

Publicly Announced Consolidated Financial Statements together with Independent Auditor's Report at 31 December 2014

(Convenience Translation of Publicly Announced Consolidated Financial Statements and Independent Auditor's Report Originally Issued in Turkish, See in Note I. of Section Three)

Independent Auditor's Report

To the Board of Directors of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.:

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

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Basis for the qualified opinion:

As mentioned in 5th Section II. Note 7.d1 of Explanations and Notes to the Consolidated Financial Statements; as of the balance sheet date, the accompanying consolidated financial statements include a free provision amounting to TL 1,320,000 thousand (TL 268,000 thousand of this provision amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

Independent Auditor's Opinion:

In our opinion, except for the effects of matter described in the "Basis for the qualified opinion" paragraph above on the consolidated financial statements, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated subsidiaries as of 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

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

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

Additional Paragraph for Convenience Translation:

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.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

a member of
PricewaterhouseCoopers



Haluk Yalçın, SMMM
Partner

Istanbul, 27 February 2015

**The Consolidated Financial Report of
Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2014**

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
No: 8 06107-Altındağ/ANKARA
Phone: (312) 584 20 00
Facsimile: (312) 584 49 63
Website: www.ziraatbank.com.tr

The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION OF THE GROUP
- EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.



Muharrem KARSLI
Chairman of the Board of Directors,
Member of the Audit Committee



Hüseyin AYDIN
Member of the Board of Directors,
General Manager



Feyzi ÇUTUR
Member of the Board of Directors,
Member of the Audit Committee



Cem İNAL
Financial Coordination
Assistant General Manager



Atakan BEKTAŞ
Head of Financial Statements and
Reporting Management

For the questions regarding this financial report, contact details of the personnel in charge are presented below:

Name/Title : Kubilay ŞAHİN/Financial Statements Manager
Telephone Number : 0312 584 59 33
Facsimile Number : 0312 584 59 38

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SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS, IF ANY

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("Ziraat Bankası" or "the Parent Bank") is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. The Bank, which was given the authority to perform all the banking activities, has its head office located in Ankara and all shares of the Bank belong to the Treasury.

II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO

The sole shareholder of the Parent Bank is the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Treasury").

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS

Name	Administrative Function
Members of the Board of Directors	
Muharrem KARSLI	Chairman
Hüseyin AYDIN	General Manager and Member
Yusuf DAĞCAN	Vice Chairman and Member
Cemalettin BAŞLI	Member
Fahrettin ÖZDEMİR	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
Audit Committee Members	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
Assistant General Managers	
Alpaslan ÇAKAR	Retail Banking
Bilgehan KURU	Treasury Management and International Banking
Bülent SUER	Operational Transactions
Cem İNAL	Financial Coordination
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Osman ARSLAN	Information Technologies Management
Ömer Muzaffer BAKTIR	Marketing
Peyami Ömer ÖZDİLEK	Human Resources
Yüksel CESUR	Internal Control

The directors above-mentioned do not retain any shares of the Parent Bank's capital.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Name/Trade Name	Amount of Share	Percentage of Share %	Paid-in Shares	Unpaid Shares
Treasury	2,500,000	100	2,500,000	-

The sole shareholder of the Parent Bank is the Treasury.

V. SUMMARY INFORMATION ON THE PARENT BANK'S ACTIVITIES AND SERVICES

The purpose of activity of the Parent Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Parent Bank can perform all sorts of operations, without prejudice to the provisions of the banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import transactions, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new partnerships for this purpose, performing all kinds of conservative transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the Registry Office.

As of 31 December 2014, Bank carries its activities with a grand total of 1,707 branches; 1,682 branches including 24 corporate branches, 80 entrepreneurial branches, 90 dynamic entrepreneurial branches, 1,486 domestic branches and 2 mobile branches (31 December 2013: 1,636 domestic branches including 1,521 branches, 5 corporate branches, 27 commercial branches, 81 entrepreneurial branches, 2 mobile branches) and 25 branches abroad including 21 branches and 4 sub branches (New York branch in United States, London branch in England, Tbilisi branch, and Batumi sub branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Komotini, Xanthi and Rhodes branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönyeli branches with Akdoğan, Near East University, Karaoğlanoğlu, Karakum and İskele sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

The Parent Bank signed a contract with T. İş Bankası A.Ş. on 22 January 2007 to provide longer installment plan and bonus points to their credit card users and benefit from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. Also with this contract the Bank has the right to register members for Maximum. Transactions between the two banks are administered by Interbank Card Center.

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank can associate Başakkart with enterprise loans below TL 50 and agricultural loan limits in line with the demands of the customers. All limits of loan accounts assigned to the Başakkart can be used via POS machines of the Bank in Başakkart Member Business points for the purchase of agricultural inputs (feed, grain, fuel, etc.). According to preferences of customers, maximum 90% of cash limits of loan accounts can be used through the branches/ATMs of the Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

The Parent Bank and subsidiaries consolidated with the Parent Bank are together referred as the "Group".

As of 31 December 2014, the number of the Group's employees is 24,882 (31 December 2013: 25,920).

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Bank, and Turkmen Turkish Joint Stock Com. Bank, Uzbekistan Turkish Bank, entities under common control are consolidated through "Equity Method" in accompanying consolidated financial statements of the Bank.

Ziraat Teknoloji A.Ş., which is subsidiary of the Bank, is not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of the Preparation Consolidated Financial Statements since this entity is not financial institution. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi which are associates of the bank are not consolidated but carried at cost since these entities are not controlled by the Bank and are not financial companies.

All other subsidiaries are fully consolidated.

