

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

Tekstil Bankası Anonim Şirketi

**Consolidated financial statements as at and
for the period ended 30 September 2014
with independent auditors' review report thereon**



Building a better
working world

Güney Bağımsız Denetim ve
SMMM A.Ş.
Eski Büyükdere Cad.
Orjin Maslak No:27
Maslak, Sarıyer 34398
İstanbul - Turkey

Tel : +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com
Ticaret Sicil No: 479920-427502

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors of Tekstil Bankası Anonim Şirketi:

We have reviewed the consolidated balance sheet of Tekstil Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiary as at 30 September 2014 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the period then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these consolidated financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Tekstil Bankası Anonim Şirketi and its consolidated subsidiary at 30 September 2014 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 and 38 of Banking Law No. 5411 and other regulations, communiqués, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation to English:

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

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

Seda Hacıoğlu,
SMMM, Partner

6 November 2014
İstanbul, Turkey

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

TEKSTİL BANKASI A. Ş.
CONSOLIDATED FINANCIAL REPORT AS OF 30 SEPTEMBER 2014

Address of the Bank's

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

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

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

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

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

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

Contact information for questions on this financial report:

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

SECTION ONE

General Information

I.	Parent Bank's date of establishment, beginning statute, its history including changes on its statute	1
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	1
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 Parent Bank's shares they hold	2
IV.	Type of services provided and the areas of operations of the Parent Bank	2
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	3
VI.	The existing or potential, actual or legal obstacle on the transfer of shareholder's equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities	3
VII.	Other information	3

SECTION TWO

Consolidated Financial Statements

I.	Consolidated balance sheets	4
II.	Consolidated statements of off-balance sheet items	6
III.	Consolidated income statements	7
IV.	Consolidated statements of income and expenses recognized under equity	8
V.	Consolidated statements of changes in shareholders' equity	9
VI.	Consolidated statements of cash flows	11

SECTION THREE

Accounting Policies

I.	Basis of presentation	12
II.	Strategy for the use of financial instruments and the foreign currency operations	13
III.	Presentation of information regarding consolidated subsidiaries and associates	13
IV.	Forward transactions, options and derivative instruments	14
V.	Interest income and expense	14
VI.	Fees and commissions	14
VII.	Financial assets	15
VIII.	Impairment of financial assets	16
IX.	Offsetting financial instruments	16
X.	Sale and repurchase agreements and transactions related to the lending of securities	16
XI.	Assets held for sale and discontinued operations	17
XII.	Goodwill and other intangible assets	17
XIII.	Tangible assets	17
XIV.	Leasing activities	18
XV.	Provisions and contingencies	18
XVI.	Contingent assets	18
XVII.	Obligations concerning employee rights	18
XVIII.	Taxation	19
XIX.	Additional explanations on borrowings	20
XX.	Issued stock	20
XXI.	Acceptances	20
XXII.	Government grants	20
XXIII.	Reserves and profit distribution	20
XXIV.	Related parties	20
XXV.	Cash and cash equivalents	21
XXVI.	Segment reporting	21
XXVII.	Reclassifications	21

SECTION FOUR

Consolidated Financial Structure and Risk Management

I.	Consolidated capital adequacy ratio	22
II.	Consolidated market risk	28
III.	Consolidated foreign currency exchange rate risk	29
IV.	Consolidated interest rate risk	31
V.	Consolidated liquidity risk	35
VI.	Consolidated position risk of equity securities	36
VII.	Information related to consolidated securitization positions	36
VIII.	Information related to consolidated credit risk mitigation techniques	36
IX.	Information related to consolidated risk management target and policies	37
X.	Activities carried out on behalf and account of other persons	37
XI.	Consolidated segment reporting	37

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I.	Information and disclosures related to consolidated assets	40
II.	Information and disclosures related to consolidated liabilities	51
III.	Information and disclosures related to consolidated income statement	58
IV.	Information and disclosures related to consolidated off-balance sheet items	63
V.	Information and disclosures related to the Parent Bank's risk group	64
VI.	Information and disclosures related to subsequent events	65

SECTION SIX

Independent Auditors' Review Report

I.	Information on the independent auditors' review report	66
II.	Information and disclosures prepared by independent auditors	66

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

SECTION ONE

GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 420,000 as at 30 September 2014 and is fully paid. The Bank is incorporated by GSD Group. 75.50% of the shares of the Parent belongs to GSD Holding Anonim Şirketi (“GSD Holding”). The rest of the shares are traded at Borsa İstanbul (BIST).1% of the shares traded at BIST have been acquired by GSD Dış Ticaret Anonim Şirketi and 0.04% of them were acquired by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. Anonim Şirketi. These companies are incorporated by GSD Group.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding’s shares have been listed on Borsa İstanbul (BIST) since 11 November 1999. The nominal value of its shares is TL 250,000 as at 30 September 2014. A major portion of its shares are held by public.

Main operations of GSD Group Companies are;

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

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 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

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

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

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

As at 30 September 2014, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 857 employees as at 30 September 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 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

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

None.

VII. Other information

Bank’s Official Title	: Tekstil Bankası Anonim Şirketi
Reporting Period	: 1 January – 30 September 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	: www.tekstilbank.com.tr
Reporting currency	: Thousands of Turkish Lira

SECTION TWO

Consolidated Financial Statements

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2014 AND 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

ASSETS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/09/2014			PRIOR PERIOD 31/12/2013		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	81,681	330,361	412,042	82,638	367,635	450,273
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	18,033	1,710	19,743	12,292	3,558	15,850
2.1 Trading Securities		18,033	1,710	19,743	12,292	3,558	15,850
2.1.1 Public Sector Debt Securities		-	412	412	-	393	393
2.1.2 Share Certificates		29	-	29	37	-	37
2.1.3 Positive Value of Trading Derivatives		16,165	1,298	17,463	11,204	3,165	14,369
2.1.4 Other Securities		1,839	-	1,839	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		-	-	-	-	-	-
III. BANKS	(5.1.3)	12	19,833	19,845	43,317	33,086	76,403
IV. INTERBANK MONEY MARKET		6,752	-	6,752	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		6,752	-	6,752	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	328,011	4,063	332,074	382,267	6,681	388,948
5.1 Share Certificates		160	-	160	160	-	160
5.2 Public Sector Debt Securities		327,649	30	327,679	381,358	56	381,414
5.3 Other Securities		202	4,033	4,235	749	6,625	7,374
VI. LOANS	(5.1.5)	2,524,829	368,017	2,892,846	2,237,392	594,772	2,832,164
6.1 Loans		2,472,886	368,017	2,840,903	2,191,209	594,772	2,785,981
6.1.1 Loans Utilized to the Bank's Risk Group		44,546	17,742	62,288	20,515	28	20,543
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		2,428,340	350,275	2,778,615	2,170,694	594,744	2,765,438
6.2 Loans under Follow-Up		149,125	-	149,125	179,800	-	179,800
6.3 Specific Provisions (-)		97,182	-	97,182	133,617	-	133,617
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	-	-	-	-	-	-
8.1 Public Sector Debt Securities		-	-	-	-	-	-
8.2 Other Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	-	-	-	-	-	-
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		-	-	-	-	-	-
9.2.1 Financial Associates		-	-	-	-	-	-
9.2.2 Non-Financial Associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Equity Method Joint Ventures		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVES	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		25,476	-	25,476	16,445	-	16,445
XV. INTANGIBLE ASSETS (Net)		2,072	-	2,072	1,902	-	1,902
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		2,072	-	2,072	1,902	-	1,902
XVI. INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-	-	-	-
XVII. TAX ASSETS	(5.1.13)	2,837	-	2,837	5,829	-	5,829
17.1 Current Tax Assets		1,693	-	1,693	3,134	-	3,134
17.2 Deferred Tax Assets		1,144	-	1,144	2,695	-	2,695
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.15)	75,244	6,755	81,999	48,889	17,551	66,440
TOTAL ASSETS		3,064,947	730,739	3,795,686	2,830,971	1,023,283	3,854,254

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2014 AND 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

