-	(567)	-	(567)
XVII.	Current Period Net Profit / Loss		-	-	-	-	-	-	-	12,760	-	-	-	-	-	-	12,760	-	12,760
XVIII.	Profit Distribution		-	-	-	2,261	-	15,186	57,366	(45,316)	-	-	(29,497)	-	-	-	-	-	-
18.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to Reserves	(5.V.4)	-	-	-	2,261	-	15,186	57,366	(45,316)	-	-	(29,497)	-	-	-	-	-	-
18.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII) - 31/12/2014		420,000	-	(814)	-	10,792	-	111,897	56,799	12,760	-	1,835	6,867	-	-	-	620,136	-	620,136

(\*) 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 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2014 - 31/12/2014)	PRIOR PERIOD (01/01/2013 - 31/12/2013)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>		<b>64,463</b>	<b>40,790</b>
1.1.1 Interest Received		343,903	286,443
1.1.2 Interest Paid		(162,255)	(152,469)
1.1.3 Dividend Received		-	-
1.1.4 Fees And Commissions Received		13,272	15,569
1.1.5 Other Income		(26,832)	(21,057)
1.1.6 Collections from Non-performing Loans		26,615	34,639
1.1.7 Payments to Personnel and Service Suppliers		(79,569)	(72,802)
1.1.8 Taxes Paid		(8,126)	(15,490)
1.1.9 Other	(5.VI.3)	(42,545)	(34,043)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(241,674)</b>	<b>(131,594)</b>
1.2.1 Net (Increase) Decrease in Trading Securities		(747)	363
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV		-	-
1.2.3 Net (Increase) Decrease in Banks		16,103	(58,430)
1.2.4 Net (Increase) Decrease in Loans		(51,069)	(246,231)
1.2.5 Net (Increase) Decrease in Other Assets	(5.VI.3)	(2,994)	35,950
1.2.6 Net Increase (Decrease) in Bank Deposits		164,858	(53,498)
1.2.7 Net Increase (Decrease) in Other Deposits		(177,416)	(134,481)
1.2.8 Net Increase (Decrease) in Funds Borrowed		(187,339)	339,584
1.2.9 Net Increase (Decrease) in Due Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(5.VI.3)	(3,070)	(14,851)
<b>I. Net Cash Provided by / (Used in) Banking Operations</b>		<b>(177,211)</b>	<b>(90,804)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (Used in) Investing Activities</b>		<b>175,967</b>	<b>56,968</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		(11,828)	(769)
2.4 Fixed Assets Sales		137	125,302
2.5 Cash Paid for Purchase of Investments Available for Sale		(70,706)	(140,714)
2.6 Cash Obtained From Sale of Investments Available for Sale		259,051	73,899
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other	(5.VI.3)	(687)	(750)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. 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. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(5.VI.3)	<b>8,843</b>	<b>18,713</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>7,599</b>	<b>(15,123)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period</b>	(5.VI.1,2)	<b>378,580</b>	<b>393,703</b>
<b>VII. Cash and Cash Equivalents at the End of Period (V+VI)</b>	(5.VI.1,2)	<b>386,179</b>	<b>378,580</b>

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ**  
**STATEMENTS OF PROFIT DISTRIBUTION**  
**FOR THE PERIODS ENDED 31 DECEMBER 2014 AND 2013**  
**(Currency: Thousands of TL - Turkish Lira)**

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD (01/01/2014-31/12/2014)	PRIOR PERIOD (01/01/2013-31/12/2013)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS) (**)</b>		
1.1 CURRENT YEAR INCOME/(LOSS)	15,146	47,188
1.2 TAXES AND DUTIES PAYABLE (-)	2,630	3,375
1.2.1 Corporate tax (Income tax)	1,635	4,206
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	995	(831)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	12,516 (*)	43,813
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	2,191
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	-	41,622
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	13,753
1.13 OTHER RESERVES	-	27,869
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0.0030 (*)	0.0104
3.2 TO OWNERS OF ORDINARY SHARES ( % )	3.0 (*)	10.4
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-

(\*) The authorised body of the Bank for the distribution of the current period's profit is the General Assembly. The Bank's annual ordinary General Assembly meeting had not been held as of the date on which these financial statements were prepared.

(\*\*) Statement of Profit Distribution above belongs to the Parent Bank.

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014 (continued)  
(Currency: Thousands of TL - Turkish Lira)**

**SECTION THREE**

**ACCOUNTING POLICIES**

**I. Basis of presentation**

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

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

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

Financial statements have been prepared in TL, under the historical cost convention except for 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, 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 TAS and are consistent with the accounting policies applied for the year ended 31 December 2013. TAS/TFRS changes which are effective from January 1, 2014 do not have a significant effect on the Group’s accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2014 (continued)**  
(Currency: Thousands of TL - Turkish Lira)

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

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

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

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

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

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

**Transactions denominated in foreign currencies:**

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

As at 31 December 2014, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 2.3189 , Euro: TL 2.8207, GBP: TL 3.5961 JPY: TL 0.0193.

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

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

The Parent Bank has no consolidating associate.

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

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

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

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

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**IV. Forward transactions, options and derivative instruments**

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

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

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

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

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

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

**V. Interest income and expense**

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

**VI. Fees and commissions**

Fee and commission income and expenses are accounted on accrual or cash basis relatively, depending on the nature of the transaction. Upfront commissions from cash and non-cash loans are allocated to related periods. Upfront 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.

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**VII. Financial assets (continued)**

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

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

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

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

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

Purchase and sale transactions of available-for-sale securities are recorded on settlement date. Such financial assets are measured at their fair values subsequently following the initial recognition. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “Valuation Differences of Securities” under the shareholders’ equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

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

**c. Loans and receivables:**

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

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



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**VII. Financial assets (continued)**

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

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

**VIII. Impairment of financial assets**

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

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

If there is an objective evidence that certain loans will not be collected, for such loans; the Parent Bank provides specific and general allowances for loan and other receivables classified in accordance with the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published on the Official Gazette no.26333 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

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

**IX. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle the related financial assets and liabilities 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 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.

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

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

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

**XII. Goodwill and other intangible assets**

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

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

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

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

**XIII. Tangible assets**

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

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

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

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

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

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 “Property, Plant and Equipment”. For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in “Revaluation Fund on Tangible Assets” within the equity items. As at 31 December 2014, revaluation surplus on tangible assets amounts to TL 7,228 (31 December 2013: TL 5,132).

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**XIV. Leasing activities**

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

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

**XV. Provisions and contingencies**

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

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

**XVI. Contingent assets**

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

**XVII. Obligations concerning employee rights**

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

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

**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.

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**XVIII. Taxation (continued)**

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

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

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

**b. Deferred taxes:**

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

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

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

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

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

**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.

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**XX. Issued stock**

There is no issued stock in the current period.

**XXI. Acceptances**

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

**XXII. Government grants**

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

**XXIII. Reserves and profit distribution**

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

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

**XXIV. Related parties**

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

**XXVII. Reclassifications**

In order to achieve convenience presentation of financial statements as at 31 December 2014, no reclassifications have been made on the consolidated financial statements for the period ended 31 December 2013.

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**SECTION FOUR**

**CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Consolidated capital adequacy ratio**

As at 31 December 2014, the Group's consolidated capital adequacy ratio is %18.91 (31 December 2013: 17.37).

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", "Communiqué on Credit Risk Mitigation Techniques" 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:**

31 December 2014

	Risk Weights						
	Parent Bank						
	%0	%20	%50	%75	%100	%150	%200
<b>Value at Credit Risk</b>	<b>-</b>	<b>105,623</b>	<b>210,543</b>	<b>130,368</b>	<b>2,203,999</b>	<b>99,705</b>	<b>272,490</b>
<b>Risk Classifications</b>							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	579,481	75,023	-	-	33	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	819	-	-
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	3,163	48,490	26,604	-	61,451	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	50,030	402,202	12,768	-	1,865,891	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	3,280	1,486	-	173,824	3,430	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	5,030	-	378,773	-	111,724	-	-
Non-performing Receivables	12	-	2,941	-	39,691	4,921	-
Higher-Risk Categories Defined by Agency	3,376	913	-	-	-	61,549	136,245
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	30,753	-	-	-	120,960	-	-

	Risk Weights						
	Consolidated						
	%0	%20	%50	%75	%100	%150	%200
<b>Value at Credit Risk</b>	<b>-</b>	<b>107,824</b>	<b>210,724</b>	<b>135,917</b>	<b>2,190,450</b>	<b>99,705</b>	<b>272,490</b>
<b>Risk Classifications</b>							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	580,464	75,023	-	-	33	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	979	-	-
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	3,158	59,494	26,966	-	61,451	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	50,030	402,202	12,768	-	1,872,690	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	3,280	1,486	-	181,223	3,430	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	5,030	-	378,773	-	111,724	-	-
Non-performing Receivables	12	-	2,941	-	39,691	4,921	-
Higher-Risk Categories Defined by Agency	3,376	913	-	-	-	61,549	136,245
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	30,753	-	-	-	100,452	-	-



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

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

<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

  

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

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

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

**Components of shareholders' equity:**

	<b>31 December 2014</b>
<b>COMMON EQUITY</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	420,000
Share premium	(814)
Share cancellation profits	-
Reserves	180,055
Gains reflected in equity in accordance with TAS	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>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
Leasehold improvements (-)	7,563
Goodwill or other intangible assets and deferred tax liability related to these items (-)	395
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	-
Direct and indirect investments of the Bank in its own Common Equity (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity (-)	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity (-)	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	-
Excess amount arising from mortgage servicing rights (-)	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Common Equity</b>	<b>8,525</b>
<b>Total Common Equity</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>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>Total Additional Tier I Capital</b>	<b>-</b>

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

**Deductions from Tier I Capital**

Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	1,579
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 (-)	-

**Total Tier I Capital**

**610,599**

**TIER II CAPITAL**

Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	-
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	-
General Loan Loss Provisions	22,615
Third parties' shares in the Tier II Capital	-
<b>Tier II Capital Before Deductions</b>	<b>22,615</b>

**Deductions From Tier II Capital**

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

**Total Tier II Capital**

**22,615**

**CAPITAL BEFORE DEDUCTIONS**

**633,214**

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 (-)	1,915
Loans granted to banks and financial institutions, including those established abroad, and to bank's qualified shareholders or investments made to debt instruments issued by them (-)	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 (-)	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 (-)	-

**TOTAL CAPITAL**

**630,801**

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

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

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

None.

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

None.

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

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

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

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

**Information on Internal Capital Adequacy Assessment Process:**

The Parent Bank follows up capital requirements according to the Capital Adequacy Regulation and determines capital requirements according to legal limits. The Parent Bank have not need internal assessment of capital requirements in consideration of magnitude and transaction volume.

**II. Consolidated credit risk**

1. Credit risk represents the risk generating from the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

In the Parent Bank, Credit Allocation Department and Problematic Loans Follow-up Department is responsible for managing the credit risk. The Group determines credit limits to counter parties and does not allocate loans more than these limits so as to subject credit risk to risk limitation. Credit limits are determined individually for each customer, company, company groups and risk groups. The Group assesses several criteria such as financial power of customers, business capacity, industry, geographical segment and equity structure when determining credit limits. The review of financial position of the customers is based on financial statements obtained in accordance with relevant legislation and other information. The geographical distribution of credit customers is appropriate to branch network, country, industry, trade and service activities allocation. The credibility of the debtors is assessed periodically with taking notice of the financial statements of the debtors obtained thoroughly to be audited in accordance with the relevant legislation.