VII. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF SHAREHOLDER'S EQUITY, OR REPAYMENT OF DEBT BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. BALANCE SHEET
- II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
- III. STATEMENT OF INCOME
- IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY
- V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
- VI. STATEMENT OF CASH FLOW
- VII. PROFIT APPROPRIATION STATEMENT

Consolidated Balance Sheet (Statement of Financial Position) as of 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note (Section Five I)	Current Period (31/12/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	2,773,749	27,510,997	30,284,746	3,664,513	23,233,518	26,898,031
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	294,906	35,088	329,994	315,470	149,319	464,789
2.1 Financial Assets Held for Trading		294,834	35,088	329,922	315,470	149,319	464,789
2.1.1 Public Sector Debt Securities		28,363	3,998	32,361	21,652	4,432	26,084
2.1.2 Securities Representing a Share in Capital		909	-	909	78	-	78
2.1.3 Derivative Financial Assets Held for Trading		265,562	31,090	296,652	293,740	144,887	438,627
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets at Fair Value Through Profit or Loss		72	-	72	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		72	-	72	-	-	-
III. BANKS	(3)	1,789,607	978,204	2,767,811	1,686,802	1,318,451	3,005,253
IV. MONEY MARKET PLACEMENTS		16,839	34,690	51,529	16,139	37,133	53,272
4.1 Interbank Money Market Placements		-	34,690	34,690	-	37,133	37,133
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		16,839	-	16,839	16,139	-	16,139
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	45,891,736	8,538,507	54,430,243	40,386,943	6,506,018	46,892,961
5.1 Securities Representing a Share in Capital		131,975	314,297	446,272	130,910	232,287	363,197
5.2 Public Sector Debt Securities		45,620,600	8,070,022	53,690,622	40,097,467	6,140,538	46,238,005
5.3 Other Marketable Securities		139,161	154,188	293,349	158,566	133,193	291,759
VI. LOANS AND RECEIVABLES	(5)	110,346,717	35,175,186	145,521,903	90,469,955	22,898,704	113,368,659
6.1 Loans and Receivables		109,562,008	35,158,472	144,720,480	89,675,429	22,881,971	112,557,400
6.1.1 Loans Granted to Risk Group of The Bank		-	8,558	8,558	-	-	-
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		109,562,008	35,149,914	144,711,922	89,675,429	22,881,971	112,557,400
6.2 Loans under Follow-up		2,709,827	60,656	2,770,483	2,396,871	73,342	2,470,213
6.3 Specific Provisions (-)		1,925,118	43,942	1,969,060	1,602,345	56,609	1,658,954
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	5,106,644	5,133,172	10,239,816	10,601,586	5,197,752	15,799,338
8.1 Public Sector Debt Securities		5,095,536	5,104,322	10,199,858	10,520,533	5,167,636	15,688,169
8.2 Other Marketable Securities		11,108	28,850	39,958	81,053	30,116	111,169
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	88,182	731	88,913	77,349	762	78,111
9.1 Accounted with Equity Method		82,116	-	82,116	71,283	-	71,283
9.2 Unconsolidated Associates		6,066	731	6,797	6,066	762	6,828
9.2.1 Financial Associates		-	731	731	-	762	762
9.2.2 Non-financial Associates		6,066	-	6,066	6,066	-	6,066
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	7,450	-	7,450	6,237	-	6,237
10.1 Unconsolidated Financial Subsidiaries		1,213	-	1,213	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		6,237	-	6,237	6,237	-	6,237
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	60,271	60,271	-	62,167	62,167
11.1 Accounted with Equity Method		-	60,271	60,271	-	62,167	62,167
11.2 Unconsolidated Entities Under Common Control		-	-	-	-	-	-
11.2.1 Financial Entities Under Common Control		-	-	-	-	-	-
11.2.2 Non Financial Entities Under Common Control		-	-	-	-	-	-
XII. RECEIVABLES FROM LEASING TRANSACTIONS	(10)	512,978	1,338,278	1,851,256	376,798	1,100,751	1,477,549
12.1 Finance Lease Receivables		639,592	1,528,388	2,167,980	480,051	1,249,100	1,729,151
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		126,614	190,110	316,724	103,253	148,349	251,602
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair Value Hedges		-	-	-	-	-	-
13.2 Cash Flow Hedges		-	-	-	-	-	-
13.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(14)	4,681,525	59,780	4,741,305	1,045,686	35,064	1,080,750
XV. INTANGIBLE ASSETS (Net)	(15)	185,408	7,907	193,315	133,497	9,658	143,155
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		185,408	7,907	193,315	133,497	9,658	143,155
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET		226,647	1,158	227,805	341,745	3,334	345,079
17.1 Current Tax Asset		1,057	1,158	2,215	3,498	3,334	6,832
17.2 Deferred Tax Asset	(16)	225,590	-	225,590	338,247	-	338,247
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	174,207	-	174,207	105,904	-	105,904
18.1 Held for Sale		174,207	-	174,207	105,904	-	105,904
18.2 Held from Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	1,398,577	640,050	2,038,627	1,052,354	769,870	1,822,224
TOTAL ASSETS		173,495,172	79,514,019	253,009,191	150,280,978	61,322,501	211,603,479

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated Balance Sheet (Statement of Financial Position) as of 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)							
LIABILITIES AND EQUITY	Note (Section Five II)	Current Period (31/12/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	107,566,897	48,577,827	156,144,724	100,541,591	42,969,671	143,511,262
1.1 Deposits Held By the Risk Group of the Bank		13,895	247,940	261,835	76,546	91,503	168,049
1.2 Other		107,553,002	48,329,887	155,882,889	100,465,045	42,878,168	143,343,213
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	18,806	397,591	416,397	18,520	37,833	56,353
III. FUNDS BORROWED	(3)	1,263,427	14,348,926	15,612,353	1,082,326	8,179,935	9,262,261
IV. MONEY MARKET BALANCES		16,310,776	15,483,183	31,793,959	12,509,222	12,061,628	24,570,850
4.1 Interbank Money Market Borrowings		-	12,883	12,883	-	-	-
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		16,310,776	15,470,300	31,781,076	12,509,222	12,061,628	24,570,850
V. MARKETABLE SECURITIES ISSUED (Net)		1,618,173	2,655,704	4,273,877	2,656,460	-	2,656,460
5.1 Bills		1,550,328	783,430	2,333,758	2,347,777	-	2,347,777
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		67,845	1,872,274	1,940,119	308,683	-	308,683
VI. FUNDS		5,426,448	-	5,426,448	4,036,491	-	4,036,491
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		5,426,448	-	5,426,448	4,036,491	-	4,036,491
VII. MISCELLANEOUS PAYABLES		1,235,465	557,639	1,793,104	1,064,330	315,873	1,380,203
VIII. OTHER LIABILITIES	(4)	1,742,321	328,463	2,070,784	1,423,725	490,082	1,913,807
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	-	-	-	7	7
10.1 Finance Lease Payables		-	-	-	-	9	9
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	-	-	-	2	2
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	5,930,930	78,351	6,009,281	5,101,401	43,195	5,144,596
12.1 General Provisions		2,323,422	39,647	2,363,069	1,977,215	26,278	2,003,493
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		821,619	848	822,467	705,421	735	706,156
12.4 Insurance Technical Reserves (Net)		1,185,089	-	1,185,089	1,139,179	-	1,139,179
12.5 Other Provisions		1,600,800	37,856	1,638,656	1,279,586	16,182	1,295,768
XIII. TAX LIABILITY	(8)	845,706	5,526	851,232	400,716	3,134	403,850
13.1 Current Tax Liability		845,706	2,585	848,291	400,716	1,453	402,169
13.2 Deferred Tax Liability		-	2,941	2,941	-	1,681	1,681
LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Held from Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(11)	27,706,068	910,964	28,617,032	18,812,746	(145,407)	18,667,339
16.1 Paid-in Capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital Reserves		5,054,092	910,964	5,965,056	(113,564)	(145,407)	(258,971)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		930,429	910,964	1,841,393	(658,133)	(145,407)	(803,540)
16.2.4 Tangible Assets Revaluation Reserves		3,634,310	-	3,634,310	-	-	-
16.2.5 Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17,388	-	17,388	17,388	-	17,388
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		471,965	-	471,965	527,181	-	527,181
16.3 Profit Reserves		15,654,752	-	15,654,752	12,578,459	-	12,578,459
16.3.1 Legal Reserves		2,852,218	-	2,852,218	2,645,390	-	2,645,390
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		11,880,556	-	11,880,556	9,011,091	-	9,011,091
16.3.4 Other Profit Reserves		921,978	-	921,978	921,978	-	921,978
16.4 Profit or Loss		4,495,841	-	4,495,841	3,846,416	-	3,846,416
16.4.1 Prior Years Profit/Loss		385,586	-	385,586	582,187	-	582,187
16.4.2 Net Period Profit/Loss		4,110,255	-	4,110,255	3,264,229	-	3,264,229
16.5 Minority Shares		1,383	-	1,383	1,435	-	1,435
TOTAL LIABILITIES AND EQUITY		169,665,017	83,344,174	253,009,191	147,647,528	63,955,951	211,603,479