LIABILITIES AND EQUITY		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 30/09/2014			PRIOR PERIOD 31/12/2013		
			TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS		(5.II.1)	1,250,571	1,229,262	2,479,833	1,249,923	1,271,890	2,521,813
1.1 Deposits of the Bank's Risk Group			14,251	35,845	50,096	10,628	47,034	57,662
1.2 Others			1,236,320	1,193,417	2,429,737	1,239,295	1,224,856	2,464,151
II. NEGATIVE VALUE OF TRADING DERIVATIVES		(5.II.2)	134	9,066	9,200	5,683	436	6,119
III. FUNDS BORROWED		(5.II.3)	27,334	375,438	402,772	39,731	301,269	341,000
IV. DUE TO MONEY MARKETS			140,296	-	140,296	258,597	-	258,597
4.1 Interbank Money Market			-	-	-	-	-	-
4.2 Istanbul Stock Exchange			-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements			140,296	-	140,296	258,597	-	258,597
V. SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset Backed Securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Bank Borrowers' Funds			-	-	-	-	-	-
6.2 Others			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			8,500	3,021	11,521	12,238	1,905	14,143
VIII. OTHER EXTERNAL RESOURCES		(5.II.4)	75,856	2,646	78,502	46,229	7,090	53,319
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)		(5.II.5)	-	-	-	-	-	-
10.1 Financial Lease Payables			-	-	-	-	-	-
10.2 Operational Lease Payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)			-	-	-	-	-	-
XI. HEDGING PURPOSE DERIVATIVES		(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge			-	-	-	-	-	-
11.2 Cash Flow Hedge			-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries			-	-	-	-	-	-
XII. PROVISIONS		(5.II.7)	43,339	-	43,339	48,010	-	48,010
12.1 General Provisions			24,028	-	24,028	23,736	-	23,736
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Benefits			9,539	-	9,539	9,194	-	9,194
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			9,772	-	9,772	15,080	-	15,080
XIII. TAX LIABILITIES		(5.II.8)	7,761	-	7,761	6,945	-	6,945
13.1 Current Tax Liability			7,761	-	7,761	6,945	-	6,945
13.2 Deferred Tax Liability			-	-	-	-	-	-
XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS			-	-	-	-	-	-
14.1 Held For Sale			-	-	-	-	-	-
14.2 Discontinued Operations			-	-	-	-	-	-
XV. SUBORDINATED LOANS			-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY		(5.II.9)	622,462	-	622,462	604,311	(3)	604,308
16.1 Paid-In Capital			420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital			8,964	-	8,964	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			4,902	-	4,902	194	(3)	191
16.2.4 Revaluation Fund on Tangible Assets			4,876	-	4,876	34,373	-	34,373
16.2.5 Revaluation Fund on Intangible Assets			-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Property			-	-	-	-	-	-
16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures			-	-	-	-	-	-
16.2.8 Hedging Funds (Effective Portion)			-	-	-	-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations			-	-	-	-	-	-
16.2.10 Other Supplementary Capital			-	-	-	-	-	-
16.3 Profit Reserves			180,055	-	180,055	105,242	-	105,242
16.3.1 Legal Reserves			10,792	-	10,792	8,531	-	8,531
16.3.2 Status Reserves			-	-	-	-	-	-
16.3.3 Extraordinary Reserves			111,897	-	111,897	96,711	-	96,711
16.3.4 Other Profit Reserves			57,366	-	57,366	-	-	-
16.4 Profit or Loss			13,443	-	13,443	45,316	-	45,316
16.4.1 Prior Periods' Profit or Loss			-	-	-	-	-	-
16.4.2 Current Period Profit or Loss			13,443	-	13,443	45,316	-	45,316
16.5 Minority Shares			-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			2,176,253	1,619,433	3,795,686	2,271,667	1,582,587	3,854,254

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

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS
AS AT 30 SEPTEMBER 2014 AND 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/09/2014			PRIOR PERIOD 31/12/2013		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		1,380,987	2,062,649	3,443,636	1,283,414	1,827,497	3,110,911
I. GUARANTEES	(5.IV.1)	443,495	541,385	984,880	582,426	628,534	1,210,960
1.1 Letters of Guarantee		443,495	323,984	767,479	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		443,495	323,984	767,479	582,426	350,976	933,402
1.2 Bank Acceptances		-	272	272	-	1,458	1,458
1.2.1 Import Letter of Acceptance		-	272	272	-	1,458	1,458
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	189,713	189,713	-	228,971	228,971
1.3.1 Documentary Letters of Credit		-	128,327	128,327	-	165,585	165,585
1.3.2 Other Letters of Credit		-	61,386	61,386	-	63,386	63,386
1.4 Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Related Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	27,416	27,416	-	47,129	47,129
1.9 Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.1)	251,957	63,999	315,956	214,390	87,537	301,927
2.1 Irrevocable Commitments		251,957	63,999	315,956	214,390	87,537	301,927
2.1.1 Asset Purchase and Sale Commitments		1,770	63,999	65,769	6,622	87,537	94,159
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		41,840	-	41,840	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		84,389	-	84,389	83,116	-	83,116
2.1.8 Tax and Fund Obligations from Export Commitments		69	-	69	3	-	3
2.1.9 Commitments for Credit Card Limits		84,510	-	84,510	79,889	-	79,889
2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services		281	-	281	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		39,098	-	39,098	-	-	-
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		685,535	1,457,265	2,142,800	486,598	1,111,426	1,598,024
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		685,535	1,457,265	2,142,800	486,598	1,111,426	1,598,024
3.2.1 Forward Foreign Currency Purchases/Sales		8,973	13,852	22,825	90,001	151,802	241,803
3.2.1.1 Forward Foreign Currency Purchases		5,680	5,759	11,439	28,493	92,658	121,151
3.2.1.2 Forward Foreign Currency Sales		3,293	8,093	11,386	61,508	59,144	120,652
3.2.2 Currency and Interest Rate Swaps		675,562	1,398,132	2,073,694	336,025	804,391	1,140,416
3.2.2.1 Currency Swaps-Purchases		1,113	1,060,840	1,061,953	22,536	583,047	605,583
3.2.2.2 Currency Swaps-Sales		674,449	337,292	1,011,741	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		1,000	1,026	2,026	60,572	93,519	154,091
3.2.3.1 Currency Options-Purchases		500	513	1,013	34,007	42,782	76,789
3.2.3.2 Currency Options-Sales		500	513	1,013	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		-	44,255	44,255	-	61,714	61,714
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		3,077,251	688,946	3,766,197	3,139,692	1,021,816	4,161,508
IV. ITEMS HELD IN CUSTODY		271,431	35,614	307,045	241,582	31,088	272,670
4.1 Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2 Securities Held in Custody		172,735	10,561	183,296	155,514	10,251	165,765
4.3 Checks Received for Collection		54,471	5,904	60,375	64,656	7,152	71,808
4.4 Commercial Notes Received for Collection		27,048	11,292	38,340	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		320	97	417	369	130	499
4.8 Custodians		16,857	7,760	24,617	8,377	6,624	15,001
V. PLEDGED ITEMS		2,805,500	653,332	3,458,832	2,877,118	990,728	3,867,846
5.1 Securities		20,837	-	20,837	17,334	-	17,334
5.2 Guarantee Notes		4,035	29,057	33,092	8,945	38,138	47,083
5.3 Commodities		117,510	56,659	174,169	102,286	57,024	159,310
5.4 Warrants		2,548	-	2,548	469	-	469
5.5 Immovables		1,724,551	523,594	2,248,145	1,918,718	823,100	2,741,818
5.6 Other Pledged Items		936,019	44,022	980,041	829,366	72,466	901,832
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		320	-	320	20,992	-	20,992
TOTAL OFF BALANCE SHEET ITEMS (A+B)		4,458,238	2,751,595	7,209,833	4,423,106	2,849,313	7,272,419