The Group gives importance to credit guarantees. Guarantees are generally in form of real estate and movable mortgages, commercial enterprise pledges, secured investment securities, letters of guarantee of other banks and sureties.

The Parent Bank assesses loans as past due loans that are classified in 2<sup>nd</sup> group loans in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" and whose principal or interest payments are not paid at relevant maturity dates. The loans are assessed as impaired if the principal or interest payments of loans are not paid over 90 days since their maturities or payment dates or if the Parent Bank assesses that the loan is impaired due to the loss of credibility of the debtor.

General loan loss provision is calculated for past due loans and specific provision is calculated for impaired loans in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"

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**II. Consolidated credit risk (continued)**

Information related to total amount of exposures after offsetting transactions but before applying risk mitigations and the average exposure amounts that are classified in different risk groups and types:

<b>Risk Classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount</b>
Claims on sovereigns and Central Banks	580,225	778,996
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	979	972
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	226,080	206,401
Claims on corporate receivables	2,330,978	2,253,422
Claims included in the regulatory retail portfolios	191,510	250,074
Claims secured by residential property	498,929	546,557
Past due loans	47,565	47,961
Higher risk categories decided by the Board	203,586	186,945
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims on banks and intermediary institutions and short-term receivables	-	-
Undertakings for collective investments in mutual funds	-	-
Other receivables	131,205	130,540

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

2. The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with other potential risks resulting from market fluctuations.
3. Regarding forward transactions, if it is required, reverse positions of the current positions are purchased to minimize the risk.
4. Indemnified non-cash loans are treated as non-performing loans in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published at Official Gazette no.26333 dated 1 November 2006. Standard loans, restructured and rescheduled loans are followed-up in accordance with the monitoring methods defined by banking regulations.
5. There is a risk evaluation structure within the Parent Bank for foreign funding transactions, where the countries and their market risks are analyzed although the Group's credit portfolio does not include significant foreign operations and credit transactions yet. When the international interbank credit transactions of the Group are assessed, there is no significant international credit risk concentration.
6. a) As at 31 December 2014, the share of the top 100 and 200 cash loan customers constitutes 47% and 58% of the total cash loans portfolio (31 December 2013: 48% and 59%), respectively.  
b) As at 31 December 2014, the share of the top 100 and 200 non-cash loan customers constitute 74% and 86% of the total non-cash loans portfolio (31 December 2013: 76% and 86%), respectively.  
c) As at 31 December 2014, the Group's total cash and non-cash loans from its top 100 and 200 loan customers comprise 16 % and 20% of the aggregate of total assets and off-balance sheet items (31 December 2013: 17% and 21%), respectively.
7. As at 31 December 2014, the Group's general loan loss provision amounts to TL 22,615 (31 December 2013: TL 23,736).

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**II. Consolidated credit risk (continued)**

**8.a) Profile of Significant Exposures in Major Regions:**

<b>31 December 2014 (****)</b>	<b>Risk Classifications (*)</b>																<b>Total</b>
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	580,225	-	979	-	-	205,262	2,306,165	191,327	498,929	47,565	203,542	-	-	-	-	112,735	4,146,729
European Union Countires	-	-	-	-	-	14,635	-	1	-	-	44	-	-	-	-	18,459	33,139
OECD Countries(**)	-	-	-	-	-	3,766	21,732	-	-	-	-	-	-	-	-	-	25,498
Off-Shore Banking Regions	-	-	-	-	-	-	1,498	10	-	-	-	-	-	-	-	-	1,508
USA, Canada	-	-	-	-	-	1,705	-	133	-	-	-	-	-	-	-	11	1,849
Other Countires	-	-	-	-	-	712	1,583	39	-	-	-	-	-	-	-	-	2,334
Investments and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>580,225</b>	<b>-</b>	<b>979</b>	<b>-</b>	<b>-</b>	<b>226,080</b>	<b>2,330,978</b>	<b>191,510</b>	<b>498,929</b>	<b>47,565</b>	<b>203,586</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,205</b>	<b>4,211,057</b>

  

<b>31 December 2013 (****)</b>	<b>Risk Classifications (*)</b>																<b>Total</b>
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	792,586	-	900	-	-	135,266	2,260,990	295,262	630,508	46,183	188,868	-	-	-	-	117,905	4,468,468
European Union Countires	-	-	-	-	-	12,468	15,133	1	-	-	49	-	-	-	-	8,816	36,467
OECD Countries(**)	-	-	-	-	-	329	-	-	-	-	-	-	-	-	-	-	329
Off-Shore Banking Regions	-	-	-	-	-	-	67	11	-	-	-	-	-	-	-	-	78
USA, Canada	-	-	-	-	-	3,827	-	80	-	-	-	-	-	-	-	1,594	5,501
Other Countires	-	-	-	-	-	2,276	1,502	84	-	-	-	-	-	-	-	-	3,862
Investments and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>792,586</b>	<b>-</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>154,166</b>	<b>2,277,692</b>	<b>295,438</b>	<b>630,508</b>	<b>46,183</b>	<b>188,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,315</b>	<b>4,514,705</b>

(\*) Risk classifications in the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” have been used.

- |   |   |    |   |
|---|---|----|---|
| 1 | Claims on sovereigns and Central Banks                                | 9  | Claims secured by residential property  |
| 2 | Claims on regional governments or local authorities                   | 10 | Past due loans  |
| 3 | Claims on administrative bodies and other non-commercial undertakings | 11 | Higher risk categories decided by the Board   |
| 4 | Claims on multilateral development banks                              | 12 | Secured by mortgages  |
| 5 | Claims on international organizations                                 | 13 | Securitization positions  |
| 6 | Claims on banks and intermediary institutions                         | 14 | Short-term claims on banks and intermediary institutions and short-term corporate receivables |
| 7 | Claims on corporate   | 15 | Undertakings for collective investments in mutual funds                                       |
| 8 | Claims included in the regulatory retail portfolios                   | 16 | Other receivables   |

(\*\*) Includes OECD countries other than EU countries, USA and Canada

(\*\*\*) Includes asset and liability items that cannot be allocated on a consistent basis

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



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**II. Consolidated credit risk (continued)**

**8.b) Risk profile by industries or counterparties:**

31 December 2014 (**)	Risk Classifications (*)																TL	FC	Total
Industries/Counterparties	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
Agriculture	-	-	-	-	-	-	87,296	6,816	21,900	1,449	-	-	-	-	-	-	101,308	16,153	117,461
Farming and Stockbreeding	-	-	-	-	-	-	66,670	5,218	19,921	1,449	-	-	-	-	-	-	79,623	13,635	93,258
Forestry	-	-	-	-	-	-	14,801	1,336	1,728	-	-	-	-	-	-	-	15,347	2,518	17,865
Fishery	-	-	-	-	-	-	5,825	262	251	-	-	-	-	-	-	-	6,338	-	6,338
Manufacturing	-	-	818	-	-	-	987,133	45,135	100,457	25,647	3	-	-	-	-	-	718,418	440,775	1,159,193
Mining and Quarrying	-	-	-	-	-	-	175,403	1,292	2,230	713	-	-	-	-	-	-	19,251	160,387	179,638
Production	-	-	818	-	-	-	779,994	43,195	98,227	18,648	3	-	-	-	-	-	692,192	248,693	940,885
Electric, Gas and Water	-	-	-	-	-	-	31,736	648	-	6,286	-	-	-	-	-	-	6,975	31,695	38,670
Construction	-	-	-	-	-	-	380,774	9,547	155,648	2,703	4	-	-	-	-	-	365,472	183,204	548,676
Services	580,225	-	161	-	-	226,080	829,017	33,810	109,531	12,227	5	-	-	-	-	18,831	1,238,711	571,176	1,809,887
Wholesale and Retail Trade	-	-	-	-	-	-	189,143	17,834	43,268	1,846	2	-	-	-	-	-	209,906	42,187	252,093
Hotel, Food and Beverage Services	-	-	-	-	-	-	40,625	2,073	29,885	462	-	-	-	-	-	-	14,033	59,012	73,045
Transportation and Telecommunication	-	-	-	-	-	-	69,906	2,564	5,687	7,484	-	-	-	-	-	-	54,906	30,735	85,641
Financial Institutions	580,225	-	160	-	-	226,080	405,803	114	1,175	117	1	-	-	-	-	18,831	826,428	406,078	1,232,506
Real Estate and Rental Services	-	-	-	-	-	-	2,789	110	8,650	-	-	-	-	-	-	-	692	10,857	11,549
Professional Services	-	-	1	-	-	-	89,634	9,755	17,302	2,317	2	-	-	-	-	-	96,958	22,053	119,011
Educational Services	-	-	-	-	-	-	77	60	1,913	-	-	-	-	-	-	-	2,050	-	2,050
Health and Social Services	-	-	-	-	-	-	31,040	1,300	1,651	1	-	-	-	-	-	-	33,738	254	33,992
Other	-	-	-	-	-	-	46,758	96,202	111,393	5,539	203,574	-	-	-	-	112,374	548,433	27,407	575,840
<b>Total</b>	<b>580,225</b>	<b>-</b>	<b>979</b>	<b>-</b>	<b>-</b>	<b>226,080</b>	<b>2,330,978</b>	<b>191,510</b>	<b>498,929</b>	<b>47,565</b>	<b>203,586</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,205</b>	<b>2,972,342</b>	<b>1,238,715</b>	<b>4,211,057</b>

(\*) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" have been used.

- |   |   |    |   |
|---|---|----|---|
| 1 | Claims on sovereigns and Central Banks                                | 9  | Claims secured by residential property  |
| 2 | Claims on regional governments or local authorities                   | 10 | Past due loans  |
| 3 | Claims on administrative bodies and other non-commercial undertakings | 11 | Higher risk categories decided by the Board   |
| 4 | Claims on multilateral development banks                              | 12 | Secured by mortgages  |
| 5 | Claims on international organizations                                 | 13 | Securitization positions  |
| 6 | Claims on banks and intermediary institutions                         | 14 | Short-term claims on banks and intermediary institutions and short-term corporate receivables |
| 7 | Claims on corporate   | 15 | Undertakings for collective investments in mutual funds                                       |
| 8 | Claims included in the regulatory retail portfolios                   | 16 | Other receivables   |

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

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**II. Consolidated credit risk (continued)**

**8.c) Analysis of maturity-bearing exposures according to remaining maturities:**

	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
<b>Risk Classifications (*)</b>					
Claims on sovereigns and Central Banks (***)	208,960	64,173	54,786	4,710	60,003
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	160	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	178,248	-	-	1,330	1,477
Claims on corporate	567,288	385,801	345,930	543,804	270,114
Claims included in the regulatory retail portfolios	40,188	24,284	26,424	39,426	18,608
Claims secured by residential property	39,295	61,598	78,797	80,733	232,406
Past due loans (*)	-	-	-	-	-
Higher risk categories decided by the Board	201	-	-	-	203,375
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>TOTAL (**)</b>	<b>1,034,340</b>	<b>535,856</b>	<b>505,937</b>	<b>670,003</b>	<b>785,983</b>

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

(\*\*) Net impaired loans amounting to TL 47,565 and other risk amounts not bearing maturity exposures amounting to TL 631,373 are not included.