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Off-Balance Sheet Commitments as of 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS							
	Note (Section Five III)	Current Period (31/12/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		64,878,593	119,982,983	184,861,576	47,871,004	72,752,844	120,623,848
I. GUARANTEES AND WARRANTIES	(1),(3)	13,871,599	27,296,181	41,167,780	10,831,743	19,060,838	29,892,581
1.1 Letters of Guarantee		13,785,685	18,141,359	31,927,044	10,739,853	12,776,246	23,516,099
1.1.1 Guarantees Subject to State Tender Law		910,333	2,893,151	3,803,484	741,194	2,050,991	2,792,185
1.1.2 Guarantees Given for Foreign Trade Operations		12,183,495	14,931,500	27,114,995	9,275,313	10,158,343	19,433,656
1.1.3 Other Letters of Guarantee		691,857	316,708	1,008,565	723,346	566,912	1,290,258
1.2 Bank Acceptances		21,260	3,565,019	3,586,279	68,438	2,049,565	2,118,003
1.2.1 Import Letter of Acceptance		21,260	3,562,312	3,583,572	68,438	2,037,730	2,106,168
1.2.2 Other Bank Acceptances		-	2,707	2,707	-	11,835	11,835
1.3 Letters of Credit		64,654	5,561,707	5,626,361	23,452	4,205,662	4,229,114
1.3.1 Documentary Letters of Credit		64,654	5,409,015	5,473,669	23,452	3,838,627	3,862,079
1.3.2 Other Letters of Credit		-	152,692	152,692	-	367,035	367,035
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	28,096	28,096	-	29,365	29,365
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	48,109,526	48,677,522	96,787,048	34,702,138	32,669,994	67,372,132
2.1 Irrevocable Commitments		14,639,105	6,187,325	20,826,430	12,293,762	5,154,199	17,447,961
2.1.1 Asset Purchase and Sale Commitments		114,630	4,410,507	4,525,137	326,682	4,154,496	4,481,178
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		2,120,280	241,168	2,361,448	1,020,202	193,393	1,213,595
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,737,371	9	2,737,380	2,513,009	14	2,513,023
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		7,160,308	18,775	7,179,083	6,275,095	20,039	6,295,134
2.1.10 Commitments for Credit Cards and Banking Services Promotions		17,011	-	17,011	13,049	-	13,049
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		2,489,505	1,516,866	4,006,371	2,145,725	786,257	2,931,982
2.2 Revocable Commitments		33,470,421	42,490,197	75,960,618	22,408,376	27,515,795	49,924,171
2.2.1 Revocable Loan Granting Commitments		33,452,669	42,447,453	75,900,122	22,408,364	27,515,795	49,924,159
2.2.2 Other Revocable Commitments		17,752	42,744	60,496	12	-	12
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,897,468	44,009,280	46,906,748	2,337,123	21,022,012	23,359,135
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Off-Balance Sheet Commitments as of 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS							
	Note (Section Five III)	Current Period (31/12/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
3.2	Trading Transactions	2,897,468	44,009,280	46,906,748	2,337,123	21,022,012	23,359,135
3.2.1	Forward Foreign Currency Buy/Sell Transactions	286,378	1,642,050	1,928,428	357,260	363,104	720,364
3.2.1.1	Forward Foreign Currency Transactions-Buy	143,281	822,340	965,621	178,811	181,566	360,377
3.2.1.2	Forward Foreign Currency Transactions-Sell	143,097	819,710	962,807	178,449	181,538	359,987
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	2,595,290	42,182,143	44,777,433	1,979,863	20,658,908	22,638,771
3.2.2.1	Foreign Currency Swap-Buy	13,989	22,316,066	22,330,055	179,214	11,329,933	11,509,147
3.2.2.2	Foreign Currency Swap-Sell	2,581,301	19,866,077	22,447,378	1,800,649	9,328,975	11,129,624
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options	15,800	185,087	200,887	-	-	-
3.2.3.1	Foreign Currency Options-Buy	7,900	10,981	18,881	-	-	-
3.2.3.2	Foreign Currency Options-Sell	7,900	10,981	18,881	-	-	-
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	163,125	163,125	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	485,315,840	78,266,972	563,582,812	320,577,537	34,167,121	354,744,658
IV.	ITEMS HELD IN CUSTODY	67,200,299	8,407,565	75,607,864	46,911,455	6,071,450	52,982,905
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	26,678,975	3,195,814	29,874,789	20,973,487	2,922,058	23,895,545
4.3	Checks Received for Collection	3,025,848	170,446	3,196,294	1,790,488	124,295	1,914,783
4.4	Commercial Notes Received for Collection	4,761,985	225,708	4,987,693	3,606,962	130,038	3,737,000
4.5	Other Assets Received for Collection	8,664	-	8,664	8,445	-	8,445
4.6	Assets Received for Public Offering	32,505,222	1,742	32,506,964	20,295,171	112	20,295,283
4.7	Other Items Under Custody	217,956	4,813,855	5,031,811	235,253	2,894,947	3,130,200
4.8	Custodians	1,649	-	1,649	1,649	-	1,649
V.	PLEDGES RECEIVED	418,084,299	69,256,701	487,341,000	273,653,063	27,549,642	301,202,705
5.1	Marketable Securities	966,834	23,822	990,656	940,376	18,700	959,076
5.2	Guarantee Notes	11,659,528	2,106,200	13,765,728	10,097,025	1,498,284	11,595,309
5.3	Commodity	1,175,668	20,477	1,196,145	1,263,180	18,155	1,281,335
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	352,646,676	50,578,621	403,225,297	242,419,327	22,144,209	264,563,536
5.6	Other Pledged Items	51,630,384	16,518,881	68,149,265	18,927,946	3,862,021	22,789,967
5.7	Pledged Items-Depository	5,209	8,700	13,909	5,209	8,273	13,482
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	31,242	602,706	633,948	13,019	546,029	559,048
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		550,194,433	198,249,955	748,444,388	368,448,541	106,919,965	475,368,506