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED 30 SEPTEMBER 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INCOME AND EXPENSE ITEMS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA			
			CURRENT PERIOD (01/01/2014 - 30/09/2014)	PRIOR PERIOD (01/01/2013 - 30/09/2013)	CURRENT PERIOD (01/07/2014 - 30/09/2014)	PRIOR PERIOD (01/07/2013 - 30/09/2013)
I. INTEREST INCOME	(5.III.1)		262,938	219,620	82,144	71,703
1.1 Interest from Loans			224,121	195,452	73,414	63,218
1.2 Interest from Reserve Deposits			-	-	-	-
1.3 Interest from Banks			1,464	1,043	352	432
1.4 Interest from Money Market Transactions			483	25	245	2
1.5 Interest from Securities Portfolio			33,487	22,581	7,958	7,927
1.5.1 Trading Securities			24	16	10	6
1.5.2 Financial Assets at Fair Value Through Profit or Loss			-	-	-	-
1.5.3 Available for Sale Securities			33,463	22,565	7,948	7,921
1.5.4 Held to Maturity Securities			-	-	-	-
1.6 Interest from Financial Leases			-	-	-	-
1.7 Other Interest Income			3,383	519	175	124
II. INTEREST EXPENSE	(5.III.2)		124,929	111,856	38,497	38,587
2.1 Interest on Deposits			102,479	95,949	31,631	32,155
2.2 Interest on Funds Borrowed			7,082	7,912	2,336	2,981
2.3 Interest on Money Market Transactions			15,311	6,344	4,530	3,451
2.4 Interest on Securities Issued			-	-	-	-
2.5 Other Interest Expense			57	1,651	-	-
III. NET INTEREST INCOME (I - II)			138,009	107,764	43,647	33,116
IV. NET FEE AND COMMISSION INCOME			10,843	12,559	3,308	3,921
4.1 Fees and Commissions Received			14,366	15,627	4,454	5,005
4.1.1 Non-Cash Loans			6,617	8,002	1,993	2,524
4.1.2 Other			7,749	7,625	2,461	2,481
4.2 Fees and Commissions Paid			3,523	3,068	1,146	1,084
4.2.1 Non-Cash Loans			291	212	75	77
4.2.2 Other			3,232	2,856	1,071	1,007
V. DIVIDEND INCOME			-	-	-	-
VI. TRADING INCOME/LOSS (Net)	(5.III.3)		(20,653)	(1,646)	(4,045)	(2,537)
6.1 Profit / Loss on Capital Market Transactions			9,184	5,679	6,444	1,350
6.2 Derivative Instruments Gain / Loss			(9,374)	58,272	13,011	31,013
6.3 Foreign Exchange Gain / Loss			(20,463)	(65,597)	(23,500)	(34,900)
VII. OTHER OPERATING INCOME	(5.III.4)		15,344	66,799	492	54,285
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			143,543	185,476	43,402	88,785
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.5)		25,696	40,138	8,842	11,812
X. OTHER OPERATING EXPENSES (-)	(5.III.6)		101,105	89,199	32,572	31,481
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			16,742	56,139	1,988	45,492
XII. SURPLUS WRITTEN AS GAIN AFTER MERGER			-	-	-	-
XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS			-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)			16,742	56,139	1,988	45,492
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)			(3,299)	(4,743)	(832)	(2,713)
16.1 Current Tax Provision	(5.III.7)		(1,808)	(4,454)	1,321	(887)
16.2 Deferred Tax Provision			(1,491)	(289)	(2,153)	(1,826)
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)			13,443	51,396	1,156	42,779
XVIII. PROFIT FROM DISCONTINUED OPERATIONS			-	-	-	-
18.1 Assets Held for Sale			-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures			-	-	-	-
18.3 Others			-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
19.1 Assets Held for Sale			-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures			-	-	-	-
19.3 Others			-	-	-	-
XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)			-	-	-	-
XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)			-	-	-	-
21.1 Current Tax Provision	(5.III.7)		-	-	-	-
21.2 Deferred Tax Provision			-	-	-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)			-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)			13,443	51,396	1,156	42,779
23.1 Group's Profit / Loss	(5.III.8)		13,443	51,396	1,156	42,779
23.2 Minority Shares			-	-	-	-
Earnings / Losses per Share (Full TL)			0.0032	0.0122	0.0003	0.0102

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY	THOUSANDS OF TURKISH LIRA			
	CURRENT PERIOD (01/01/2014 - 30/09/2014)	PRIOR PERIOD (01/01/2013 - 30/09/2013)	CURRENT PERIOD (01/07/2014 - 30/09/2014)	PRIOR PERIOD (01/07/2013 - 30/09/2013)
I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	5,888	(16,285)	(5,158)	(260)
II. REVALUATION ON TANGIBLE ASSETS	-	-	-	-
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	-	-	-	-
IX. DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES	(1,177)	3,256	1,031	51
X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	4,711	(13,029)	(4,127)	(209)
XI. CURRENT PERIOD PROFIT/LOSS	13,443	51,396	1,156	42,779
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	406	977	348	130
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	13,037	50,419	808	42,649
XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	18,154	38,367	(2,971)	42,570

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		THOUSANDS OF TURKISH LIRA																	
		Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Differences of Securities	Revaluation Fund on Tangible Assets	Securities Value Increase Fund	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
PRIOR PERIOD 30/09/2013																			
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	(13,029)	-	-	-	-	(13,029)	-	(13,029)	-
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation fund on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Capital Bonus of Associates,Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Issuences 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	-	-	-	-	-	-	-	-	51,396	-	-	-	-	-	-	51,396	-	51,396
XX.	Profit Distribution	-	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
20.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transferred to Reserves	-	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
20.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 30/09/2013		420,000	-	(814)	-	8,531	-	96,711	-	51,396	-	4,028	33,416	-	-	-	613,268	-	613,268

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		THOUSANDS OF TURKISH LIRA																	
		Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Differences of Securities	Revaluation Fund on Tangible Assets	Securities Value Increase Fund	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD																			
30/09/2014																			
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	-	-	-	-	-	-	-	-	-	-	4,711	-	-	-	-	4,711	-	4,711
IV.	Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation fund on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Bonus of Associates,Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuences of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Abolition profit of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	13,443	-	-	-	-	-	-	13,443	-	13,443
XVIII.	Profit Distribution	-	-	-	-	2,261	-	15,186	57,366	(45,316)	-	-	(29,497)	-	-	-	-	-	-
18.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to Reserves	-	-	-	-	2,261	-	15,186	57,366	(45,316)	-	-	(29,497)	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period																			
(I+II+III+...+XVI+XVII+XVIII) - 30/09/2014		420,000	-	(814)	-	10,792	-	111,897	57,366	13,443	-	4,902	4,876	-	-	-	622,462	-	622,462

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 SEPTEMBER 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2014 - 30/09/2014)	PRIOR PERIOD (01/01/2013 - 30/09/2013)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before Changes in Operating Assets and Liabilities	35,884	38,988
1.1.1	Interest Received	250,606	215,994
1.1.2	Interest Paid	(126,505)	(112,539)
1.1.3	Dividend Received	-	-
1.1.4	Fees And Commissions Received	9,793	11,286
1.1.5	Other Income	(23,403)	(15,125)
1.1.6	Collections from Non-performing Loans	22,892	32,314
1.1.7	Payments to Personnel and Service Suppliers	(59,667)	(54,143)
1.1.8	Taxes Paid	(6,610)	(14,026)
1.1.9	Other	(31,222)	(24,773)
1.2	Changes in Operating Assets and Liabilities	(193,396)	(158,846)
1.2.1	Net (Increase) Decrease in Trading Securities	(630)	437
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	503	(44,521)
1.2.4	Net (Increase) Decrease in Loans	(102,526)	(109,751)
1.2.5	Net (Increase) Decrease in Other Assets	(13,478)	(19,045)
1.2.6	Net Increase (Decrease) in Bank Deposits	136,635	(2,603)
1.2.7	Net Increase (Decrease) in Other Deposits	(176,636)	(501,443)
1.2.8	Net Increase (Decrease) in Funds Borrowed	(56,931)	503,575
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	19,667	14,505
I.	Net Cash Provided by / (Used in) Banking Operations	(157,512)	(119,858)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided by / (Used in) Investing Activities	62,054	55,161
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	(11,674)	(703)
2.4	Fixed Assets Sales	137	125,281
2.5	Cash Paid for Purchase of Investments Available for Sale	(70,220)	(134,688)
2.6	Cash Obtained From Sale of Investments Available for Sale	144,436	66,007
2.7	Cash Paid for Purchase of Investment Securities	-	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	(625)	(736)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided by / (Used in) Financing Activities	-	-
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Capital Increase	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	7,933	14,497
V.	Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	(87,525)	(50,200)
VI.	Cash and Cash Equivalents at the Beginning of Period	378,580	393,703
VII.	Cash and Cash Equivalents at the End of Period (V+VI)	291,055	343,503

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION THREE
ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

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 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

Strategy for the use of financial instruments:

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

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

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

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

Transactions denominated in foreign currencies:

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

As at 30 September 2014, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 2.2789, Euro: TL 2.8914, GBP: TL 3.6933 and JPY: TL 0.0208.

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

III. Presentation of information regarding consolidated subsidiaries and associates

The Parent Bank has no consolidating associate.

Tekstil Yatırım which is financial subsidiary of the Parent Bank is consolidated to accompanying consolidated financial statements by using “Full Consolidation” method as at 30 September 2014 and 31 December 2013.