(\*\*\*) The amount of restricted time deposits kept at Central Bank of Turkey is presented under the up to 1-month column.

**9. Information related to Credit Ratings:**

While determining the risk classifications explained in the article No. 6 of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, ratings given by authorized rating companies are not used.

**Exposures by Risk Weights**

Risk Weights	0%	20%	50%	75%	100%	150%	200%	Deducted From Equity (*)
Exposures Before Credit Risk Mitigation	610,952	504,219	422,037	188,053	2,277,290	68,555	139,951	11,950
Exposures After Credit Risk Mitigation	676,103	539,118	421,448	181,223	2,190,450	66,470	136,245	11,950

(\*) Includes the amounts deducted from core capital.

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**II. Consolidated credit risk (continued)**

**10. Information of major industries or type of counterparties:**

Impaired and past due loans and value adjustments and methods related to provisions are explained at Section Four, article no. 1 of Footnote II.

Major Industries/Counterparties	Loans (*)			
	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
Agriculture	<b>13,719</b>	<b>154</b>	<b>3</b>	<b>12,270</b>
Farming and Stockbreeding	13,716	154	3	12,267
Forestry	2	-	-	2
Fishery	1	-	-	1
Manufacturing	<b>59,245</b>	<b>4,155</b>	<b>83</b>	<b>33,598</b>
Mining and Quarrying	1,356	-	-	643
Production	51,552	4,155	83	32,904
Electricity, Gas and Water	6,337	-	-	51
Construction	<b>28,694</b>	<b>1,501</b>	<b>30</b>	<b>25,991</b>
Services	<b>34,500</b>	<b>311</b>	<b>6</b>	<b>22,273</b>
Wholesale and Retail Trade	14,070	124	2	12,224
Accommodation and Dining	983	-	-	521
Transportation and Telecommunication	11,708	83	2	4,224
Financial Institutions	172	-	-	55
Real Estate and Rental Services.	-	-	-	-
Professional Services	7,544	104	2	5,227
Educational Services	-	-	-	-
Health and Social Services	23	-	-	22
Others	<b>22,054</b>	<b>18,801</b>	<b>376</b>	<b>16,515</b>
<b>Total</b>	<b>158,212</b>	<b>24,922</b>	<b>498</b>	<b>110,647</b>

(\*) Includes information relating to cash loans.

**Information related with value adjustments and loan loss provisions:**

	Opening Balance	Provision for the Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions (**)	133,617	36,749	(6,050)	(53,669)	110,647
General Loan Loss Provisions	23,736	-	(1,121)	-	22,615

(\*) Other adjustments in specific provisions include amounts related to loans that are written-off and amounts related to specific provisions for indemnified non-cash loans for which provision has been booked on other provision account in prior period.

(\*\*) Includes information relating to cash loan.

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**III. Consolidated market risk**

Consolidated market risk is the potential risk of loss on the assets and liabilities of the Parent Bank'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 arising from Options" and reported by Parent Bank on monthly basis.

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

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

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

**a) Consolidated market risk**

	<b>Amount</b>
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	743
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	360
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	64
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	-
(VII) Capital Requirement for Counterparty Credit Risk - Standard Method	349
(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) (*)	1,516
<b>(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>18,950</b>

(\*) For the purpose of the capital adequacy ratio calculation, 8% of total amount of TL 18,950 which is TL 1,516 was used for the market risk. TL 1,516 also represents the minimum capital amount to eliminate the related market risk.

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**III. Consolidated market risk (continued)**

**b) Average market risk presentation of quarterly calculated market risks:**

	31 December 2014			31 December 2013		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	537	953	421	848	1,449	462
Common Stock Risk (*)	568	651	339	375	468	324
Currency Risk	95	126	43	719	1,161	264
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	3	10	-	425	541	307
Counter Party Credit Risk (**)	241	473	157	753	1,106	320
<b>Total Value-At-Risk (***)</b>	<b>18,047</b>	<b>22,750</b>	<b>14,288</b>	<b>38,991</b>	<b>57,763</b>	<b>26,563</b>

(\*) Includes capital requirements amount that is calculated for specific risk and market risk related to mutual funds positions.

(\*\*) Represents counterparty credit risk related to trading books.

(\*\*\*) The minimum and maximum values of total VaR represent the minimum and maximum values among month-end's total calculated VaRs, and are not related to the total of the components stated in the table.

**Information related with counterparty credit risk:**

Counterparty risk arising from repurchase agreements and derivative transactions recorded on trading books is calculated. Counterparty credit risk is recalculated within the scope of Valuation Method According to the Fair Value described in Annex-2 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". In this context, total counterparty credit risk consists of the sum of replacement cost of derivative transactions and potential risk amount. Replacement costs are included in the recalculation but only contracts with a positive fair value are taken into account. Potential credit risk amount is recalculated by the multiplication of the contract amount with the credit turnover ratios described in Valuation Method According to the Fair Value in Annex-2 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". Within trading books there is no conservation which has been purchased by way of credit derivatives.

**Quantitative information related with counter party risk:**

	Amount
Interest Rate Contracts	-
Foreign Exchange Rate Contracts	8,853
Commodity Contracts	-
Equity Shares Related Contracts	-
Other	-
Gross Positive Fair Values	12,800
Net-off Benefits	-
Net-off Current Risk Amount	-
Collaterals Received	-
<b>Net Derivative Position (*)</b>	<b>21,653</b>

(\*) Includes amounts related with only trading books.

**Required disclosures in case the capital requirement of the Parent Bank is calculated by a risk measurement model permitted by BRSA:**

The Parent Bank does not use any risk measurement model for capital requirements.

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**IV. Consolidated operational risk**

The Group used the “Basic Indicators Approach” in computation of its operational risk. In accordance with the 3<sup>rd</sup> section ‘Computation of the Operational Risk’ of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, published in the Official Gazette no. 29111 dated 6 September 2014, operational risk is computed using the gross income of the Group for the years ended 2013, 2012 and 2011. Operational risk used in computation of capital adequacy ratio per article I of this section is 8% of TL 300,097 which is TL 24,008. TL 24,008 represents also the minimum capital amount to eliminate the operational risk.

**Information related with operational risk that is calculated with Basic Indicator Approach**

	2 PP Amount	1 PP Amount	CP Amount	Total/No of years of positive gross	Rate(%)	Total
Gross Income	148,632	166,078	165,445	3	15	24,008
Value at Operational Risk (Total*12.5)						300,097

**V. 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).

	24/12/14	25/12/14	26/12/14	29/12/14	30/12/14	31/12/14
<b>USD</b>	2.3165	2.3209	2.3177	2.3182	2.3235	2.3189
<b>GBP</b>	3.5972	3.6005	3.5933	3.5997	3.6090	3.5961
<b>EURO</b>	2.8317	2.8312	2.8368	2.8255	2.8339	2.8207
<b>JPY</b>	0.0192	0.0192	0.0192	0.0192	0.0192	0.0193

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

	Monthly Average FC Exchange Bid Rates
<b>USD</b>	2.2868
<b>GBP</b>	3.5695
<b>EURO</b>	2.8202
<b>JPY</b>	0.0191

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

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

<b>31 December 2014</b>	<b>EURO</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (*)	7,136	253,574	44,773	305,483
Banks	2,052	42,486	780	45,318
Financial Assets at Fair Value Through Profit or Loss (**)	52	373	-	425
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	4,197	-	4,197
Loans (***)	136,011	478,141	3,928	618,080
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (**)	9,014	12,326	-	21,340
<b>Total Assets</b>	<b>154,265</b>	<b>791,097</b>	<b>49,481</b>	<b>994,843</b>
<b>Liabilities</b>				
Bank Deposits	118,557	46,441	-	164,998
Foreign Currency Deposits	266,282	712,377	8,606	987,265
Interbank Money Markets	-	-	-	-
Funds Borrowed from Other Financial Institutions	88,107	222,082	1,805	311,994
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	133	538	-	671
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities (**) (*****)	1,302	1,687	36	3,025
<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>
<b>31 December 2012</b>				
<b>Total Assets (*) (**) (***)</b>	<b>282,654</b>	<b>922,340</b>	<b>49,189</b>	<b>1,254,183</b>
<b>Total Liabilities (*) (**) (*****)</b>	<b>461,730</b>	<b>1,110,896</b>	<b>9,468</b>	<b>1,582,094</b>
<b>Net On Balance Sheet Position</b>	<b>(179,076)</b>	<b>(188,556)</b>	<b>39,721</b>	<b>(327,911)</b>
<b>Net Off Balance Sheet Position</b>	<b>171,608</b>	<b>188,138</b>	<b>(38,815)</b>	<b>320,931</b>
Financial Derivatives (Assets) (*****)	220,277	478,784	60,886	759,947
Financial Derivatives (Liabilities) (*****)	48,669	290,646	99,701	439,016
<b>Non-cash Loans (****)</b>	<b>116,021</b>	<b>506,848</b>	<b>5,665</b>	<b>628,534</b>

(\*) As at 31 December 2014 precious metals balance in the Central Bank accounts amounting to TL 44,108 is included in other FC (31 December 2013: TL 41,143).

(\*\*) As at 31 December 2014, accrual differences of derivative transactions presented in "Financial Assets At Fair Value Through Profit or Loss" and "Negative Value of Trading Derivatives" amounting to TL 638 and TL 5,544, respectively, (31 December 2013: TL 3,165 and TL 436) and accrual differences of value dated transactions presented under liabilities in "Other External Resources" amounting to TL 116 (31 December 2013: TL 60) are not included in the table, respectively. As at 31 December 2013, accrual differences of value dated transactions amounting to TL 138 presented under assets in "Other Assets" are not included.

(\*\*\*) As at 31 December 2014, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 183,099 (31 December 2013: TL 234,203).

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

(\*\*\*\*\*) As at 31 December 2014, value dated FX buying and FX selling transactions amounting to TL 24,689 and TL 27,587, respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2013: TL 41,460 and TL 46,077). As at 31 December 2014 precious metal swap sales amounting to TL 66,162 in "Other" item of Derivatives Financial Instruments section of off-balance sheet items is included in Other FC column (31 December 2013: TL 61,714).

(\*\*\*\*\*) "Valuation Differences of Securities" amounting to TL 3 (31 December 2013: TL (3)) classified under Equity as of 31 December 2014 is not included.

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

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

	31 December 2014				31 December 2013			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
Change in foreign currency rate	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(58)	58	(58)	58	(42)	42	(42)	42
EURO	12	(12)	12	(12)	(747)	747	(747)	747
Other FC	(9)	9	(9)	9	91	(91)	91	(91)
<b>Total, net</b>	<b>(55)</b>	<b>55</b>	<b>(55)</b>	<b>55</b>	<b>(698)</b>	<b>698</b>	<b>(698)</b>	<b>698</b>

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

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

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

	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:**

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

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

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

	EURO %	USD %	JPY %	TL %
<b>31 December 2013 (*)</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	0.67	-	9.03
Financial Assets at Fair Value Through Profit or Loss	2.20	4.46	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	4.77	6.00	-	10.30
Loans	5.68	6.24	5.73	11.23
Investment Securities Held-to-Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	3.15	3.26	-	9.35
Interbank Money Market Borrowings	-	-	-	7.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	2.45	2.02	-	5.88

(\*) Stated at compound interest rates.