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Income for the Year Ended at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

III. CONSOLIDATED STATEMENT OF INCOME				
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 01/01-31/12/2014	Prior Period 01/01-31/12/2013
I.	INTEREST INCOME	(1)	18,597,266	14,641,237
1.1	Interest Income from Loans		12,900,818	9,600,863
1.2	Interest Income from Reserve Deposits		4,549	1,223
1.3	Interest Income from Banks		157,098	107,224
1.4	Interest Income from Money Market Placements		2,130	1,758
1.5	Interest Income from Marketable Securities		5,373,348	4,834,460
1.5.1	Financial Assets Held for Trading		2,403	1,367
1.5.2	Financial Assets at Fair Value through Profit and Loss		1,102	1,060
1.5.3	Financial Assets Available-for-Sale		4,337,025	3,016,436
1.5.4	Investments Held-to-Maturity		1,032,818	1,815,597
1.6	Finance Lease Income		126,976	81,618
1.7	Other Interest Income		32,347	14,091
II.	INTEREST EXPENSES	(2)	9,626,667	6,677,766
2.1	Interest Expense on Deposits		7,546,016	5,605,766
2.2	Interest on Borrowings		296,325	165,813
2.3	Interest on Money Market Borrowings		1,527,053	693,866
2.4	Interest on Marketable Securities Issued		205,526	171,143
2.5	Other Interest Expense		51,747	41,178
III.	NET INTEREST INCOME/EXPENSES (I - II)		8,970,599	7,963,471
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		1,016,817	871,950
4.1	Fees and Commissions Received		1,297,870	1,050,953
4.1.1	Non-cash Loans		167,749	103,348
4.1.2	Other		1,130,121	947,605
4.2	Fees and Commissions Paid		281,053	179,003
4.2.1	Non-cash Loans		216	2,307
4.2.2	Other		280,837	176,696
V.	DIVIDEND INCOME	(3)	10,803	14,327
VI.	TRADING PROFIT/LOSS (Net)	(4)	(67,417)	(174,631)
6.1	Profit/Loss from Capital Market Operations		73,388	93,679
6.2	Profit/losses on Derivative Financial Transactions	(5)	(1,610,391)	405,787
6.3	Profit/Loss from Foreign Exchanges		1,469,586	(674,097)
VII.	OTHER OPERATING INCOME	(6)	1,859,767	2,105,121
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		11,790,569	10,780,238
IX.	PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)	(7)	1,583,825	1,879,370
X.	OTHER OPERATING EXPENSES (-)	(8)	4,903,000	4,546,250
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		5,303,744	4,354,618
XII.	GAINS RECORDED AFTER MERGER		-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		20,825	17,318
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(9)	5,324,569	4,371,936
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(10)	(1,214,156)	(1,107,604)
16.1	Current Tax Provision		(1,716,676)	(730,902)
16.2	Deferred Tax Provision		502,520	(376,702)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(11)	4,110,413	3,264,332
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(12)	4,110,413	3,264,332
23.1	Group's Profit/Loss		4,110,255	3,264,229
23.2	Minority Shares Profit/Loss		158	103
	Earnings/Loss per Share		1.644	1.306

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit and Loss Items Accounted Under Shareholders' Equity for the Years Ended at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Current Period (31/12/2014)	Prior Period (31/12/2013)
I. ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS	3,891,998	(2,931,510)
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	3,634,310	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	47,326	(27,061)
V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	(29,860)	(20,376)
IX. DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	(616,437)	484,923
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	6,927,337	(2,494,024)
XI. CURRENT YEAR PROFIT/LOSS	(703,310)	765,767
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	(736,377)	758,836
11.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4 Other	33,067	6,931
XII. TOTAL PROFIT/LOSS FOR THE PERIOD (X±XI)	6,224,027	(1,728,257)

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Shareholders' Equity at 31 December 2013

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

31 December 2013		Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
I.	Balance at the Beginning of the Period		2,500,000	543,482	-	-	2,525,171
II.	Corrections according to TAS 8		-	-	-	-	-
2.1.	The Effect of Correction of Errors		-	-	-	-	-
2.2.	The Effect of Changes in Accounting Policy		-	-	-	-	-
III.	New Balance (I+II)		2,500,000	543,482	-	-	2,525,171
	Changes During the Period						
IV.	Increase/Decrease Related to Merger		-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	20,400
VI.	Hedging Funds (Active Part)		-	-	-	-	-
6.1	Cash-Flow Hedge		-	-	-	-	-
6.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-
VII.	Revaluation Differences of Tangible Assets		-	-	-	-	-
VIII.	Revaluation Differences of Intangible Assets Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-
IX.	Foreign Exchange Differences		-	-	-	-	(32,805)
XI.	Changes Resulted from Disposal of Assets		-	-	-	-	-
XII.	Changes Resulted from Reclassification of Assets		-	-	-	-	-
XIII.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity		-	-	-	-	-
XIV.	Increase in Capital		-	-	-	-	-
14.1	Cash		-	-	-	-	-
14.2	From Internal Resources		-	-	-	-	-
XV.	Issuance of Share Certificates		-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-
XVII.	Adjustment to Paid-in Capital		-	-	-	-	-
XVIII.	Other		-	-	-	-	-
XIX.	Net Profit or Losses		-	-	-	-	-
XX.	Profit Distribution		-	-	-	-	132,624
20.1	Dividend Distributed		-	-	-	-	-
20.2	Transfers to Legal Reserves		-	-	-	-	132,624
20.3	Other		-	-	-	-	-
	Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		2,500,000	543,482	-	-	2,645,390