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

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

The carrying amount of the Parent Bank’s investment in its subsidiary and the Parent Bank’s portion of equity of its subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiary and the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as at 30 September 2014 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

IV. Forward transactions, options and derivative instruments

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

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

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

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

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

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

V. Interest income and expense

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

VI. Fees and commissions

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

VII. Financial assets

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

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

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

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

b. Investment securities available-for-sale:

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

Purchase and sale transactions of available-for-sale securities are recorded on settlement date. Such financial assets are measured at their fair values subsequently following the initial recognition. 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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Financial assets (continued)

d. Investment securities held-to-maturity:

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

VIII. Impairment of financial assets

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

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

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

As at 30 September 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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XI. Assets held for sale and discontinued operations

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

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

XII. Goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements as at 30 September 2014 and 31 December 2013.

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

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

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

XIII. Tangible assets

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

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

The estimated useful lives are as follows:

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

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

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

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 “Property, Plant and Equipment”. For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in “Revaluation Fund on Tangible Assets” within the equity items. As at 30 September 2014, revaluation surplus on tangible assets amounts to TL 5,132 (31 December 2013: TL 5,132).

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

XVIII. Taxation

a. Current taxes:

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

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

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

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

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

b. Deferred taxes:

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

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

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

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XVIII. Taxation (continued)

c. Transfer pricing:

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

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

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

XIX. Additional explanations on borrowings

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

XX. Issued stock

There is no issued stock in the current period.

XXI. Acceptances

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

XXII. Government grants

As at 30 September 2014 and 31 December 2013, the Group does not have any government grants.

XXIII. Reserves and profit distribution

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

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

XXIV. Related parties

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

XXV. Cash and cash equivalents

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

XXVI. Segment reporting

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

XXVII. Reclassifications

In order to achieve convenience presentation of financial statements as at 30 September 2014, classification has been made on the statement of consolidated cash flows dated 30 September 2013. This classification includes the presentation of cash outflows related to the acquisition of intangible assets amounting to TL 736 under the “Other” line in the “Cash flows from investing activities” section in the statement of cash flows prepared in the current period which has been presented under the “Fixed assets purchases” line of the same section in the statement of cash flows prepared in the previous period.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION FOUR

CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Consolidated capital adequacy ratio

As at 30 September 2014, the Group's consolidated capital adequacy ratio is 18.04% (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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Consolidated capital adequacy ratio (continued)

Consolidated Capital Adequacy Ratio:

30 September 2014							
Risk Weights							
Parent Bank							
	%0	%20	%50	%75	%100	%150	%200
Value at Credit Risk	-	51,570	212,373	206,606	2,369,201	86,384	257,398
Risk Classifications							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	844,582	-	-	-	30	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non- Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	846	-	-
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	1,646	18,164	19,963	-	38,341	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	47,515	236,864	32,744	-	2,041,798	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	3,161	1,530	-	275,475	3,648	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	3,927	276	369,531	-	123,942	-	-
Non-performing Receivables	12	-	2,507	-	45,225	4,199	-
Higher-Risk Categories Defined by Agency	2,620	1,016	-	-	-	53,390	128,699
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	28,032	-	-	-	115,371	-	-

Risk Weights							
Consolidated							
	%0	%20	%50	%75	%100	%150	%200
Value at Credit Risk	-	52,961	212,554	216,054	2,355,325	86,384	257,398
Risk Classifications							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	855,036	-	-	-	30	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1,006	-	-
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	1,639	25,118	20,326	-	38,341	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	47,515	236,864	32,744	-	2,046,674	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	3,161	1,530	-	288,072	3,648	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	3,927	276	369,531	-	123,942	-	-
Non-performing Receivables	12	-	2,507	-	45,225	4,199	-
Higher-Risk Categories Defined by Agency	2,620	1,016	-	-	-	53,390	128,699
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	28,032	-	-	-	96,459	-	-

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Consolidated capital adequacy ratio (continued)

Summary information related to consolidated and unconsolidated capital adequacy ratios:

	30 September 2014	
	Parent Bank	Consolidated
Capital Requirement for Credit Risk (VaCR*0.08) (CRCR)	254,683	254,454
Capital Requirement for Market Risk (CRMR)	1,183	1,742
Capital Requirement for Operational Risk (CROR)	22,599	24,008
Shareholders' Equity	628,280	631,792
Shareholders' Equity/((CRCR+CRMR+CROR) *12.5)*100	18.05	18.04
Tier I Capital/((CRCR+CRMR+CROR)*12.5*100)	17.49	17.48
Common Equity/((CRCR+CRMR+CROR)*12.5*100)	17.54	17.53

	31 December 2013(*)	
	Parent Bank	Consolidated
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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Consolidated capital adequacy ratio (continued)

Components of shareholders' equity:

	30 September 2014
COMMON EQUITY	
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	9,778
Profit	13,443
Current Period Profit	13,443
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	-
Common Equity Before Deductions	622,462
Deductions from Common Equity	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	-
Leasehold improvements (-)	8,003
Goodwill or other intangible assets and deferred tax liability related to these items (-)	414
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 (-)	-
Total Deductions From Common Equity	8,417
Total Common Equity	614,045
ADDITIONAL TIER I CAPITAL	
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	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	
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 (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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 (-)	1,658
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

612,387

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	24,028
Third parties' shares in the Tier II Capital	-
Tier II Capital Before Deductions	24,028

Deductions From Tier II Capital

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

Total Deductions from Tier II Capital

Total Tier II Capital

24,028

CAPITAL BEFORE DEDUCTIONS

636,415

Loans granted contrary to the 50th and 51th Article of the Law (-)	-
Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)	4,156
Loans granted to banks and financial institutions, including those established abroad, and to bank's qualified shareowners or investments made to debt instruments issued by them (-)	147
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 (-)	320
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

631,792

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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Consolidated capital adequacy ratio (continued)

	31 December 2013(*)
CORE CAPITAL	
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) (-)	-
Total Core Capital	596,892
SUPPLEMENTARY CAPITAL	
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	-
Total Supplementary Capital	26,016
CAPITAL	622,908
DEDUCTIONS FROM THE CAPITAL	4,358
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	-
TOTAL SHAREHOLDERS' EQUITY	618,550

(*) 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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Consolidated market risk

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

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

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

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

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

Consolidated market risk

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	818
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	329
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	122
(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	473
(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) (*)	1,742
(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)	21,775

(*) For the purpose of the capital adequacy ratio calculation, 8% of total amount of TL 21,775, which is TL 1,742 was used for the market risk. TL 1,742 also represents the minimum capital amount to eliminate the related market risk.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Consolidated foreign currency exchange rate risk

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

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

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

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

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

	23/09/14	24/09/14	25/09/14	26/09/14	29/09/14	30/09/14
USD	2.2400	2.2319	2.2325	2.2482	2.2557	2.2789
GBP	3.6533	3.6479	3.6541	3.6578	3.6735	3.6933
EURO	2.8781	2.8745	2.8677	2.8607	2.8748	2.8914
JPY	0.0205	0.0205	0.0205	0.0205	0.0206	0.0208

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty days ending 30 September 2014 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	2.2039
GBP	3.5925
EURO	2.8492
JPY	0.0205

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Consolidated foreign currency exchange rate risk (continued)

Information on consolidated foreign currency exchange rate risk:

30 September 2014	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (*)	5,895	279,671	44,795	330,361
Banks	2,650	15,988	1,195	19,833
Financial Assets at Fair Value Through Profit or Loss (**)	53	359	-	412
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	4,063	-	4,063
Loans (***)	144,830	422,296	4,542	571,668
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (**)	165	6,529	-	6,694
Total Assets	153,593	728,906	50,532	933,031
Liabilities				
Bank Deposits	28,929	102,788	-	131,717
Foreign Currency Deposits	297,532	791,499	8,514	1,097,545
Interbank Money Markets	-	-	-	-
Funds Borrowed from Other Financial Institutions	108,061	265,512	1,865	375,438
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	139	2,882	-	3,021
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities (**) (*****)	1,135	1,315	195	2,645
Total Liabilities (**)	435,796	1,163,996	10,574	1,610,366
Net On Balance Sheet Position	(282,203)	(435,090)	39,958	(677,335)
Net Off Balance Sheet Position	281,899	433,958	(39,689)	676,168
Financial Derivatives (Assets) (*****)	316,475	772,800	9,441	1,098,716
Financial Derivatives (Liabilities) (*****)	34,576	338,842	49,130	422,548
Non-cash Loans (****)	142,853	394,415	4,117	541,385
31 December 2013				
Total Assets (*) (**) (***)	282,654	922,340	49,189	1,254,183
Total Liabilities (**) (*****)	461,730	1,110,896	9,468	1,582,094
Net On Balance Sheet Position	(179,076)	(188,556)	39,721	(327,911)
Net Off Balance Sheet Position	171,608	188,138	(38,815)	320,931
Financial Derivatives (Assets) (*****)	220,277	478,784	60,886	759,947
Financial Derivatives (Liabilities) (*****)	48,669	290,646	99,701	439,016
Non-cash Loans (****)	116,021	506,848	5,665	628,534

(*) As at 30 September 2014 precious metals balance in the Central Bank accounts amounting to TL 44,255 is included in Other FC (31 December 2013: TL 41,143).