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**VI. 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 the legal limit based on this measurement is monitored and reported monthly.

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 31 December 2014.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	500	(36,517)	(%5.8)
	(400)	33,591	%5.4
EURO	200	(756)	(%0.1)
	(200)	302	%0.0
USD	200	(5,943)	(%1.0)
	(200)	5,902	%0.9
<b>Total (of negative shocks)</b>		<b>39,795</b>	<b>%6.3</b>
<b>Total (of positive shocks)</b>		<b>(43,216)</b>	<b>(%6.9)</b>

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

None.

**VIII. 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.

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

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:**

<b>31 December 2014</b>	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and Over</b>	<b>Undist. (*)</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	216,610	131,980	-	-	-	-	-	348,590
Banks	4,746	78,893	-	-	-	-	-	83,639
Financial Assets at Fair Value Through Profit or Loss	2,053	12,666	215	31	53	229	-	15,247
Interbank Money Market Placements	-	86,026	-	-	-	-	-	86,026
Investment Securities Available-for-Sale	160	15,733	64,172	63,659	38,921	21,082	-	203,727
Loans	-	657,704	433,504	993,053	550,781	130,311	47,565	2,812,918
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	68,714	2,866	468	97	1,737	40,348	114,230
<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>Liabilities</b>								
Bank Deposits	30	164,997	-	-	-	-	-	165,027
Other Deposits	139,384	1,511,112	665,022	26,695	20	-	-	2,342,233
Funds Borrowed from Other Financial Institutions	-	59,569	109,672	178,862	-	-	-	348,103
Interbank Money Markets	-	64,359	-	-	-	-	-	64,359
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	8,805	-	-	-	-	-	-	8,805
Other Liabilities	-	66,587	5,440	30	-	-	663,793	735,850
<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>
<b>31 December 2013</b>								
Total Assets	463,375	660,118	380,403	1,102,866	946,400	228,930	72,162	3,854,254
Total Liabilities	193,744	2,152,906	607,039	244,491	3,756	-	652,318	3,854,254
<b>Net Liquidity Gap</b>	<b>269,631</b>	<b>(1,492,788)</b>	<b>(226,636)</b>	<b>858,375</b>	<b>942,644</b>	<b>228,930</b>	<b>(580,156)</b>	<b>-</b>

(\*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 28,795, stationary supplies amounting to TL 363, assets to be disposed of amounting to TL 11,190, loans in follow-up amounting to TL 47,565 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 43,657 and equity amounting to TL 620,136 are included here.

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

As per the BRSA regulation dated 1 November 2006 and became effective starting from 1 January 2007, the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Parent Bank's liquidity ratios for 2014 are as follows:

<b>Liquidity Ratios</b>	<b>First Maturity Bracket</b>		<b>Second Maturity Bracket</b>	
	<b>FC Liquidity Adequacy Ratio</b>	<b>Total Liquidity Adequacy Ratio</b>	<b>FC Liquidity Adequacy Ratio</b>	<b>Total Liquidity Adequacy Ratio</b>
<b>31 December 2014</b>	232.9	221.6	155.3	126.8
Average (%)	274.4	196.9	155.0	120.1
Max. (%)	429.7	254.3	202.1	136.3
Min. (%)	149.8	168.5	120.2	107.0

The undiscounted cash outflows of the residual contractual maturities of the Group's financial liabilities are shown below.

**Financial liabilities by remaining contractual maturities:**

<b>31 December 2014</b>	<b>Carrying Value</b>	<b>Gross</b>		<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and more</b>
		<b>Nominal Outflow</b>	<b>Demand</b>					
Bank Deposits	165,027	165,059	30	165,029	-	-	-	-
Deposits from Customers	2,342,233	2,352,560	139,384	1,515,941	670,246	26,966	23	-
Due to Money Markets	64,359	64,457	-	64,457	-	-	-	-
Funds Borrowed	348,103	351,302	-	59,603	110,046	181,653	-	-
<b>Total</b>	<b>2,919,722</b>	<b>2,933,378</b>	<b>139,414</b>	<b>1,805,030</b>	<b>780,292</b>	<b>208,619</b>	<b>23</b>	<b>-</b>

<b>31 December 2013</b>	<b>Carrying Value</b>	<b>Gross</b>		<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and more</b>
		<b>Nominal Outflow</b>	<b>Demand</b>					
Bank Deposits	19	19	19	-	-	-	-	-
Deposits from Customers	2,521,794	2,529,937	180,665	1,807,564	516,493	25,195	20	-
Due to Money Markets	258,597	258,654	-	258,654	-	-	-	-
Funds Borrowed	341,000	345,366	-	31,950	88,941	220,569	3,906	-
<b>Total</b>	<b>3,121,410</b>	<b>3,133,976</b>	<b>180,684</b>	<b>2,098,168</b>	<b>605,434</b>	<b>245,764</b>	<b>3,926</b>	<b>-</b>

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

None.

**X. 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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**X. 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	580,225	61,197	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial enterprises	979	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and capital market intermediary	226,080	78,176	-	-
Claims on corporate receivables	2,330,978	94,757	-	25
Claims included in the regulatory retail portfolios	191,510	9,338	-	221
Claims secured by residential property (*)	498,929	8,596	-	51
Non-performing receivables	47,565	12	-	-
Higher risk categories decided by Agency	203,586	5,791	-	-
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	131,205	-	-	-
<b>Total</b>	<b>4,211,057</b>	<b>257,867</b>	<b>-</b>	<b>297</b>

(\*) As per the Article 6 of the "Regulation on Measurement and Evaluation of Capital Adequacy 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.

**XI. 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 or relevant processes.

Risk Management Department consists of market risk unit and credit and operational risk unit, business continuity is performed by business continuity committee within the framework of Parent Bank Business Continuity Strategy. Risk management committees are market risk committee, credit risk committee, operational risk committee and business continuity committee.

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

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

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

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**XII. Presentation of financial assets and liabilities at their fair value**

In the current period, the investment securities include only the available for sale securities. Estimated fair value of investment securities available for sale are determined by their listed market prices or prices of instruments with similar interest rates, maturities and other variables, in case an active market is not available.

The estimated fair value of the demand deposits is the amount payable on demand. The fair values of the floating rate placements and overnight deposits are considered to approximate the carrying values due to short maturities. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities. The estimated fair values of loans are calculated by using discounted cash flows with current market rates. The fair value of miscellaneous payables represents its book value because of short term maturity.

In the table below; fair values and carrying values of some of the financial assets and liabilities are presented.

	Carrying value		Fair value	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Financial Assets</b>	<b>3,138,745</b>	<b>3,251,332</b>	<b>3,145,383</b>	<b>3,248,285</b>
Interbank money market	86,026	-	86,026	-
Banks	83,639	76,403	83,639	76,403
Investment securities available-for-sale (Net)	203,727	388,948	203,727	388,948
Investment securities held-to-maturity (Net)	-	-	-	-
Loans (*)	2,765,353	2,785,981	2,771,991	2,782,934
<b>Financial Liabilities</b>	<b>2,864,168</b>	<b>2,876,956</b>	<b>2,865,451</b>	<b>2,879,631</b>
Bank deposits	165,027	19	165,027	19
Other deposits	2,342,233	2,521,794	2,342,968	2,523,427
Funds borrowed from other financial institutions	348,103	341,000	348,651	342,042
Securities issued (Net)	-	-	-	-
Miscellaneous payables	8,805	14,143	8,805	14,143

(\*) Loans under follow up and specific provisions are not included.

“TFRS 7: Financial Instruments – Disclosures” describes classifications of valuation techniques based on observability of data used in valuation techniques which are basis for fair value measurements. Classification of fair values is defined as follows.

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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**XII. Presentation of financial assets and liabilities at their fair value (continued)**

The table below presents the classification of fair values of financial instruments carried at fair value:

<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>199,864</b>	<b>14,786</b>	<b>4,324</b>	<b>218,974</b>
<b>Financial Assets At Fair Value Through Profit or Loss</b>	<b>461</b>	<b>14,786</b>	<b>-</b>	<b>15,247</b>
Share Certificates	36	-	-	36
Public Sector Debt Securities	425	-	-	425
Trading Derivatives	-	12,769	-	12,769
Other Securities	-	2,017	-	2,017
<b>Investment Securities Available for Sale</b>	<b>199,403</b>	<b>-</b>	<b>4,324</b>	<b>203,727</b>
Share Certificates	-	-	160	160
Public Sector Debt Securities	199,403	-	-	199,403
Other Securities	-	-	4,164	4,164
<b>Financial Liabilities</b>	<b>-</b>	<b>5,615</b>	<b>-</b>	<b>5,615</b>
Trading Derivatives	-	5,615	-	5,615
<b>31 December 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>382,593</b>	<b>15,420</b>	<b>6,785</b>	<b>404,798</b>
<b>Financial Assets At Fair Value Through Profit or Loss</b>	<b>430</b>	<b>15,420</b>	<b>-</b>	<b>15,850</b>
Share Certificates	37	-	-	37
Public Sector Debt Securities	393	-	-	393
Trading Derivatives	-	14,369	-	14,369
Other Securities	-	1,051	-	1,051
<b>Investment Securities Available for Sale</b>	<b>382,163</b>	<b>-</b>	<b>6,785</b>	<b>388,948</b>
Share Certificates	-	-	160	160
Public Sector Debt Securities	381,414	-	-	381,414
Other Securities	749	-	6,625	7,374
<b>Financial Liabilities</b>	<b>-</b>	<b>6,119</b>	<b>-</b>	<b>6,119</b>
Trading Derivatives	-	6,119	-	6,119

**XIII. Activities carried out on behalf and account of other persons**

The Group performs sales, purchase, management, consultancy and custody services on behalf and account of others. The Group is not involved in fiduciary activities.

**XIV. 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, subsidiary of Parent Bank, intermediates for 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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**XIV. Consolidated segment reporting (continued)**

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

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

<b>31 December 2014</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking and Others</b>	<b>Total Operations</b>
<b>Operating Income</b>	<b>17,295</b>	<b>87,435</b>	<b>85,959</b>	<b>190,689</b>
Operating profit of segment	(12,905)	(25,251)	53,983	15,827
Costs not distributed	-	-	-	-
Operating profit	(12,905)	(25,251)	53,983	15,827
Income from subsidiaries	-	-	-	-
Profit before tax	(12,905)	(25,251)	53,983	15,827
Tax provision (-)	-	-	3,067	3,067
Profit after tax	(12,905)	(25,251)	50,916	12,760
Non-controlling rights	-	-	-	-
<b>Net Profit</b>	<b>(12,905)</b>	<b>(25,251)</b>	<b>50,916</b>	<b>12,760</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>
<b>Other Segment Items</b>	<b>257</b>	<b>488</b>	<b>15,938</b>	<b>16,683</b>
Capital expenditure	-	-	12,515	12,515
Depreciation and amortization	257	488	3,259	4,004
Impairment losses (**)	-	-	164	164
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 67% for corporate banking, 11% for retail banking, 22% 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 46%, 9%, and 45%, respectively.