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares	Total Equity
-	7,041,211	634,041	2,751,014	446,544	924,736	-	17,369	-	-	36,515	17,420,083
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	7,041,211	634,041	2,751,014	446,544	924,736	-	17,369	-	-	36,515	17,420,083
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(1,701,215)	-	-	-	-	(142)	(1,680,957)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	19	-	-	-	19
-	-	-	-	-	(27,061)	-	-	-	-	-	(59,866)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	(16,301)	-	35,057	-	-	-	-	-	(35,057)	(16,301)
-	-	-	3,264,229	-	-	-	-	-	-	103	3,264,332
-	1,969,880	287,937	(2,751,014)	100,586	-	-	-	-	-	16	(259,971)
-	-	-	-	(259,987)	-	-	-	-	-	16	(259,971)
-	1,969,880	287,937	(2,751,014)	360,573	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	9,011,091	905,677	3,264,229	582,187	(803,540)	-	17,388	-	-	1,435	18,667,339

Consolidated Statement of Changes In Shareholders' Equity at 31 December 2014

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY							
		Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
	31 December 2014						
I.	Balance at the Beginning of the Period		2,500,000	543,482	-	-	2,645,390
	Changes During the Period		-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	20,156
IV.	Hedging Funds (Active Part)		-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-
4.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-
	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-
VII.	Foreign Exchange Differences		-	-	-	-	2,662
IX.	Changes Resulted from Disposal of Assets		-	-	-	-	-
X.	Changes Resulted from Reclassification of Assets		-	-	-	-	-
XI.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity		-	-	-	-	-
XII.	Increase in Capital		-	-	-	-	-
12.1	Cash		-	-	-	-	-
12.2	From Internal Resources		-	-	-	-	-
XIII.	Issuance of Share Certificates		-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-
XV.	Adjustment to Paid-in Capital		-	-	-	-	-
XVI.	Other ⁽¹⁾		-	-	-	-	-
XVII.	Net Profit or Losses		-	-	-	-	-
XVIII.	Profit Distribution		-	-	-	-	184,010
18.1	Dividend Distributed		-	-	-	-	-
18.2	Transfers to Legal Reserves		-	-	-	-	184,010
18.3	Other		-	-	-	-	-
	Balance at the End of the Period (I+II+III+.....+XVI+XVII+XVIII)		2,500,000	543,482	-	-	2,852,218

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares	Total Equity
-	9,011,091	905,677	-	3,846,416	(803,540)	-	17,388	-	-	1,435	18,667,339
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,597,607	-	-	-	-	(445)	2,617,318
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,634,310	-	-	-	-	3,634,310
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	47,326	-	-	-	-	-	49,988
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	(55,216)	-	(132,600)	-	-	-	-	-	235	(187,581)
-	-	-	4,110,255	-	-	-	-	-	-	158	4,110,413
-	2,869,465	-	-	(3,328,230)	-	-	-	-	-	-	(274,755)
-	-	-	-	(274,755)	-	-	-	-	-	-	(274,755)
-	2,869,465	-	-	(3,053,475)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	11,880,556	850,461	4,110,255	385,586	1,841,393	3,634,310	17,388	-	-	1,383	28,617,032

Consolidated Statement of Cash Flows as of 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VI. CONSOLIDATED STATEMENT OF CASH FLOWS		Note (Section Five VI)	Current Period (31/12/2014)	Prior Period (31/12/2013)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		2,814,309	5,180,212
1.1.1	Interest Received		15,808,692	15,922,425
1.1.2	Interest Paid		(9,497,692)	(6,654,910)
1.1.3	Dividend Received		5,516	3,430
1.1.4	Fees and Commissions Received		1,299,807	1,052,316
1.1.5	Other Income		2,596,639	1,591,670
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1,471,899	1,354,961
1.1.7	Payments to Personnel and Service Suppliers		(1,910,163)	(1,858,253)
1.1.8	Taxes Paid		(1,591,295)	(1,160,330)
1.1.9	Other		(5,369,094)	(5,071,097)
1.2	Changes in Operating Assets and Liabilities		(9,027,587)	(5,399,592)
1.2.1	Net (Increase)/Decrease in Trading Securities		12,063	8,173
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		(19,104)	-
1.2.3	Net (Increase)/Decrease in Banks		(4,925,076)	(5,826,542)
1.2.4	Net (Increase)/Decrease in Loans		(31,934,541)	(42,168,397)
1.2.5	Net (Increase)/Decrease in Other Assets		(56,712)	(1,014,453)
1.2.6	Net Increase/(Decrease) in Bank Deposits		4,771,671	13,317,669
1.2.7	Net Increase/(Decrease) in Other Deposits		14,996,021	23,927,001
1.2.8	Net Increase/(Decrease) in Funds Borrowed		6,309,996	5,752,842
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities		1,818,095	604,115
I.	Net Cash Provided from Banking Operations		(6,213,278)	(219,380)
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.	Net Cash Provided from Investing Activities		3,049,246	409,779
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		-	(27,974)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	6,549
2.3	Fixed Assets Purchases		(362,948)	(494,942)
2.4	Fixed Assets Sales		35,608	292,295
2.5	Cash for Purchase of Financial Assets Available for Sale		(26,247,991)	(17,055,354)
2.6	Cash Obtained from Sale of financial Assets Available for Sale		24,272,622	7,077,560
2.7	Cash Paid for Purchase of Investment Securities		(288,638)	(339,130)
2.8	Cash Obtained from Sale of Investment Securities		6,072,976	12,737,663
2.9	Other		(432,383)	(1,786,888)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		1,296,366	542,335
3.1	Cash from Funds Borrowed and Securities Issued		4,242,986	802,322
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(2,706,612)	-
3.3	Marketable Securities Issued		-	-
3.4	Dividends Paid		(240,008)	(259,987)
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		89,113	424,386
V.	Net Decrease/Increase in Cash and Cash Equivalents (I+II+III+IV)		(1,778,553)	1,157,120
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	8,223,744	7,066,624
VII.	Cash and Cash Equivalents at the End of the Period	(1)	6,445,191	8,223,744