(**) As at 30 September 2014, accrual differences of derivative transactions presented in "Financial Assets At Fair Value Through Profit Or Loss" and "Negative Value Of Trading Derivatives" amounting to TL 1,298 and TL 9,066, respectively, (31 December 2013: TL 3,165 and TL 436) and accrual differences of value dated transactions presented under assets in "Other Assets" and under liabilities in "Other External Resources" amounting to TL 61 and TL 1 (31 December 2013: TL 138 and TL 60) are not included in the table, respectively.

(***) As at 30 September 2014, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 203,651 (31 December 2013: TL 234,203).

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

(*****) As at 30 September 2014, value dated FX buying and FX selling transactions amounting to TL 31,604 and TL 32,395, 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 30 September 2014 precious metal swap transactions amounting to TL 44,255 in "Other" item of Derivatives Financial Instruments section of off-balance sheet items is included in Other FC column (31 December 2013: TL 61,714).

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

III. Consolidated foreign currency exchange rate risk (continued)

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 30 September 2014 and 31 December 2013 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

Change in foreign currency rate	30 September 2014				31 December 2013			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(113)	113	(113)	113	(42)	42	(42)	42
EURO	(30)	30	(30)	30	(747)	747	(747)	747
Other FC	27	(27)	27	(27)	91	(91)	91	(91)
	(116)	116	(116)	116	(698)	698	(698)	698

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

IV. Consolidated interest rate risk

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

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

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. 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
30 September 2014							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	412,042	412,042
Banks	13,561	-	-	-	-	6,284	19,845
Financial Assets at Fair Value Through Profit or Loss	17,413	50	141	53	218	1,868	19,743
Interbank Money Market Placements	6,752	-	-	-	-	-	6,752
Investment Securities Av.-for-Sale	144,710	9,241	171,707	4,880	1,376	160	332,074
Loans	1,253,499	486,761	416,155	596,226	88,262	51,943	2,892,846
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	61	-	-	-	-	112,323	112,384
Total Assets	1,435,996	496,052	588,003	601,159	89,856	584,620	3,795,686
Liabilities							
Bank Deposits	136,536	-	-	-	-	189	136,725
Other Deposits	1,679,083	489,857	19,710	293	-	154,165	2,343,108
Interbank Money Market Borrowings	140,296	-	-	-	-	-	140,296
Miscellaneous Payables	-	-	-	-	-	11,521	11,521
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	25,443	147,224	230,105	-	-	-	402,772
Other Liabilities	5,005	4,174	24	-	-	752,061	761,264
Total Liabilities	1,986,363	641,255	249,839	293	-	917,936	3,795,686
Balance Sheet Long Position	-	-	338,164	600,866	89,856	-	1,028,886
Balance Sheet Short Position	(550,367)	(145,203)	-	-	-	(333,316)	(1,028,886)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(550,367)	(145,203)	338,164	600,866	89,856	(333,316)	-

(*) Tangible and intangible assets amounting to TL 27,548, tax assets amounting to TL 2,837 and other assets amounting to TL 81,938 are presented within other assets as non-interest bearing; provisions amounting to TL 43,339, tax liability amounting to TL 7,761, other liabilities amounting to TL 78,499 and equity amounting to TL 622,462 are presented within other liabilities as non-interest bearing.

Current interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
30 September 2014 (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	0.83	-	-
Financial Assets at Fair Value Through Profit or Loss	1.09	3.47	-	-
Interbank Money Market Placements	-	-	-	11.06
Investment Securities Available-for-Sale	-	5.83	-	11.93
Loans	5.46	5.74	5.78	12.19
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	1.31	1.10	-	11.62
Other Deposits	2.19	2.24	-	9.77
Interbank Money Market Borrowings	-	-	-	10.20
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	2.12	1.71	-	7.03

(*) Stated at compound interest rates.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. Consolidated interest rate risk (continued)

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
31 December 2013							
Assets							
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
Total Assets	1,302,128	333,572	699,126	765,766	153,698	599,964	3,854,254
Liabilities							
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
Total Liabilities	2,097,618	605,544	241,522	3,740	-	905,830	3,854,254
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	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(795,490)	(271,972)	457,604	762,026	153,698	(305,866)	-

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

Current interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 December 2013 (*)				
Assets				
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	-	-	-	-
Liabilities				
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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Consolidated interest rate risk (continued)

The interest rate risk of the banking book items:

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

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

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

The interest rate risk of the banking book items is measured legally in accordance with the “Regulation on Measurement and Assessment of Standard Shock Method on the Interest Rate Risk Arising from Banking Accounts”, published in the Official Gazette no. 28034 dated 23 August 2011, and this legal limit is monitored and reported monthly, based on this measurement.

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

In accordance with the “Regulation on Measurement and Evaluation of Standard Shock Method on the Interest Rate Risk Arising from Banking Accounts”, economic valuation differences of Parent Bank arising from fluctuations on interest rates, in different currencies, are presented in the table below (excluding tax effect) as at 30 September 2014.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	500	(45,061)	(7.2%)
	(400)	40,737	6.4%
EURO	200	(552)	(0.1%)
	(200)	318	0.1%
USD	200	(2,635)	(0.4%)
	(200)	2,353	0.4%
Total (of negative shocks)		43,408	6.9%
Total (of positive shocks)		(48,248)	(7.7%)

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. Consolidated liquidity risk

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

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

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

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

Presentation of assets and liabilities according to their residual maturities:

	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and Over	Undist. (*)	Total
30 September 2014								
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	264,462	147,580	-	-	-	-	-	412,042
Banks	6,284	13,561	-	-	-	-	-	19,845
Financial Assets at Fair Value Through Profit or Loss	1,868	17,413	50	141	53	218	-	19,743
Interbank Money Market Placements	-	6,752	-	-	-	-	-	6,752
Investment Securities Available-for-Sale	160	86,400	893	140,932	43,187	60,502	-	332,074
Loans	-	405,283	637,801	1,087,186	622,371	88,262	51,943	2,892,846
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	73,361	3,684	950	75	1,144	33,170	112,384
Total Assets	272,774	750,350	642,428	1,229,209	665,686	150,126	85,113	3,795,686
Liabilities								
Bank Deposits	189	136,536	-	-	-	-	-	136,725
Other Deposits	154,165	1,679,083	489,857	19,692	311	-	-	2,343,108
Funds Borrowed from Other Financial Institutions	-	25,443	147,224	230,105	-	-	-	402,772
Interbank Money Markets	-	140,296	-	-	-	-	-	140,296
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	11,521	-	-	-	-	-	-	11,521
Other Liabilities	-	88,342	7,097	24	-	-	665,801	761,264
Total Liabilities	165,875	2,069,700	644,178	249,821	311	-	665,801	3,795,686
Net Liquidity Gap	106,899	(1,319,350)	(1,750)	979,388	665,375	150,126	(580,688)	-
31 December 2013								
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
Net Liquidity Gap	269,631	(1,492,788)	(226,636)	858,375	942,644	228,930	(580,156)	-

(*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 27,548, stationary supplies amounting to TL 345, assets to be disposed of amounting to TL 5,277, loans in follow-up amounting to TL 51,943 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 43,339 and equity amounting to TL 622,462 are included here.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Consolidated liquidity risk (continued)

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

Liquidity Ratios	First Maturity Bracket		Second Maturity Bracket	
	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio
30 September 2014	273.3	209.0	166.5	117.7
Average (%)	278.5	189.9	152.3	118.6
Max. (%)	429.7	212.7	188.0	129.8
Min. (%)	182.0	168.5	120.2	107.0

VI. Consolidated position risk of equity securities of banking accounts

None.

VII. Information related to consolidated securitization positions

None.

VIII. Information related to consolidated credit risk mitigation techniques

The Parent Bank applies simple financial collateral method for credit risk mitigation in accordance with 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.