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

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<b>31 December 2013</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking and Others</b>	<b>Total Operations</b>
<b>Operating Income</b>	<b>22,513</b>	<b>85,080</b>	<b>117,744</b>	<b>225,337</b>
Operating profit of segment	(7,079)	(27,789)	83,959	49,091
Costs not distributed	-	-	-	-
Operating profit	(7,079)	(27,789)	83,959	49,091
Income from subsidiaries	-	-	-	-
Profit before tax	(7,079)	(27,789)	83,959	49,091
Tax provision (-)	-	-	3,775	3,775
Profit after tax	(7,079)	(27,789)	80,184	45,316
Non-controlling rights	-	-	-	-
<b>Net Profit</b>	<b>(7,079)</b>	<b>(27,789)</b>	<b>80,184</b>	<b>45,316</b>
Segment assets (*)	398,313	2,457,533	998,408	3,854,254
Investments in subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>398,313</b>	<b>2,457,533</b>	<b>998,408</b>	<b>3,854,254</b>
Segment liabilities (*)	1,482,589	1,117,878	649,479	3,249,946
Equity	-	-	604,308	604,308
<b>Total Liabilities</b>	<b>1,482,589</b>	<b>1,117,878</b>	<b>1,253,787</b>	<b>3,854,254</b>
<b>Other Segment Items</b>	<b>231</b>	<b>549</b>	<b>3,309</b>	<b>4,089</b>
Capital expenditure	-	-	1,519	1,519
Depreciation and amortization	231	549	1,552	2,332
Impairment losses (**)	-	-	238	238
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in prior period as; 64% for corporate banking, 10% 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 38%, 10%, and 52%, 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:

	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash	14,904	15,849	15,324	33,867
Central Bank of Turkey (CBRT) (*)	28,203	289,634	67,314	333,768
Others	-	-	-	-
<b>Total</b>	<b>43,107</b>	<b>305,483</b>	<b>82,638</b>	<b>367,635</b>

b) Balances with the Central Bank of Turkey:

	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits (*)	28,203	157,654	67,314	185,685
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	131,980	-	148,083
<b>Total</b>	<b>28,203</b>	<b>289,634</b>	<b>67,314</b>	<b>333,768</b>

(\*) As at 31 December 2014, the Parent Bank keeps precious metals amounting to TL 44,108 as reserve deposits at Central Bank of Turkey (31 December 2013: TL 41,143).

c) Explanation related to reserve deposits:

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

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

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

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

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

b) Positive value of trading derivatives:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Forward transactions	32	7	1,170	131
Swap transactions	12,099	631	7,537	2,927
Futures	-	-	-	-
Options	-	-	2,497	107
Other	-	-	-	-
<b>Total</b>	<b>12,131</b>	<b>638</b>	<b>11,204</b>	<b>3,165</b>

**3. Information on banks:**

a) Information on banks:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	38,321	40,581	43,317	21,238
Foreign	-	4,737	-	11,848
Foreign branches	-	-	-	-
<b>Total</b>	<b>38,321</b>	<b>45,318</b>	<b>43,317</b>	<b>33,086</b>

b) Foreign banks:

	Unrestricted Amount		Restricted Amount	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
EU Countries	2,647	7,719	-	-
USA, Canada	1,705	3,800	-	-
OECD Countries (*)	385	329	-	-
Off shore zones	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>4,737</b>	<b>11,848</b>	<b>-</b>	<b>-</b>

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

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

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

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Given as collateral or blocked	10,217	-	17,054	-
Subject to repurchase agreements	64,480	-	270,193	-
<b>Total</b>	<b>74,697</b>	<b>-</b>	<b>287,247</b>	<b>-</b>

As at 31 December 2014, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 129,030 are unrestricted (31 December 2013: TL 101,701).

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

b) Available-for-sale securities:

	31 December 2014	31 December 2013
Debt instruments	203,569	390,125
Listed	199,405	383,500
Unlisted	4,164	6,625
Equity instruments	160	160
Listed	-	-
Unlisted	160	160
Impairment provision (-)	2	1,337
<b>Total</b>	<b>203,727</b>	<b>388,948</b>

**5. Information related to loans:**

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

	31 December 2014		31 December 2013	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	26,372	2	18,976	-
Corporate shareholders	26,372	2	18,976	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	42,448	515	1,473	364
Loans granted to employees	1,693	-	1,548	-
<b>Total</b>	<b>70,513</b>	<b>517</b>	<b>21,997</b>	<b>364</b>

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (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	2,683,992	2,477	-	66,939	28,779	-
Enterprise loans	-	-	-	-	-	-
Export loans	135,659	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	390,571	-	-	-	-	-
Consumer loans	332,170	1,977	-	19,677	185	-
Credit cards	25,653	-	-	1,765	-	-
Other	1,799,939	500	-	45,497	28,594	-
Specialized loans	13,814	35	-	608	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>2,697,806</b>	<b>2,512</b>	<b>-</b>	<b>67,547</b>	<b>28,779</b>	

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

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

Number of Amendments Related to the Extension of the Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended by 1 or 2 Times	2,463	28,779
Extended by 3,4 or 5 Times	49	-
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	509	1,460
6 Months - 12 Months	392	4,578
1-2 Years	340	2,995
2-5 Years	1,100	367
5 Years and Over	171	19,379

c) Information on cash loans and other receivables according to maturity structure concentration:

Cash Loans	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and other receivables (Total)	Conditions of Contracts Amended	Loans and other receivables (Total)	Conditions of Contracts Amended
Short term Loans	1,798,784	510	12,842	3,101
Non specialized Loans	1,798,784	510	12,842	3,101
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Middle and Long term Loans	899,022	2,002	54,705	25,678
Non specialized Loans	885,208	1,967	54,097	25,678
Specialized Loans	13,814	35	608	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>2,697,806</b>	<b>2,512</b>	<b>67,547</b>	<b>28,779</b>

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

d) 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>30,812</b>	<b>308,062</b>	<b>338,874</b>
Real estate Loans	51	106,133	106,184
Automotive Loans	2	1,559	1,561
Consumer Loans	30,748	199,778	230,526
Other	11	592	603
<b>Consumer Loans – Indexed to FC</b>	<b>-</b>	<b>2,798</b>	<b>2,798</b>
Real estate Loans	-	2,781	2,781
Automotive Loans	-	-	-
Consumer Loans	-	17	17
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>5,601</b>	<b>5,601</b>
Real estate Loans	-	5,601	5,601
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Credit Cards – TL</b>	<b>22,843</b>	<b>-</b>	<b>22,843</b>
Installment	5,402	-	5,402
Non installment	17,441	-	17,441
<b>Credit Cards – FC</b>	<b>309</b>	<b>-</b>	<b>309</b>
Installment	-	-	-
Non Installment	309	-	309
<b>Loans Given to Employees – TL</b>	<b>194</b>	<b>703</b>	<b>897</b>
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	194	703	897
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>861</b>	<b>-</b>	<b>861</b>
Installment	281	-	281
Non Installment	580	-	580
<b>Employee Credit Cards – FC</b>	<b>17</b>	<b>-</b>	<b>17</b>
Installment	-	-	-
Non Installment	17	-	17
<b>Overdraft Account – TL (Individual)</b>	<b>3,677</b>	<b>-</b>	<b>3,677</b>
<b>Overdraft Account – FC (Individual)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>58,713</b>	<b>317,164</b>	<b>375,877</b>

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

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

	Short Term	Medium or Long Term	Total
<b>Installment Corporate Loans – TL</b>	<b>34,897</b>	<b>230,364</b>	<b>265,261</b>
Business Residential Loans	-	496	496
Automotive Loans	107	21,046	21,153
Consumer Loans	1,016	-	1,016
Other	33,774	208,822	242,596
<b>Installment Corporate Loans – Indexed to FC</b>	<b>1,867</b>	<b>50,211</b>	<b>52,078</b>
Business Residential Loans	-	-	-
Automotive Loans	-	8,022	8,022
Consumer Loans	487	-	487
Other	1,380	42,189	43,569
<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>3,324</b>	<b>-</b>	<b>3,324</b>
Installment	1,312	-	1,312
Non Installment	2,012	-	2,012
<b>Corporate Credit Cards – FC</b>	<b>64</b>	<b>-</b>	<b>64</b>
Installment	-	-	-
Non Installment	64	-	64
<b>Overdraft Account – TL (Commercial)</b>	<b>4,421</b>	<b>-</b>	<b>4,421</b>
<b>Overdraft Account – FC (Commercial)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>44,573</b>	<b>280,575</b>	<b>325,148</b>

f) Loan concentration based on counterparties:

	31 December 2014	31 December 2013
Public sector	24,115	-
Private sector	2,741,238	2,785,981
<b>Total</b>	<b>2,765,353</b>	<b>2,785,981</b>

g) Domestic and foreign loans:

	31 December 2014	31 December 2013
Domestic loans	2,740,602	2,785,981
Foreign loans	24,751	-
<b>Total</b>	<b>2,765,353</b>	<b>2,785,981</b>

h) Loans granted to subsidiaries and associates: None.



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

i) Specific provisions for loans:

	31 December 2014	31 December 2013
Specific Provisions		
Loans and Receivables with Limited Collectability	4,431	1,886
Loans and Receivables with Doubtful Collectability	18,483	31,518
Uncollectible Loans and Receivables	87,733	100,213
<b>Total</b>	<b>110,647</b>	<b>133,617</b>

j) Information on non-performing loans (net):

j.1) Information on non-performing loans and other receivables those are restructured or rescheduled:	III. Grup Loans and receivables with limited collectability	IV. Grup Loans and receivables with doubtful collectability	V. Grup Uncollectible loans and receivables
Current period	-	-	637
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	637
Prior period	-	-	-
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	-

j.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	4,915	38,547	136,338
Additions (+)	63,877	4,222	2,091
Transfers from Other Categories of Non- Performing Loans (+)	-	47,067	46,723
Transfers to Other Categories of Non-Performing Loans (-)	47,067	46,723	-
Collections (-)	4,936	6,050	24,006
Write-offs (-)	-	4,513	52,273
Corporate and Commercial Loans	-	2,912	37,898
Retail Loans	-	607	7,439
Credit Cards	-	994	6,936
Other	-	-	-
Balances at End of the Period	16,789	32,550	108,873
Specific Provisions (-)	4,431	18,483	87,733
<b>Net Balance on Balance Sheet</b>	<b>12,358</b>	<b>14,067</b>	<b>21,140</b>

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

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

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

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
<b>31 December 2014 (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)	-	-	-
<b>31 December 2013 (Net)</b>	<b>3,029</b>	<b>7,029</b>	<b>36,125</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	4,915	38,547	136,338
Specific provision (-)	1,886	31,518	100,213
Loans Allowed to Real Persons and Corporate Bodies (Net)	3,029	7,029	36,125
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

k) Liquidation policy for uncollectible loans and other receivables:

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

l) Information on write-off from assets policy:

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

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

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

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

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

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

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

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

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

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

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

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

None.