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit Appropriation as of 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VII. THE PARENT BANK'S STATEMENT OF PROFIT APPROPRIATION ⁽¹⁾		Current Period (31/12/2014)	Prior Period ⁽²⁾ (31/12/2013)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	5,178,733	4,378,523
1.2	Taxes And Duties Payable (-) ⁽³⁾	1,631,582	1,048,449
1.2.1	Corporate Tax (Income tax)	1,631,582	670,519
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	-	377,930
A.	NET INCOME FOR THE YEAR (1.1-1.2)	3,547,151	3,330,074
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	177,358	166,504
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	3,369,793	3,163,570
1.6	First Dividend To Shareholders (-)	-	125,000
1.6.1	To Owners Of Ordinary Shares	-	125,000
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	151,605
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Privileged Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	17,500
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	2,869,465
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Privileged Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	1.6202	1.3320
3.2	To Owners Of Ordinary Shares (%)	162.02	133.20
3.3	To Owners Of Privileged Shares	-	-
3.4	To Owners Of Privileged Shares (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Privileged Shares	-	-
4.4	To Owners Of Privileged Shares (%)	-	-

⁽¹⁾ Profit distribution is approved by the General Assembly of the Parent Bank over the unconsolidated financial statements of the Parent Bank. As of the date of the preparation of financial statements, the meeting for General Assembly has not been held.

⁽²⁾ The profit distribution table belongs to prior period becomes definite with the decision of General Assembly after the publishing of 31 December 2013 audited financial statements. It is rearranged in this direction.

⁽³⁾ The deferred tax liability of prior period amounting to TL 377,930 is subject to profit distribution.

The accompanying explanations and notes form an integral part of these consolidated financial statements.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

The financial statements of subsidiaries operating abroad have been prepared in accordance with the law and regulations of the country they operate. However, in order to provide fair presentation according to TFRS, necessary adjustments and reclassifications are reflected to these consolidated financial statements.

The consolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets and liabilities carried at fair value.

As of 31 December 2014, financial statements are presented comparatively with independently audited financial statements as of 31 December 2013.

Unless otherwise specified, all balances in the financial statements and footnotes are expressed in Thousand Turkish Lira ("TL").

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

The accounting policies and valuation principles applied in the preparation of these financial statements are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXV. below.

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs, and 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.

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

Main activity of the Parent Bank comprises banking services, such as; launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The Parent Bank's main funding source is Turkish Lira deposits, repurchase agreements, shareholders' equity and government funds transferred from the budget, ministerial offices and other public resources to the Bank by means of legislative and administrative decisions. The Parent Bank directs these funds to assets with high return and low risk. These assets include predominantly domestic government bonds and loans. The Parent Bank's liquidity structure covers the financing of all liabilities at due date. Although most of the sources in the Parent Bank's balance sheet are with fixed interest rate, some of the securities in assets have floating interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Parent Bank adopts high return principle for its long-term placements.

Loans and securities are instruments from which the Parent Bank gets returns above the average returns within its lines of activity. Letter of guarantees, bank loans, and commercial letter of credits, repayment commitments for cheques and expense limit commitments for credit cards are the most important risk areas within the off-balance sheet accounts.

Since the Parent Bank's total debt to the market is low among its total liabilities, the Parent Bank can borrow easily from short-term markets, such as; Borsa Istanbul ("BIST"), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Bank is not presumed to be significantly affected from such a case since the Parent Bank is a public bank with an extensive branch network.

Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Foreign currency operations are recognized at transaction date and valued by Parent Bank's prevailing counter currency buying rate. At period ends, foreign currency asset and liability balances are valued at the Parent Bank's period end counter currency buying rates and translated to Turkish currency and the resulting exchange differences are recognized as a "Foreign exchange gain or loss".

Foreign currency capital amounts transferred to the equity participations operating abroad are evaluated and presented on the financial statements with the exchange rate on the date of the transfer.

Assets and liabilities and income statement items of the abroad branches of the Parent Bank are translated into Turkish Lira with the Bank's prevailing counter currency buying rates at the balance sheet date.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" and the "Consolidated Financial Statements" ("TFRS 10") published in the Official Gazette No. 26340 dated 8 November 2006.

1. Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity) are all entities, in which the Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority shares in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority shares have been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority shares have been presented separately.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	31 December 2014		31 December 2013	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/Turkey	Insurance	100.00	100.00	100.00	99.99
Ziraat Sigorta A.Ş.	İstanbul/Turkey	Insurance	100.00	100.00	100.00	99.99
Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	Leasing	100.00	100.00	100.00	100.00
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Investment Management	99.60	99.60	99.60	99.60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	99.70	99.80	99.70	99.80
Ziraat Bank International A.G.	Frankfurt/Germany	Banking	100.00	100.00	100.00	100.00
Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	Banking	100.00	100.00	100.00	100.00
Ziraat Bank (Moscow) CJSC	Moscow/Russia	Banking	100.00	100.00	99.91	99.91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99.58	99.58	99.58	99.58

2. Consolidation principles of associates and joint ventures:

An Associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle.

Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount.

The associates and joint ventures consolidated with the equity method, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	31 December 2014		31 December 2013	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Turkmen Turkish Joint Stock Commercial Bank	Ashgabat/Turkmenistan	Banking	50.00	50.00	50.00	50.00
Uzbekistan- Turkish Bank	Tashkent/Uzbekistan	Banking	50.00	50.00	50.00	50.00
Arap Türk Bankası A.Ş.	İstanbul/Turkey	Banking	15.43	15.43	15.43	15.43

3. Principles applied during share transfer, merger and acquisition:

None.

4. Transactions with minority shareholders:

The Group considers transactions with minority shareholders as transactions within the Group. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets' booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

b. Presentation of unconsolidated subsidiaries and associates in consolidated financial statements:

Turkish lira denominated unconsolidated associates and subsidiaries are booked at cost value, less any impairment if any, in accordance with "Consolidated Financial Statements" ("TFRS 10") are recognized in the consolidated financial statements.