Collaterals according to risk classifications:

Risk Classifications	Amount (**)	Financial Collaterals	Other/ Physical Collaterals	Guaranties and Credit Derivatives
Claims on sovereigns and Central Banks	854,772	138,623	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial enterprises	1,006	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and capital market intermediary	85,277	1,634	-	-
Claims on corporate receivables	2,356,498	60,308	-	25
Claims included in the regulatory retail portfolios	298,620	9,650	-	513
Claims secured by residential property (*)	501,526	8,228	-	51
Non-performing receivables	51,943	12	-	-
Higher risk categories decided by Agency	187,406	5,317	-	-
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	124,491	-	-	-
Total	4,461,539	223,772	-	589

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IX. Information related to consolidated risk management target and policies

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

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

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

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

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

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

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

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

XI. Consolidated segment reporting

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

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

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XI. Consolidated segment reporting (continued)

Information related to the segments of the Group:

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

30 September 2014	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
Operating Income	13,532	68,926	61,085	143,543
Operating profit of segment	(9,001)	(10,550)	36,293	16,742
Costs not distributed	-	-	-	-
Operating profit	(9,001)	(10,550)	36,293	16,742
Income from subsidiaries	-	-	-	-
Profit before tax	(9,001)	(10,550)	36,293	16,742
Tax provision (-)	-	-	3,299	3,299
Profit after tax	(9,001)	(10,550)	32,994	13,443
Non-controlling rights	-	-	-	-
Net Profit	(9,001)	(10,550)	32,994	13,443
Segment assets (*)	367,352	2,538,342	889,992	3,795,686
Investments in subsidiaries	-	-	-	-
Total Assets	367,352	2,538,342	889,992	3,795,686
Segment liabilities (*)	1,507,660	890,359	775,205	3,173,224
Equity	-	-	622,462	622,462
Total Liabilities	1,507,660	890,359	1,397,667	3,795,686
Other Segment Items	192	364	14,956	15,512
Capital expenditure	-	-	12,299	12,299
Depreciation and amortization	192	364	2,471	3,027
Impairment losses (**)	-	-	186	186
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 67% for corporate banking, 10% for retail banking, 23% 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 48%, 9% and 43% respectively.

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XI. Consolidated segment reporting (continued)

	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
For the period ended 30 September 2013				
Operating Income	17,237	68,032	100,207	185,476
Operating profit of segment	(3,330)	(13,849)	73,318	56,139
Costs not distributed	-	-	-	-
Operating profit	(3,330)	(13,849)	73,318	56,139
Income from subsidiaries	-	-	-	-
Profit before tax	(3,330)	(13,849)	73,318	56,139
Tax provision (-)	-	-	4,743	4,743
Profit after tax	(3,330)	(13,849)	68,575	51,396
Non-controlling rights	-	-	-	-
Net Profit	(3,330)	(13,849)	68,575	51,396
Other Segment Items	173	409	3,883	4,465
Capital expenditure	-	-	1,439	1,439
Depreciation and amortization	173	409	1,220	1,802
Impairment losses	-	-	1,224	1,224
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-
As at 31 December 2013				
Segment assets	398,313	2,457,533	998,408	3,854,254
Investments in subsidiaries	-	-	-	-
Total Assets	398,313	2,457,533	998,408	3,854,254
Segment liabilities	1,482,589	1,117,878	649,479	3,249,946
Equity	-	-	604,308	604,308
Total Liabilities	1,482,589	1,117,878	1,253,787	3,854,254

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Information and disclosures related to consolidated assets

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

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

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Cash	13,160	14,871	15,324	33,867
Central Bank of Turkey (*)	68,521	315,490	67,314	333,768
Others	-	-	-	-
Total	81,681	330,361	82,638	367,635

b) Balances with the Central Bank of Turkey:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Unrestricted Demand Deposits (*)	68,521	167,910	67,314	185,685
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	147,580	-	148,083
Total	68,521	315,490	67,314	333,768

(*) As at 30 September 2014, the Parent Bank keeps precious metals amounting to TL 44,255 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 30 September 2014 (31 December 2013: between 5% and 11.5%); the reserve rates for foreign currency liabilities vary between 6% and 13% (31 December 2013: 6% and 13%) due maturity profile.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

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

As at 30 September 2014 and 31 December 2013, the financial assets at fair value through profit or loss are kept under unrestricted account.

- b) Positive value of trading derivatives:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Forward transactions	162	3	1,170	131
Swap transactions	16,002	1,295	7,537	2,927
Futures	-	-	-	-
Options	1	-	2,497	107
Other	-	-	-	-
Total	16,165	1,298	11,204	3,165

3. Information on banks:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Banks				
Domestic	12	13,562	43,317	21,238
Foreign	-	6,271	-	11,848
Foreign branches	-	-	-	-
Total	12	19,833	43,317	33,086

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

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

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Given as collateral or blocked	10,102	-	17,054	-
Subject to repurchase agreements	143,673	-	270,193	-
Total	153,775	-	287,247	-

As at 30 September 2014, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 178,299 are unrestricted (31 December 2013: TL 101,701).

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

b) Available-for-sale securities:

	30 September 2014	31 December 2013
Debt instruments	331,965	390,125
Listed	327,932	383,500
Unlisted	4,033	6,625
Equity instruments	160	160
Listed	-	-
Unlisted	160	160
Impairment provision	(51)	(1,337)
Total	332,074	388,948

5. Information related to loans:

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

	30 September 2014		31 December 2013	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	23,931	2	18,976	-
Corporate shareholders	23,931	2	18,976	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	38,296	6,353	1,473	364
Loans granted to employees	1,631	-	1,548	-
Total	63,858	6,355	21,997	364

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			Amendments related to the extension of the payment plan	
			Other			Other
Non-specialized loans	2,715,744	4,198	-	108,416	32,715	-
Enterprise loans	-	-	-	-	-	-
Export loans	108,505	-	-	957	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	280,769	1,000	-	-	-	-
Consumer loans	298,915	2,114	-	19,797	381	-
Credit cards	26,637	-	-	1,935	-	-
Other	2,000,918	1,084	-	85,727	32,334	-
Specialized loans	15,918	53	-	825	-	-
Other receivables	-	-	-	-	-	-
Total	2,731,662	4,251	-	109,241	32,715	-

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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	4,200	32,715
Extended by 3,4 or 5 Times	51	-
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	1,742	794
6 Months - 12 Months	824	6,067
1-2 Years	395	41
2-5 Years	1,198	6,424
5 Years and Over	92	19,389

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)

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

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

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

	Short Term	Medium or Long Term	Total
Consumer Loans – TL	14,979	289,417	304,396
Real estate Loans	183	106,629	106,812
Automotive Loans	7	2,098	2,105
Consumer Loans	14,771	180,019	194,790
Other	18	671	689
Consumer Loans – Indexed to FC	4	3,407	3,411
Real estate Loans	4	3,387	3,391
Automotive Loans	-	-	-
Consumer Loans	-	20	20
Other	-	-	-
Consumer Loans – FC	-	6,545	6,545
Real estate Loans	-	6,545	6,545
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Credit Cards – TL	23,571	-	23,571
Installment	5,947	-	5,947
Non installment	17,624	-	17,624
Credit Cards – FC	331	-	331
Installment	-	-	-
Non Installment	331	-	331
Loans Given to Employees – TL	195	579	774
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	195	579	774
Other	-	-	-
Loans Given to Employees – Indexed to FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Loans Given to Employees – FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Employee Credit Cards – TL	896	-	896
Installment	301	-	301
Non Installment	595	-	595
Employee Credit Cards – FC	21	-	21
Installment	-	-	-
Non Installment	21	-	21
Overdraft Account – TL (Individual)	3,586	-	3,586
Overdraft Account – FC (Individual)	-	-	-
Total	43,583	299,948	343,531

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

	Short Term	Medium or Long Term	Total
Installment Corporate Loans – TL	32,757	263,131	295,888
Business Residential Loans	-	634	634
Automotive Loans	312	18,403	18,715
Consumer Loans	1,303	-	1,303
Other	31,142	244,094	275,236
Installment Corporate Loans – Indexed to FC	2,589	45,688	48,277
Business Residential Loans	-	-	-
Automotive Loans	89	8,086	8,175
Consumer Loans	102	-	102
Other	2,398	37,602	40,000
Installment Corporate Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	3,608	-	3,608
Installment	1,228	-	1,228
Non Installment	2,380	-	2,380
Corporate Credit Cards – FC	145	-	145
Installment	-	-	-
Non Installment	145	-	145
Overdraft Account – TL (Commercial)	5,293	-	5,293
Overdraft Account – FC (Commercial)	-	-	-
Total	44,392	308,819	353,211

e) Domestic and foreign loans:

	30 September 2014	31 December 2013
Domestic loans	2,819,469	2,785,981
Foreign loans	21,434	-
Total	2,840,903	2,785,981

f) Loans granted to subsidiaries and associates: None.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)