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

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

Information related to subsidiaries:

- a) Information on subsidiaries not consolidated: None.
- b) Information on subsidiaries not consolidated according to information above: None.
- c) Movement of subsidiaries not consolidated: None.
- d) Industrial distribution of subsidiaries not consolidated:  
As at 31 December 2014, 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) 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
35,034	29,004	120	4,020	5,712	1,546	1,503	-

g) Movement of consolidated subsidiaries:

	31 December 2014	31 December 2013
Balance at the Beginning of the Period	15,693	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>15,693</b>
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

- (\*) According to Board of Directors' decision dated 12 May 2014 and numbered 406, the subsidiary of Parent Bank, Tekstil Yatırım Menkul Değerler A.Ş., has decided to increase its share capital by an amount of TL 15,000 from TL 10,000 to TL 25,000, of which TL 8,000 as cash injection and TL 7,000 from internal sources. Relevant share capital increase transactions have been completed in June 2014.

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

h) Sectoral distribution of consolidated subsidiaries:

	31 December 2014	31 December 2013
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	25,000	15,693
Other Non Financial Subsidiaries	-	-
<b>Total</b>	<b>25,000</b>	<b>15,693</b>

i) Listed subsidiaries: None.

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

k) Subsidiaries purchased in the current period: None.

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

None.

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

None.

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

None.

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

**12. Information on tangible assets (net):**

<b>31 December 2014</b>	Properties (*)	Tangible assets under finance lease	Vehicles	Other tangible assets	Total
Prior Period End: 31/12/2013					
Cost	14,755	6,375	105	26,835	48,070
Accumulated Depreciation (-)	3,025	6,354	87	22,159	31,625
Net Book Value	11,730	21	18	4,676	16,445
Current Period End: 31/12/2014					
Net Book Value at the Beginning of the Period	11,730	21	18	4,676	16,445
Additions	-	-	-	11,828	11,828
Disposals, net (-) (**)	-	1	-	334	335
Revaluation / (Impairment) (*)	2,096	-	-	-	2,096
Depreciation (-)	196	13	10	2,994	3,213
Cost at year end	16,851	3,247	105	33,011	53,214
Accumulated Depreciation at year end (-)	3,221	3,240	97	19,835	26,393
<b>Closing Net Book Value</b>	<b>13,630</b>	<b>7</b>	<b>8</b>	<b>13,176</b>	<b>26,821</b>

<b>31 December 2013</b>	Properties (*)	Tangible assets under finance lease	Vehicles	Other tangible assets	Total
Prior Period End: 31/12/2012					
Cost	107,749	6,444	467	28,683	143,343
Accumulated Depreciation (-)	18,829	6,410	440	23,448	49,127
Net Book Value	88,920	34	27	5,235	94,216
Current Period End : 31/12/2013					
Net Book Value at the Beginning of the Period	88,920	34	27	5,235	94,216
Additions	-	-	-	769	769
Disposals, net (-)	78,000	-	-	31	78,031
Revaluation / (Impairment)	1,007	-	-	-	1,007
Depreciation (-)	197	13	9	1,297	1,516
Cost at year end	14,755	6,375	105	26,835	48,070
Accumulated Depreciation at year end (-)	3,025	6,354	87	22,159	31,625
<b>Closing Net Book Value</b>	<b>11,730</b>	<b>21</b>	<b>18</b>	<b>4,676</b>	<b>16,445</b>

(\*) As a result of the change in the fair values of the fixed assets determined by real estate valuation companies, there is a surplus amounting to TL 7,228 as of 31 December 2014 (31 December 2013: TL 5,132).

(\*\*) The cost and accumulated depreciation of assets disposed is as follows:

Current Period	Properties	Tangible assets under finance lease	Vehicles	Other tangible assets	Total
Cost	-	3,128	-	5,652	8,780
Accumulated Depreciation (-)	-	3,127	-	5,318	8,445
Net disposal amount	-	<b>1</b>	-	<b>334</b>	<b>335</b>

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

**13. Intangible assets (net):**

a) The gross book value and accumulated amortization amounts at the beginning and at the end of the period:

	<b>31 December 2014</b>	<b>31 December 2013</b>
Gross Book Value	19,240	18,553
Accumulated Amortization (-)	17,266	16,651
<b>Total</b>	<b>1,974</b>	<b>1,902</b>

b) Movement of intangible assets:

	<b>31 December 2014</b>	<b>31 December 2013</b>
Beginning of the period	1,902	1,625
Additions Resulting from Merger and Acquisitions	687	750
Disposals (-)	-	-
Accumulated Amortization (-)	615	473
<b>Period End</b>	<b>1,974</b>	<b>1,902</b>

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

None.

**15. 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:

As of 31 December 2014, the deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 1,737 (31 December 2013: TL 1,540). As of 31 December 2014, there is no deferred tax asset arising from financial losses (31 December 2013: TL 1,155).

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

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

**16. Information on assets held for sale and discontinued operations:**

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

**17. Information on other assets:**

As at 31 December 2014, the Group has property and real estate acquired against non performing loans and recorded under assets to be disposed of account and presented under other assets amounting TL 11,190 (31 December 2013: TL 7,316).

Other assets, other than assets to be disposed of, amounting to TL 70,216 (31 December 2013: TL 59,124), do not exceed 10% of total assets.

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

**1. Information on deposits:**

a) Information on maturity profile of deposits:

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

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

a.1) 31 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>

a.2) 31 December 2013:

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

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

b) Information on Deposit Insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Saving Deposits	414,667	418,249	472,138	427,693
Foreign Currency Savings Deposits	137,953	132,843	392,135	459,887
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>552,620</b>	<b>551,092</b>	<b>864,273</b>	<b>887,580</b>

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

- b.3) Saving deposits not covered by deposit insurance: TL 34,890 (31 December 2013: TL 45,528).

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

	31 December 2014	31 December 2013
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	30,846
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship	17,793	14,682
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.	-	-

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

Negative difference on derivatives held for trading:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Forwards	71	-	1,668	40
Swaps	-	5,544	773	267
Futures	-	-	-	-
Options	-	-	3,242	129
Other	-	-	-	-
<b>Total</b>	<b>71</b>	<b>5,544</b>	<b>5,683</b>	<b>436</b>



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

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	36,109	20,942	39,731	51,715
Foreign Banks, Institutions and Funds	-	291,052	-	249,554
<b>Total</b>	<b>36,109</b>	<b>311,994</b>	<b>39,731</b>	<b>301,269</b>

b) Contractual maturities of funds borrowed:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Short-Term	35,174	264,727	23,831	296,238
Medium and Long-Term	935	47,267	15,900	5,031
<b>Total</b>	<b>36,109</b>	<b>311,994</b>	<b>39,731</b>	<b>301,269</b>

c) Additional information on concentrations of the Bank's liabilities: The Parent Bank diversifies its funding resources with customer deposits and funds borrowed from foreign banks. The Parent Bank makes concentration analysis for the customers providing funds in branch basis and takes long and short term actions to generalize the customers in these branches. Funds borrowed consist of funds with different characteristics and maturity-interest structures like export financing, money market, post-finance funding and are provided from different institutions. There is no risk of concentration in the Parent Bank's funding sources.

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

Other external resources are amounting to TL 58,899 (31 December 2013: TL 53,319) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

**5. Obligations under financial leases:**

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

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

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

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

None.

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

**7. Information on provisions:**

a) Information on general provisions:

	31 December 2014	31 December 2013
General Provisions		
Provision for Group I Loans and Receivables	18,318	20,137
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	<i>156</i>	<i>134</i>
Provision for Group II Loans and Receivables	2,195	1,288
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	<i>1,441</i>	<i>971</i>
Provision for Non-cash Loans	1,943	2,205
Other	159	106
<b>Total</b>	<b>22,615</b>	<b>23,736</b>

b) Information on reserve for employee rights:

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

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

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

	31 December 2014	31 December 2013
Discount Ratio (%)	8.00	10.77
Expected Salary/ETI Liability Ceiling Increase Rate (%)	6.00	6.00
Rate for the Probability of Retirement (%)	93.00	93.69

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 is shows the expected real rate after adjusting for the effects of inflation.

Movement of ETI liability is below:

	31 December 2014	31 December 2013
Balance at Prior Period End	5,515	5,260
Current year provisions (*)	3,000	999
Paid in current year	(1,362)	(744)
<b>Balance at Current Period End</b>	<b>7,153</b>	<b>5,515</b>

(\*) At the current year, actuarial loss amounted TL 708 (TL 567 after deferred tax effect) arising from the changes in actuarial assumptions of the employee severance pay liability is classified under "Other Supplementary Capital" in the shareholders' equity.

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

The Group also has vacation pay liability amounting TL 3,882 (31 December 2013: TL 3,679) as at 31 December 2014.

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

As at 31 December 2014, foreign exchange differences on foreign currency indexed loans amounting TL 1,003 (31 December 2013: TL 8) are netted with loans on the asset side.

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

As at 31 December 2014, the Group has provision amounting to TL 6,628 (31 December 2013: TL 7,256) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 12,799 (31 December 2013: TL 14,420).

e) Information on other provisions:

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

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

As at 31 December 2014, the Parent Bank has provision for credit card service promotions amounting TL 131 (31 December 2013: TL 178).

e.3) Information on other provisions:

As at 31 December 2014, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 3,248 (31 December 2013: TL 7,646 provision for lawsuits and provision for certain loan customers who are not classified in the follow-up section but who are likely to have payment problems in future).

**8. Taxation:**

a) Current tax liability: As at 31 December 2014, corporate taxes payable of the Group after deductions of prepaid taxes is TL 150 (31 December 2013: TL 109).

b) Information on taxes payable:

	<b>31 December 2014</b>	<b>31 December 2013</b>
Corporate taxes payable	150	109
Taxation on securities	1,855	1,818
Capital gains tax on property	174	195
Banking Insurance Transaction Tax (BITT)	2,377	1,997
Taxes on foreign exchange transactions	-	-
Value added tax payable	94	75
Other	1,579	1,541
<b>Total</b>	<b>6,229</b>	<b>5,735</b>

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

c) Information on premiums payable:

	31 December 2014	31 December 2013
Social security premiums- employee share	556	512
Social security premiums- employer share	633	585
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	40	36
Unemployment insurance- employer share	84	76
Other	1	1
<b>Total</b>	<b>1,314</b>	<b>1,210</b>

d) Information on deferred tax liabilities:

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

**9. Information on payables related to assets held for sale and discontinued operations (net):**

None.

**10. Information on subordinated loans:**

None.

**11. Information on shareholders' equity:**

a) Paid in capital:

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

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

- b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: None
- 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:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Valuation gain/loss of available for sale securities	1,832	3	194	(3)
Translation gain/loss	-	-	-	-
<b>Total</b>	<b>1,832</b>	<b>3</b>	<b>194</b>	<b>(3)</b>

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

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

i) Information on revaluation fund on tangible assets:

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

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

According to Ordinary General Assembly's decision dated 31 March 2014, Parent Bank has transferred profit for the year 2013 amounting to TL 43,813 to legal reserves, other profit reserves and extraordinary reserves with amounts of TL 2,191, TL 27,869 and TL 13,753, respectively.