When the cost of investments, associates and share certificates which are classified under available for sale portfolio is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value if any, considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Parent Bank's derivative transactions mostly include currency and precious metal swaps and foreign exchange purchase and sale transactions. The Parent Bank has no embedded derivative instruments separated from the host contract.

The derivative instruments of the Parent Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on TAS 39 "Financial Instruments: Recognition and Measurement". The Parent Bank has no derivative instruments for hedging purposes as of the balance sheet date. Accordingly, the Parent Bank is not subject to conditions whether derivative instruments do not meet the determination criteria for being classified as hedging instruments or whether such derivative transactions are finalized through sale, term expiry or fulfillment of obligations under the contract.

Derivative instruments are recognized at fair value on contractual date and subsequently re-valued at their fair values and associated with the income statement. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "trading derivative financial assets" and if the fair value difference is negative, it is disclosed under "financial liabilities at fair value through profit or loss" in "trading derivative financial liabilities". Fair value changes are recorded under "Derivative Financial Transactions Gains/Losses" in income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 "Financial Instruments: Recognition and Measurement". In accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" came into force after being published in the Official Gazette numbered 26333 dated 1 November 2006, no interest accrual is calculated for non-performing loans. Realized interest accruals calculated for non-performing loans and recognized as income although not collected are reversed and interest income related to these loans is recognized as interest income only when they are collected.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Commission income from banking, agency, intermediary services is recognized as income on the date they are collected. Whereas, commission income from individual, corporate and entrepreneurial cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. Other fees and commission expenses are recorded as expense on the date they are paid.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets and liabilities and derivative instruments. They are included in the balance sheet of the Group, if the Group is a legal party to these instruments.

Financial assets mainly constitute the Group's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

Financial assets are classified as investments held-to-maturity, bank loans and receivables, financial assets available for sale or held-for-trading at initial recognition.

Sale and purchase transactions of financial assets are accounted for using the settlement date basis.

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

In Group, financial assets, which are classified as "financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading securities are initially recognized at cost. The cost of the securities is recognized as fair value. Subsequently, trading securities are carried at fair value in the financial statements.

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in BIST are carried at weighted average exchange prices of BIST as of the balance sheet date and those securities that are not traded in BIST are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. The positive difference between the cost and fair value of held for trading securities is accounted under "Other Interest and Income Accrual" and the negative difference is accounted under "Impairment Loss for Marketable Securities" account. The positive difference between the cost and amortized cost is accounted under "Interest income" account; the negative difference is accounted as impairment loss. The positive difference between the fair value and amortized cost is accounted under "Profit from capital market operations" account and the negative difference is accounted under "Loss from capital market operations" account.

b. Held-to-maturity financial assets:

Investments held to maturity include financial assets other than bank loans and receivables and those where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and where there are fixed or determinable payments with fixed maturity. Marketable securities classified as Financial Assets Held to Maturity may subject to exchange-repurchase bids or refundment transactions within the scope of early redemption.

Investments held to maturity are subsequently measured at amortized cost with internal rate of return, and they are accounted by setting forth provision for impairment loss (impairment loss expense) or by posting interest income accrual.

The Parent Bank does not have any financial assets that are previously classified as investments held-to-maturity but prohibited to be classified in this portfolio for two years because of incompliance with the principles of financial assets classification.

Interests received from investments held to maturity are recognized as an interest income.

Held to maturity assets are initially recognized at cost. The cost of the securities is regarded as fair value.

c. Loans and receivables:

The Parent Bank loans and receivables represent financial assets other than those held for trading or held for sale in a short period generated through providing cash, assets or rendering services to the debtor.

The loans and receivables originated by the Parent Bank are initially carried at cost. Bank loans are measured at amortized cost with internal rate of return. Short-term and long-term loans are grouped as open or guaranteed; FC loans are recognized with fixed price and at period-ends revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

The Parent Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". In the previous periods, the bank allocated special provisions considering the minimum rates and prudence principle stated in "Regulation on the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the provisions that would be Set Aside for them" regardless of such loan collaterals; however, in line with the provision of the General Directorate Authority Approval dated 29 June 2012 and of the clause (8) of Article 10 of the regulation stating that "based on the reliability and prudence assumptions defined in the Communiqué on Conceptual Framework regarding Preparation and Presentation of Financial Statements promulgated in the Official Gazette No. 25702 dated 16 January 2005, special provision may be allocated to the extent of the amount of the said non-performing receivable on condition not to be less than the special provision amounts applicable for the group in which the non-performing receivable is included regardless of the amount of collateral", the bank started to set aside special provisions corresponding to 50% of the non-performing receivable amount as of the date of including the non-performing receivables in the Third Group and special provisions corresponding to 100% of the non-performing receivable amount as of the date of including the non-performing receivables in the Fourth and Fifth Group. Allocated provisions are deducted from the income for the period. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under "Other Operating Income" account. Releases of current period provisions are made by the reversal of the amount from the "Provision for Impairment of Loans and Other Receivables" account.

d. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as "Loans and receivables", "Held-to-maturity assets" or "Financial asset at fair value through profit or loss".

Available for sale assets are initially recognized at cost. The cost of the securities is recognized as fair value.

Available-for-sale financial assets are subsequently re-measured at fair value in financial statements.

The difference between fair value and cost of available for sale financial assets is booked as interest income accruals or impairment provision. Furthermore, amortized cost using the effective interest method and cost is compared and the difference is booked as interest income or impairment expense. Fair value and amortized cost of these securities are compared and the difference is recognized in shareholders' equity as "Marketable Securities Value Increase Fund". When these financial assets are disposed of or impaired the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortized cost using the effective interest method or appropriate valuation methods.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

A financial asset or a group of financial assets is subject to impairment loss only if there is an objective indication that the occurrence of one or more than one event ("loss event") subsequent to the initial recognition of that asset has an effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group.

If revalued amounts of financial assets at fair value through profit/loss is less than the prior revalued amounts, initially, value of prior records regarding the value increase are adjusted according to the recent value and if the impairment loss is more than the prior value increase, difference is reflected to "Impairment Expense for Marketable Securities". If there is an increase in value, initially recognized impairment loss is reversed.

If financial assets available for sale are subject to impairment, the amount is charged to "Impairment Expense for Marketable Securities" account in accordance with the related Turkish Accounting Standards.