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

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

g) Specific provisions for loans:

	30 September 2014	31 December 2013
Specific Provisions		
Loans and Receivables with Limited Collectability	1,976	1,886
Loans and Receivables with Doubtful Collectability	22,583	31,518
Uncollectible Loans and Receivables	72,623	100,213
Total	97,182	133,617

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

h.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	-	-	742
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	742
Prior period	-	-	-
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	-

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	4,915	38,547	136,338
Additions (+)	46,089	2,043	162
Transfers from Other Categories of Non- Performing Loans (+)	-	31,715	34,022
Transfers to Other Categories of Non-Performing Loans (-)	31,715	34,022	-
Collections (-)	3,761	2,140	16,282
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	15,528	31,630	101,967
Specific Provisions (-)	1,976	22,583	72,623
Net Balance on Balance Sheet	13,552	9,047	29,344

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	13,552	9,047	29,344
Loans Allowed to Real Persons and Corporate Bodies (Gross)	15,528	31,630	101,967
Specific provision (-)	1,976	22,583	72,623
Loans Allowed to Real Persons and Corporate Bodies (Net)	13,552	9,047	29,344
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	3,029	7,029	36,125
Loans Allowed to Real Persons and Corporate Bodies (Gross)	4,915	38,547	136,338
Specific provision (-)	1,886	31,518	100,213
Loans Allowed to Real Persons and Corporate Bodies (Net)	3,029	7,029	36,125
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

i) Liquidation policy for uncollectible loans and other receivables:

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

j) Information on write-off from assets policy:

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

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

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

As at 30 September 2014 and 31 December 2013, there are no financial assets held-to-maturity.

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

As at 30 September 2014 and 31 December 2013, there are no financial assets held-to-maturity.

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

As at 30 September 2014 and 31 December 2013, there are no financial assets held-to-maturity.

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

As at 30 September 2014 and 31 December 2013, there are no financial assets held-to-maturity.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

7. Investments in associates (net):

None.

8. Investments in subsidiaries (net):

As at 30 September 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 30 September 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	99.92	100.00

f) As at 30 September 2014, 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
39,696	28,541	104	2,886	4,075	1,035	1,175	-

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

g) Movement of consolidated subsidiaries:

	30 September 2014	31 December 2013
Balance at the Beginning of the Period	15,693	15,693
Movements during the Period	9,287	-
Purchases (*)	7,993	-
Bonus Shares Received (*)	1,294	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Revaluation Increase/(Decrease) due Effect of F/X Difference	-	-
Balance at the End of the Period	24,980	15,693
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.

h) Sectoral distribution of consolidated subsidiaries:

	30 September 2014	31 December 2013
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	24,980	15,693
Other Non Financial Subsidiaries	-	-
Total	24,980	15,693

i) Listed subsidiaries: None.

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

k) Subsidiaries purchased in the current period: None.

9. Information on joint ventures (net):

None.

10. Information on financial lease receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

12. Information on investment properties (net):

None.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

13. Information on deferred tax assets:

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

The Group has net deferred tax asset amounting TL 1,144 (31 December 2013: TL 1,540) which was calculated on deductible temporary differences except general provisions, besides the Group has no deferred tax asset arising from financial losses at 30 September 2014 (31 December 2013: TL 1,155)

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

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

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

The Group has no asset held for sale and discontinued operation as at 30 September 2014 and 31 December 2013.

15. Information on other assets:

As at 30 September 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 5,277 (31 December 2013: TL 7,316).

Other assets, other than assets to be disposed of, amounting to TL 76,722 (31 December 2013: TL 59,124), do not exceed 10% of total assets.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Information and disclosures related to consolidated liabilities

1. Information on deposits:

a) Information on maturity profile of deposits:

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

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

a.1) 30 September 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	16,126	18,835	860,742	4,271	3,339	451	19	903,783
Foreign Currency Deposits	54,170	19,918	974,598	29,776	14,188	4,895	-	1,097,545
Residents in Turkey	45,465	19,444	923,672	26,113	6,458	1,119	-	1,022,271
Residents Abroad	8,705	474	50,926	3,663	7,730	3,776	-	75,274
Public Sector Deposits	15,964	-	-	-	-	-	-	15,964
Commercial Deposits	66,417	55,450	178,528	97	-	-	-	300,492
Other Ins. Deposits	1,488	112	23,672	35	17	-	-	25,324
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	189	136,536	-	-	-	-	-	136,725
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	189	136,536	-	-	-	-	-	136,725
Foreign Banks	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	154,354	230,851	2,037,540	34,179	17,544	5,346	19	2,479,833

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	-	-	-	-	-	-	-	-
Total	180,684	74,672	2,184,745	47,328	24,211	10,120	53	2,521,813

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Saving Deposits	423,326	418,249	468,076	427,693
Foreign Currency Savings Deposits	141,705	132,843	439,535	459,887
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	565,031	551,092	907,611	887,580

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 39,119 (31 December 2013: TL 45,528).

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

	30 September 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	21,370	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	17,749	14,682
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd 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:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Forwards	92	6	1,668	40
Swaps	41	9,060	773	267
Futures	-	-	-	-
Options	1	-	3,242	129
Other	-	-	-	-
Total	134	9,066	5,683	436

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	27,334	28,527	39,731	51,715
Foreign Banks, Institutions and Funds	-	346,911	-	249,554
Total	27,334	375,438	39,731	301,269

b) Contractual maturities of funds borrowed:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Short-Term	23,775	330,899	23,831	296,238
Medium and Long-Term	3,559	44,539	15,900	5,031
Total	27,334	375,438	39,731	301,269

4. Information on other external resources:

Other external resources are amounting to TL 78,502 (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 30 September 2014 and 31 December 2013, the Group does not have financial lease liabilities.

As at 30 September 2014 and 31 December 2013, the Group does not have any obligations from operational lease agreements.

6. Information on liabilities arising from hedging purpose derivatives:

None.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

7. Information on provisions:

a) Information on general provisions:

	30 September 2014	31 December 2013
General Provisions		
Provision for Group I Loans and Receivables	18,500	20,137
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	249	134
Provision for Group II Loans and Receivables	3,168	1,288
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	1,633	971
Provision for Non-cash Loans	2,153	2,205
Other	207	106
Total	24,028	23,736

b) Information on reserve for employee rights:

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

Such payments are calculated on the basis of 30 days' pay, as at 30 September 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.

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

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

Movement of ETI liability is below:

	30 September 2014	31 December 2013
Balance at Prior Period End	5,515	5,260
Current year provisions/ (reversal of provision)	1,570	999
Paid in current year	(1,184)	(744)
Balance at Current Period End	5,901	5,515

The Group also has vacation pay liability amounting TL 3,638 (31 December 2013: TL 3,679) as at 30 September 2014.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

As at 30 September 2014, foreign exchange differences on foreign currency indexed loans amounting TL 256 (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 30 September 2014, the Group has provision amounting to TL 6,968 (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 13,727 (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 30 September 2014, the Parent Bank has provision for credit card service promotions amounting TL 137 (31 December 2013: TL 178).

e.3) Information on other provisions:

As at 30 September 2014, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 2,667 (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 30 September 2014, corporate taxes payable of the Group after deductions of prepaid taxes is TL 98 (31 December 2013: TL 109).

b) Information on taxes payable:

	30 September 2014	31 December 2013
Corporate taxes payable	98	109
Taxation on securities	1,909	1,818
Capital gains tax on property	170	195
Banking Insurance Transaction Tax (BITT)	2,647	1,997
Taxes on foreign exchange transactions	-	-
Value added tax payable	44	75
Other	1,577	1,541
Total	6,445	5,735

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

c) Information on premiums payable:

	30 September 2014	31 December 2013
Social security premiums- employee share	557	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	39	36
Unemployment insurance- employer share	84	76
Other	3	1
Total	1,316	1,210

d) Information on deferred tax liabilities:

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

9. Information on shareholders’ equity:

a) Paid in capital:

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

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

h) Information on marketable securities valuation reserve:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Valuation gain/loss of available for sale securities	4,902	-	194	(3)
Translation gain/loss	-	-	-	-
Total	4,902	-	194	(3)

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

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

i) Information on revaluation fund on tangible assets:

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

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

According to 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 reserves and extraordinary reserves with amounts of TL 2,191, TL 27,869 and TL 13,753, respectively.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information and disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

	30 September 2014		30 September 2013	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	141,271	5,480	107,731	8,655
Medium and Long Term Loans	57,747	16,250	48,666	23,953
Loans Under Follow-Up	3,373	-	6,447	-
Source Utilization Support Fund	-	-	-	-
Total	202,391	21,730	162,844	32,608