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

**1. Interest income:**

a) Information on interest income received from loans:

	2014		2013	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	190,220	6,410	146,807	11,343
Medium and Long Term Loans	76,471	20,596	65,438	30,202
Loans Under Follow-Up	4,632	-	7,050	-
Source Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>271,323</b>	<b>27,006</b>	<b>219,295</b>	<b>41,545</b>

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

b) Information on interest income received from banks:

	2014		2013	
	TL	FC	TL	FC
Central Bank of Turkey	109	-	-	-
Domestic Banks	1,707	163	1,130	331
Foreign Banks	12	15	111	19
Foreign Branches	-	-	-	-
<b>Total</b>	<b>1,828</b>	<b>178</b>	<b>1,241</b>	<b>350</b>

c) Information on interest income received from securities portfolio:

	2014		2013	
	TL	FC	TL	FC
Trading Securities	-	30	-	21
Financial Assets at Fair Value				
Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	38,711	312	32,003	430
Investment Securities Held-to-Maturity	-	-	-	-
<b>Total</b>	<b>38,711</b>	<b>342</b>	<b>32,003</b>	<b>451</b>

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

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

**2. Interest expense:**

a) Information on interest expense related to funds borrowed:

	2014		2013	
	TL	FC	TL	FC
<b>Banks (*)</b>	2,331	6,999	2,659	7,763
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,185	1,028	2,643	1,465
Foreign Banks	146	5,971	16	6,298
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>2,331</b>	<b>6,999</b>	<b>2,659</b>	<b>7,763</b>

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

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

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

d) Maturity structure of the interest expense on deposits:

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

Account Name	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
<b>TL</b>								
Bank Deposits	-	189	-	-	-	-	-	189
Saving Deposits	-	1,067	83,692	696	214	57	2	85,728
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	2,645	16,074	240	-	58	-	19,017
Other Deposits	-	9	1,740	2	1	-	-	1,752
<b>Total Turkish Lira</b>	<b>-</b>	<b>3,910</b>	<b>101,506</b>	<b>938</b>	<b>215</b>	<b>115</b>	<b>2</b>	<b>106,686</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	-	240	25,050	677	325	119	-	26,411
Bank Deposits	-	1,185	-	-	-	-	-	1,185
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total Foreign Currency</b>	<b>-</b>	<b>1,425</b>	<b>25,050</b>	<b>677</b>	<b>325</b>	<b>119</b>	<b>-</b>	<b>27,596</b>
<b>Total</b>	<b>-</b>	<b>5,335</b>	<b>126,556</b>	<b>1,615</b>	<b>540</b>	<b>234</b>	<b>2</b>	<b>134,282</b>

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

**3. Information on dividend income:** None.

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

	<b>2014</b>	<b>2013</b>
<b>Profit</b>	<b>414,212</b>	<b>397,670</b>
Capital Market Gains	14,895	7,051
Derivative Gains	181,813	233,239
Foreign Exchange Gains	217,504	157,380
<b>Loss (-)</b>	<b>441,404</b>	<b>403,485</b>
Capital Market Losses	57	43
Derivative Losses	205,020	156,945
Foreign Exchange Losses	236,327	246,497

Net gain related to derivative transactions resulting from foreign currency rate changes is amounted to TL 21,195 (2013: TL 89,775 net gain).

**5. Other operating income:**

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

Parent Bank has reversed the provision amounting to TL 2,264 – provided as at 31 December 2013 due conservatism principle for certain loan customers, who are not classified in the follow-up section but are likely to have payment problems in future – through other operating income account in accordance with Uniform Chart of Accounts since those customers are classified in the follow-up section in the current period. Additionally, the decrease in the amount of general loan provision amounting to TL 1,121 has been presented under other operating income account on consolidated income statement for the period ended 31 December 2014 (2013 – TL 854).

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

	<b>2014</b>	<b>2013</b>
Specific Provisions on Loans and Other Receivables (*):	38,221	50,283
Loans and Receivables in Group III	4,431	2,119
Loans and Receivables in Group IV	14,580	25,045
Loans and Receivables in Group V	19,210	23,119
General Provision Expenses	-	-
Provision for Possible Losses	-	-
Impairment Losses on Securities:	164	238
Trading securities	7	226
Investment Securities Available-for-Sale	157	12
Other Impairment Losses:	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (**)	1,386	7,095
<b>Total</b>	<b>39,771</b>	<b>57,616</b>

(\*) As mentioned above in 5th article, the customers, who are not classified in the follow-up section as at 31 December 2013 but who are likely to have payment problems in future, have been classified in the follow-up section in 2014 and provision regarding those customers has been accounted for under provision expenses.

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



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

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

	2014	2013
Personnel Expenses	79,569	72,802
Reserve for Employee Termination Indemnities and Vacation Pay	1,133	576
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	3,213	1,516
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	615	473
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	176	343
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	37,004	28,284
Operational Leases	18,634	12,287
Repair and Maintenance	2,294	1,684
Advertising	502	392
Other Expenses	15,574	13,921
Loss on Sale of Assets	194	67
Other (*)	13,187	14,569
<b>Total</b>	<b>135,091</b>	<b>118,630</b>

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

**8. Profit / loss before taxes for continued and discontinued operations:**

Profit before taxes for continued operations is TL 15,827 (2013: TL 49,091). Profit before taxes consists of net interest income amounting to TL 183,262 (2013: TL 143,667), net fees and commission income amounting to TL 13,999 (2013: TL 16,655) and other operating expenses amounting to TL 135,091 (2013: TL 118,630).

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

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

The current tax expense for the period ended 31 December 2014 is TL 2,077 (2013: TL 4,643). As of 31 December 2014, the Group has a current tax provision calculated amounting to 2,482 TL, of which TL (405) booked under equity accounts. For 2013, TL 4,207 of the current tax provision amounting to TL 4,643 results from the change in the current tax effect recognized in the equity accounts.

There is a deferred tax expense amounting to TL 990 (2013: deferred tax income amounting to TL 868) for the period ended 31 December 2014.

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

For the period ended 31 December 2014, the deferred tax income arising from the origination of temporary differences amounts TL 165 (2013: TL 287 deferred tax expense).

Additionally, for the period ended 31 December 2014, the current tax effect amounting to TL (405) and deferred tax effect amounting to TL 32, on an aggregate TL (373) tax effect (2013: total TL 4,165) which are related to transactions recognized under equity is accounted for under equity accounts.

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

For the period ended 31 December 2014, the deferred tax income arising from the origination of temporary differences amounts TL 165 (2013: TL 287 deferred tax expense). Moreover, in current period deferred tax expense is amounting to TL 1,155 arising from reversal of deferred tax asset due from tax losses amounting to TL 1,155 on the balance sheet as of 31 December 2013 (2013 – TL 1,155 deferred tax income arising from tax losses).

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

**10. Information on continued and discontinued operations net profit/loss:**

Net profit from continued operations is TL 12,760 (2013: TL 45,316).

**11. 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.

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

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

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

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

a) Type and amount of irrevocable commitments:

As at 31 December 2014, asset purchase and sale commitments amount to TL 58,096 (31 December 2013: TL 94,159), loan granting commitments amount to TL 42,628 (31 December 2013: TL 44,375), commitments for credit card limits amount to TL 84,778 (31 December 2013: TL 79,889) commitments for cheque payments amount to TL 84,154 (31 December 2013: TL 83,116) commitments for promotional operations of credit cards amount to TL 273 (31 December 2013: TL 385), tax obligations from export commitments amount to TL 71 (31 December 2013: TL 3) and other irrevocable commitments amount to TL 38,278 (31 December 2013: None).

Commitments granted for real estate loans under certain housing projects, amounting to TL 38,278 as at 31 December 2014 have been started to be presented under other irrevocable commitments in 2014.

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

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

As at 31 December 2014, the Group has letters of guarantee amounting to TL 721,025 (31 December 2013: TL 933,402), bills of exchange and acceptances amounting to TL 276 (31 December 2013: TL 1,458), letters of credit amounting to TL 107,643 (31 December 2013: TL 228,971) and other guarantees amounting to TL 20,633 (31 December 2013: TL 47,129).

c) Non-cash loans:

	31 December 2014	31 December 2013
Non-Cash Loans Given for Cash Loan Risks	13,197	27,982
With Original Maturity of 1 Year or Less	954	1,609
With Original Maturity of More Than 1 Year	12,243	26,373
Other Non-Cash Loans	836,380	1,182,978
<b>Total</b>	<b>849,577</b>	<b>1,210,960</b>

d) Sectoral risk concentration of non-cash loans:

	31 December 2014				31 December 2013			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	34,412	8.28	4,064	0.94	37,532	6.44	23,848	3.79
Farming and raising livestock	18,252	4.39	1,040	0.24	19,028	3.27	7,949	1.26
Forestry	16,042	3.86	3,024	0.70	18,360	3.15	15,899	2.53
Fishing	118	0.03	-	-	144	0.02	-	-
Manufacturing	158,403	38.13	150,810	34.73	152,802	26.24	283,960	45.18
Mining	6,963	1.68	11,778	2.71	9,624	1.65	1,989	0.32
Production	150,128	36.14	98,438	22.67	142,728	24.51	243,755	38.78
Electric, gas and water	1,312	0.31	40,594	9.35	450	0.08	38,216	6.08
Construction	117,522	28.29	163,926	37.76	274,829	47.19	198,584	31.59
Services	95,784	23.06	115,296	26.56	108,041	18.55	118,734	18.89
Wholesale and retail trade	35,822	8.62	16,462	3.79	41,935	7.20	33,067	5.26
Hotel, food and beverage services	5,123	1.23	6,319	1.46	4,819	0.83	751	0.12
Transportation and telecommunication	5,134	1.24	1,983	0.46	11,903	2.04	2,493	0.40
Financial institutions	14,813	3.57	74,464	17.15	13,864	2.38	70,731	11.25
Real estate and renting services	-	-	181	0.04	50	0.01	-	-
Self-employment services	28,956	6.97	15,379	3.54	28,759	4.94	10,501	1.67
Education services	36	0.01	-	-	36	0.01	-	-
Health and social services	5,900	1.42	508	0.12	6,675	1.15	1,191	0.19
Other	9,322	2.24	38	0.01	9,222	1.58	3,408	0.55
<b>Total</b>	<b>415,443</b>	<b>100.00</b>	<b>434,134</b>	<b>100.00</b>	<b>582,426</b>	<b>100.00</b>	<b>628,534</b>	<b>100.00</b>

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

e) Information on the first and second group non-cash loans:

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of guarantee	401,069	303,212	5,238	1,019
Bank acceptances	-	276	-	-
Letters of credit	-	107,643	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	20,633	-	-
<b>Total</b>	<b>401,069</b>	<b>431,764</b>	<b>5,238</b>	<b>1,019</b>

The Group has provided provisions amounting to TL 4,612 (31 December 2013: TL 5,942) after considering the guarantees for the non-cash loans classified under group 3-4-5 loans amounting to TL 10,487 (31 December 2013: TL 12,909). The Group also provided provisions amounting to TL 2,016 (31 December 2013: TL 1,314) for the cheque commitments based on off-balance sheet transactions.

**2. Mutual Funds:**

The Parent Bank is the founder of B Type Liquid Fund, B Type Flexible Fund, A Type Share Fund and B Type Gold Fund. Tekstil Yatırım Menkul Değerler A.Ş. is the founder of A Type Flexible Fund. As at 31 December 2014, total value of funds that the Group has founded is TL 39,027 (31 December 2013: TL 47,427). These funds are registered in Merkezi Kayıt Kuruluşu A.Ş.