(*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

	30 September 2014		30 September 2013	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,316	126	620	296
Foreign Banks	10	12	111	16
Foreign Branches	-	-	-	-
Total	1,326	138	731	312

c) Information on interest income received from securities portfolio:

	30 September 2014		30 September 2013	
	TL	FC	TL	FC
Trading Securities	-	24	-	16
Financial Assets at Fair Value				
Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	33,213	250	22,236	329
Investment Securities Held-to-Maturity	-	-	-	-
Total	33,213	274	22,236	345

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

2. Interest expense:

a) Information on interest expense related to funds borrowed:

	30 September 2014		30 September 2013	
	TL	FC	TL	FC
Banks (*)	1,737	5,345	2,028	5,884
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,642	880	2,012	1,131
Foreign Banks	95	4,465	16	4,753
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	1,737	5,345	2,028	5,884

(*) 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		
TL								
Bank Deposits	-	159	-	-	-	-	-	159
Saving Deposits	-	779	63,719	613	164	48	1	65,324
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,983	11,284	232	-	58	-	13,557
Other Deposits	-	6	1,212	1	1	1	-	1,221
Total Turkish Lira	-	2,927	76,215	846	165	107	1	80,261
Foreign Currency								
Foreign Currency Deposits	-	218	20,337	482	263	96	-	21,396
Bank Deposits	-	822	-	-	-	-	-	822
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total Foreign Currency	-	1,040	20,337	482	263	96	-	22,218
Total	-	3,967	96,552	1,328	428	203	1	102,479

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

3. Trading income / loss (net):

	30 September 2014	30 September 2013
Profit	329,097	310,225
Capital Market Gains	9,185	5,713
Derivative Gains	153,480	181,047
Foreign Exchange Gains	166,432	123,465
Loss (-)	(349,750)	(311,871)
Capital Market Losses	(1)	(34)
Derivative Losses	(162,854)	(122,775)
Foreign Exchange Losses	(186,895)	(189,062)

Net gain related to derivative transactions resulting from foreign currency rate changes is amounted to TL 22,479 (30 September 2013: TL 68,754 net gain).

4. 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.

5. Impairment on loans and other receivables:

	30 September 2014	30 September 2013
Specific Provisions on Loans and Other Receivables (*)	24,413	35,714
Loans and Receivables in Group III	1,978	3,428
Loans and Receivables in Group IV	17,885	17,649
Loans and Receivables in Group V	4,550	14,637
General Provision Expenses	292	1,731
Provision for Possible Losses	-	-
Impairment Losses on Securities:	186	1,224
Trading securities	7	235
Investment Securities Available-for-Sale	179	989
Other Impairment Losses:	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (**)	805	1,469
Total	25,696	40,138

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

6. Information related to other operational expenses:

	30 September 2014	30 September 2013
Personnel Expenses	59,667	54,143
Reserve for Employee Termination Indemnities and Vacation Pay	465	683
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	2,308	1,171
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	454	348
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	265	283
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	27,664	20,821
Operational Leases	13,814	9,106
Repair and Maintenance	1,647	1,145
Advertising	469	272
Other Expenses	11,734	10,298
Loss on Sale of Assets	194	60
Other (*)	10,088	11,690
Total	101,105	89,199

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

7. Taxes on income from continued and discontinued operations:

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

For the period ended 30 September 2014, current tax expense is TL 1,808 TL (30 September 2013 – TL 4,454).

For the period ended 30 September 2014, deferred tax expense is TL 1,491 (30 September 2013 – TL 289).

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

For the period ended 30 September 2014, deferred tax expense arising from temporary differences amounts to TL 336 (30 September 2013: TL 289).

Additionally, for the period ended 30 September 2014, the current tax effect amounting to TL (1,117) and deferred tax effect amounting to TL (60), on an aggregate TL (1,177) tax effect (30 September 2013: total TL 3,256) which are related to transactions recognized under equity is accounted for under equity accounts.

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

For the period ended 30 September 2014, TL 336 (30 September 2013: TL 289) deferred tax expense is arising from temporary differences. Moreover, for the period ended 30 September 2014 TL 1,155 deferred tax expense is arising from reversal of deferred tax asset resulted from financial losses as at 31 December 2013 (30 September 2013: None).

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

8. Information on net profit and loss:

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

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

1. Disclosures related to other contingent liabilities:

a) Type and amount of irrevocable commitments:

As at 30 September 2014, asset purchase and sale commitments amount to TL 65,769 (31 December 2013: TL 94,159), loan granting commitments amount to TL 41,840 (31 December 2013: TL 44,375), commitments for credit card limits amount to TL 84,510 (31 December 2013: TL 79,889) commitments for cheque payments amount to TL 84,389 (31 December 2013: TL 83,116) commitments for promotional operations re-credit cards amount to TL 281 (31 December 2013: TL 385), tax and fund obligations from export commitments amount to TL 69 (31 December 2013: TL 3) and other irrevocable commitments amount to TL 39,098 (31 December 2013: None).

Commitments granted for real estate loans under certain housing projects, amounting to TL 39,098 as at 30 September 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 30 September 2014, the Group has letters of guarantee amounting to TL 767,479 (31 December 2013: TL 933,402), bills of exchange and acceptances amounting to TL 272 (31 December 2013: TL 1,458), letters of credit amounting to TL 189,713 (31 December 2013: TL 228,971) and other guarantees amounting to TL 27,416 (31 December 2013: TL 47,129).

c) Non-cash loans:

	30 September 2014	31 December 2013
Non-Cash Loans Given for Cash Loan Risks	15,279	27,982
With Original Maturity of 1 Year or Less	1,176	1,609
With Original Maturity of More Than 1 Year	14,103	26,373
Other Non-Cash Loans	969,601	1,182,978
Total	984,880	1,210,960

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

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

a) Current Period:

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	20,449	364	94	-
Balance at the End of the Period	-	-	62,227	6,355	61	-
Interest and Commission Income Received	-	-	1,583	6	-	-

(*) As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

The Parent Bank has TL 4,446 placements in its risk group banks as at 30 September 2014 (31 December 2013: TL 28,470). Also the Parent Bank has TL 1,715 irrevocable commitment in its risk group as at 30 September 2014 (31 December 2013: TL 1,510)

b) Prior Period:

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	479	688	103	10
Balance at the End of the Period	-	-	20,449	364	94	-
Interest and Commission Income Received	-	-	653	6	-	-

(*) As described in the 2nd 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	-	-	46,554	56,769	3,542	893
Interest on Deposits	-	-	1,517	1,478	94	36

(*) As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

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

As at 30 September 2014, the Parent Bank has no derivative transactions (31 December 2013: TL 4,629 and TL 3,780 option purchase and sale transactions) with the Parent Bank's risk group.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

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

In the Group’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 30 September 2014, proportion of cash loans to risk group in total cash loans is 2.2% (31 December 2013: 0.7%), proportion of deposits from its risk group in total deposits is 2.0% (31 December 2013: 2.3%).

As at 30 September 2014, other commission income from risk group is amounted to TL 27 (30 September 2013: TL 37), other operating income from risk group is amounted to TL 36 (30 September 2013: TL 35), other commission expense to risk group is amounted to TL 71 (30 September 2013: TL 61) and other operating expense to risk group is amounted to TL 786 (30 September 2013: TL 840).

In the consolidated basis, key management cost for the current period is amounted to TL 4,408 (30 September 2013: TL 3,849).

VI. Information and disclosure related to subsequent events

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

1. Parent Bank announced the following Material Event Disclosure on 21 October 2014 in the Public Disclosure Platform (KAP):

“GSD Holding A.Ş., the major shareholder of the Parent Bank, announced the following Material Event Disclosure as at 21 October 2014.

‘With respect to sale of 75.50% shares of the 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) is in progress.’

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

2. According to decision of Board of Directors dated 15 October 2014 and numbered 1289/1, the Parent Bank has increased its capital share to %99.998 in its subsidiary Tekstil Yatırım Menkul Değerler A.Ş. by purchasing the %0.077 shares of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and %0.001 shares of GSD Holding A.Ş in its subsidiary, Tekstil Yatırım Menkul Değerler A.Ş.

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

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION SIX

INDEPENDENT AUDITORS’ REVIEW REPORT

I. Information on the independent auditors’ review report

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the period ended 30 September 2014 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited) and the independent auditors’ review report dated 6 November 2014 is presented in the introduction of this report.

II. Information and disclosures prepared by the independent auditors

None.