**3. Information related to derivative financial instruments:**

	31 December 2014	31 December 2013
<b>Types of trading transactions</b>		
<b>Foreign currency related derivative transactions (I)</b>	<b>1,640,453</b>	<b>1,536,310</b>
Forward FC Purchase and Sale Transactions	9,266	241,803
Currency Swap Purchase and Sale Transactions	1,631,187	1,140,416
Futures Transactions	-	-
Currency Options Purchase and Sale Transactions	-	154,091
<b>Interest rate related derivative transactions (II)</b>	<b>-</b>	<b>-</b>
Forward Purchase and Sale Transactions	-	-
Interest Rate Swap Purchase and Sale Transactions	-	-
Interest Rate Futures Transactions	-	-
Interest Rate Options Purchase and Sale Transactions	-	-
<b>Other types of trading transactions (III)</b>	<b>66,162</b>	<b>61,714</b>
<b>A. Total trading transactions (I+II+III)</b>	<b>1,706,615</b>	<b>1,598,024</b>
<b>Hedging purpose derivative transactions</b>	<b>-</b>	<b>-</b>
Fair Value Hedge Transactions	-	-
Cash Flow Hedge Transactions	-	-
Net Foreign Investment Hedge Transactions	-	-
<b>B. Total Hedging Purpose Derivative Transactions</b>	<b>-</b>	<b>-</b>
<b>Total Derivative Transactions (A+B)</b>	<b>1,706,615</b>	<b>1,598,024</b>

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

Presentation of residual maturities of the notional amounts of derivative financial assets and liabilities is as follows:

<b>31 December 2014</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and more</b>	<b>Total</b>
<b>Currency Derivative Instruments (I)</b>	<b>1,419,452</b>	<b>216,239</b>	<b>4,762</b>	-	-	<b>1,640,453</b>
Forward Foreign Currency Purchases	326	1,897	2,383	-	-	4,606
Forward Foreign Currency Sales	325	1,956	2,379	-	-	4,660
Currency Swaps-Purchases	746,838	104,871	-	-	-	851,709
Currency Swaps-Sales	671,963	107,515	-	-	-	779,478
Currency Futures-Purchases	-	-	-	-	-	-
Currency Futures-Sales	-	-	-	-	-	-
Currency Options-Purchases	-	-	-	-	-	-
Currency Options-Sales	-	-	-	-	-	-
<b>Interest Rate Derivative Instruments (II)</b>	-	-	-	-	-	-
Forward Purchases/Sales	-	-	-	-	-	-
Interest Rate Swaps-Purchases/Sales	-	-	-	-	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-	-	-
<b>Others (III)</b>	<b>66,162</b>	-	-	-	-	<b>66,162</b>
<b>Total (I+II+III)</b>	<b>1,485,614</b>	<b>216,239</b>	<b>4,762</b>	-	-	<b>1,706,615</b>

As at 31 December 2014, spot foreign currency purchase and sale transactions with value date amounting to TL 28,997 and TL 29,099, respectively, are presented under “Asset Purchase and Sale Commitments” of off-balance sheet items (31 December 2013: TL 47,119 and TL 47,040).

**4. Contingent assets and liabilities: None**

**5. Information on fiduciary 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 consolidated statement of changes in shareholders' equity**

**1. Information on differences in revaluation of financial assets available for sale:**

As at 31 December 2014, valuation difference of TL 1,644 net off tax, related to the remeasurement of the fair values of available for sale investments (2013: TL 16,866, negative) is accounted under "Valuation Differences of Securities" account under equity.

In the current period, TL 360 gain was transferred to the income statement from Valuation Differences of Securities (2013: TL 978).

Information on cash flow hedge: None.

**2. Differences arising on revaluation of tangible fixed assets:**

Surplus amounting to TL 1,991 (2013: TL 957) that occurs after purged tax effect arise from revaluation of buildings fair value included tangible fixed assets of the Parent Bank is represented as period transaction of "Revaluation Fund on Tangible Assets" on statement of changes in equity.

**3. Information on the foreign exchange differences:** None.

**4. Information on profit shares noticed after balance sheet date but previous to announcement of financial statements:**

The Parent Bank does not have any noticed profit shares before announcement of financial statements. In the Ordinary General Assembly meeting dated 31 March 2014, it has been decided to distribute the Parent Bank's 2013 profit as follows.

**Profit distribution table for the year 2013**

The Parent Bank's profit for the period	<b>43,813</b>
A-First Legal Reserves (TCL 466/1)	2,191
B-Extraordinary Reserves	13,753
C- Other Profit Reserves	27,869

**Net profit per share for the period that has been suggested to be distributed to shareholders after balance sheet date:**

As at the report date, there is no decision for the profit distribution of current year profit of the Parent Bank (2013 profit distribution is given above).

**Amounts that has been transferred to contingency reserves by the Group:**

	<b>2014</b>	<b>2013</b>
Undistributed Profits to Legal Reserves	2,261	1,421
Undistributed Profits to Extraordinary Reserves and Other Profit Reserves	43,055	24,637

**5. Information on issue of shares:** None.

**6. Information on other share capital increase accounts in statements of changes in equity:** None.

**7. Other explanations:**

The Group has presented actuarial loss amounted TL 567 after deferred tax effect arising from the changes in actuarial assumptions of the employee severance pay liability, as period movement of "Other Reserves" section.

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**VI. Information and disclosures related to consolidated cash flow statement**

**1. Information on cash and cash equivalents:**

The components of cash and cash equivalents and the accounting policies used in the determination of these components:

Cash in vault, foreign currencies, cash in transit, cheques purchased, demand deposits in banks including demand deposit balances with the Central Bank of Turkey are described as “Cash”; interbank money market placements, time deposits in banks which have original maturities lower than three months and reverse repo receivables are described as “Cash Equivalents”. The reserve requirement amounts within the Central Bank is not considered as “cash equivalent assets” in the statement of cash flows.

a) Cash and cash equivalents at the beginning of the period:

	31 December 2014	31 December 2013
<b>Cash</b>	<b>314,044</b>	<b>287,804</b>
Cash in Vault, Foreign Currencies and Other	49,191	30,468
Demand Deposits at Banks	264,853	257,336
<b>Cash Equivalents</b>	<b>64,536</b>	<b>105,899</b>
Interbank Money Market	-	3,000
Time Deposits at Banks	64,536	102,899
Investment Securities	-	-
<b>Total Cash and Cash Equivalents</b>	<b>378,580</b>	<b>393,703</b>

b) Cash and cash equivalents at the end of the period:

	31 December 2014	31 December 2013
<b>Cash</b>	<b>221,299</b>	<b>314,044</b>
Cash in Vault, Foreign Currencies and Other	30,753	49,191
Demand Deposits at Banks	190,546	264,853
<b>Cash Equivalents</b>	<b>164,880</b>	<b>64,536</b>
Interbank Money Market	86,000	-
Time Deposits at Banks	78,880	64,536
Investment Securities	-	-
<b>Total Cash and Cash Equivalents</b>	<b>386,179</b>	<b>378,580</b>

**2. Information on cash and cash equivalent assets of the Group that are not available for free use due to legal restrictions or other reasons:**

As mentioned in the first item above, the reserve requirement amounts held under blockage within the Central Bank is not considered as cash equivalent assets in the statement of cash flows.

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**VI. Information and disclosures related to consolidated cash flow statement (continued)**

**3. Disclosures for “other” items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents:**

As at 31 December 2014, “Other” item amounting to TL 42,545 (2013: TL 34,043) presented under “Operating Profit Before Changes in Operating Assets and Liabilities” comprise other operating expenses except personnel expenses and other taxes paid.

As at 31 December 2014 “Net Decrease in Other Liabilities” amounting to TL 3,070 (2013: TL 14,851 net decrease) presented under “Changes in Operating Assets and Liabilities” is comprised of changes in miscellaneous payables, other external resources and tax liabilities. “Net Increase in Other Assets” amounting to TL 2,994 (2013: TL 35,950 net decrease) is comprised of miscellaneous receivables and other assets.

The cash outflow of TL 687 (2013: TL 750) presented in the “net cash flows from investments” as of 31 December 2014 results from the acquisition of intangible assets.

The effect of the change of foreign exchange rates on the cash and cash equivalents is TL 8,843 for the year 2014 (2013: TL 18,713).



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

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

a) 31 December 2014:

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	-	-	2,519	13	-	-

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

The Parent Bank has TL 300 placements in its risk group banks as at 31 December 2014 (31 December 2013: TL 28,470). Also the Parent Bank has TL 1,649 irrevocable commitment in its risk group as at 31 December 2014 (31 December 2013: TL 1,510)

b) 31 December 2013:

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	479	688	103	10
Balance at the End of the Period	-	-	20,449	364	94	-
Interest and Commission Income Received	-	-	1,187	7	-	-

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

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

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the beginning of the Period	-	-	56,769	54,479	893	1,410
Balance at the End of the Period	-	-	41,882	56,769	3,349	893
Interest on Deposits	-	-	1,906	2,057	130	38

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

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group: None (31 December 2013: TL 4,629 and TL 3,780 option purchase and sale transactions)

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

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

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

In the Group's transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 31 December 2014, proportion of cash loans to risk group in total cash loans is 2.4% (31 December 2013: 0.7%) and proportion of deposits from its risk group in total deposits is 1.8% (31 December 2013: 2.3%).

For the year ending 31 December 2014, other commission income from risk group is amounted to TL 34 (2013: TL 48), other operating income from risk group is amounted to TL 45 (2013: TL 48), other commission expense to risk group is amounted to TL 78 (2013: TL 117) and other operating expense to risk group is amounted to TL 1,052 (2013: TL 1,080).

In the consolidated basis, key management cost for the current period is amounted to TL 5,984 (2013: TL 5,634).

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**VIII. Domestic, foreign and off-shore banking branches and foreign representatives**

	Number	Number of Employees			
Domestic branches	44	852			
				Country of Incorporation	
Foreign representation	1	1	Berlin, Germany		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore branches	-	-	-	-	-

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

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

Parent Bank announced the following Material Event Disclosure on 20 February 2015 in the Public Disclosure Platform (KAP):

“GSD Holding A.Ş., the major shareholder of the Parent Bank, announced the following Material Event Disclosure on 20 February 2015.

‘It is the periodic updating announcement in accordance with 23rd article and 7th clause of Communiqué On Material Events Disclosure (II-15.1) of Capital Market Board (CMB).

‘With respect to sale of 75.50% shares of the Tekstil Bankası A.Ş. – Parent Bank – owned by GSD Holding A.Ş. to Industrial Commercial Bank of China Limited (ICBC), permission process conducted by ICBC in the presence of public authorities in China and Banking Regulation and Supervision Agency (BRSA) proceeds in an ordinary progress and otherwise there is no material disclosure unpublished. On the other hand, in order to fulfill relevant requirements in the share purchase agreement, ICBC has pronounced to GSD Holding A.Ş. 2 new independent member candidates for board of directors of Tekstil Bankası A.Ş. to be submitted for the approval of General Assembly of Tekstil Bankası A.Ş. which will meet on the closing date of the sales transaction following the assessment of Capital Market Board (CMB).

In addition to description above, Parent Bank has no additional material event disclosure.”.

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other explanations related to the Group's operations**

None.

**SECTION SEVEN**

**INDEPENDENT AUDITORS' REPORT**

**I. Information on the independent auditors' report**

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the year ended 31 December 2014 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited)) and the independent auditors' report dated 2 March 2015 is presented in the introduction of this report.

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

None.