If subsidiaries, associates, entities under common control and assets held to maturity are subject to permanent impairment, the amount is charged to "Impairment Expenses for Subsidiaries, Associates, and Assets Held to Maturity".

The principles for the accounting of provisions for loans are explained in detail in Note VII. of this section.

Loans and other receivables are classified by the Parent Bank in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette numbered 26333 and dated 1 November 2006.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities shall be offset and the net amount presented in the balance sheet when, and only when the Parent Bank currently has a legally enforceable right to set off the recognized amounts or intends either to collect/settle on a net basis or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities subject to repurchase agreements are classified under "held for trading", "available for sale" and/or "held-to-maturity" portfolios and they are valued based on the revaluation principles of the related portfolios. Funds obtained by these agreements are followed under the "Funds from Repurchase Agreements" account in the balance sheet and interest expense accrual is calculated using the internal rate of return method.

Funds given against securities purchased under agreements ("Reverse Repo") to resell are accounted under "receivables from reverse repurchase agreements" on the balance sheet and interest income accrual is calculated using internal rate of return method.

As of the balance sheet date, there are no securities lending transactions.

XI. INFORMATION ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

Parent Bank's tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on "Methods, Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovables Obtained in Return of Receivables" published in the Official Gazette numbered 26333 and dated 1 November 2006 and these assets are subject to revaluation by no means.

A discontinued operation is a part of the Parent Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Parent Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, the Group has no goodwill.

Other intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Other intangible assets are amortized by using the straight line method based on their useful lives. Useful lives of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economic benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Depreciation period is 5 years (20% annual depreciation rate) for establishment/formation expenses for other intangible assets with uncertain leasing period or leasing period over 5 years and depreciation rate is proportional with period for those with certain leasing period.

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software's initial costs and amortized over 3 years considering the useful lives.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. The Bank's tangible fixed assets purchased before 1 January 2005 are carried at inflation adjusted cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequent to 1 January 2005 are valued at historical cost. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank's inventory, appraisal study was carried by independent expertise companies, and from 1 January 2014 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates which is included in tangible fixed assets, TL 3,634,310 revaluation difference is followed under shareholders' equity as of 31 December 2014. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816,950. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. No changes made in the current period regarding depreciation method.

Estimated depreciation rates of tangible fixed assets are as follows;

Buildings	: 2%
Vehicles and Fixtures	: 2 - 20%

Where the carrying amount of an asset is greater than its estimated "Net Recoverable Amount", it is written down to its "Net Recoverable Amount" and the provision for the diminution in value is charged to the income statement.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible fixed assets or commitments given for the purchase or any restrictions designated for the use of those tangible fixed assets.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

The Group performs financial operations as "Lessor" and "Lessee".

a. Accounting of leasing transactions for the lessee:

Financial Lease

The Group, as the lessee, recognizes its leasing operations in accordance with the requirements of TAS 17 "Leases". Fixed assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the tangible fixed assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible fixed assets that are acquired under financial leasing are charged to liability account "Finance Lease Payable", whereas interests are recognized in "Deferred Financial Leasing Expenses" account. At installment payments, principal and interest amount of installment amount are debited to "Financial Lease Payable" account, whereas interest is credited in "Deferred Financial Leasing Expenses" account and recorded to the "Other Interest Expenses".

The Parent Bank does not perform financial operations as "Lessor".

Operational Lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operating lease. Payments that are made as operating leases are accounted in income statements with linear method during the lease period.

b. Accounting of leasing transactions for lessor:

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding".

The Group provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation from The Parent Bank cannot be made, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the 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 financial statements in which the change occurs.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**a. Employment Termination and Vacation Benefits**

Employee benefits liabilities are recognized in accordance with TAS 19 "Employee Benefits" and the Parent Bank provides provision for retirement and termination liabilities by estimating the net present value of future payments arising from the retirement of employees and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker the calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling).

The Parent Bank uses independent actuaries in determining liability, and also makes assumptions relating to the discount rate, future salary increases, and the employee turnover. These assumptions are reviewed on an annual basis. Retirement benefit obligation is TL 670,790 as of 31 December 2014. (31 December 2013: TL 570,074)

	Current Period	Prior Period
Discount rate (%)	8.60	9.60
Expected inflation rate (%)	6.00	6.00

Communiqué on "Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority ("POA") on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 71,114 was classified as "Other Comprehensive Expense" in the financials.

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

The Parent Bank is not employing its personnel by means of limited-period contracts.

b. Pension Rights

Some of the Parent Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2014 the number of personnel who benefit from the Fund, excluding dependents is 18,220 (31 December 2013: 18,066). 14,572 of these members are active while 3,648 are passive members. (31 December 2013: 14,443 active members, 3,623 passive members).

In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In an application to the Constitutional Court on 19 June 2008, the cancellation of some articles of the new law regarding the transfer of pension funds to the Social Security Institution has been requested. In its meeting dated 30 March 2011, the Constitutional Court examined the cancellation application and rejected the request to suspend the articles.

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9.80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of "two years" in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as "four years" with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Lastly, based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987, dated 30 April 2014, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

The technical balance sheet report as of 31 December 2014 which is prepared in accordance with the new law and the rate determined as 9.80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

Turkish Tax Legislation does not permit the Parent Bank to file tax return over consolidated subsidiaries financial statements. Therefore, tax provisions which reflected to consolidated financial statements have been calculated per company.

Corporate Tax Law No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No.26205. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital in accordance with Corporate Tax Law or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period 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.

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 December 2014 are presented below:

Russia	20.00%
Kazakhstan	20.00%
Germany	15.00%
Bosnia Herzegovina	10.00%

b. Deferred tax

In accordance with TAS 12 " Turkish Accounting Standards Relating to Income Tax", the Parent Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circular of BRSA.

XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

Technical Reserves

Reserve for unearned premiums:

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

Unexpired risk provision:

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. In accordance with "the circular about the Change of Unexpired Risks Reserve Calculation" numbered 2012/15 published by Treasury, if the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

Reserve for outstanding claims:

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related credit account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

Offset provision:

In Article 9 of "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded" numbered 27655 dated 28 July 2010, it is stated that insurance companies provide offset provision for loan and earthquake assurances in order to compensate the possible fluctuations in the assurance rates and catastrophic risks in the succeeding accounting periods.

Mathematical provisions:

Mathematical provisions indicate sum of bonus provisions and actuarial mathematical provisions calculated separately according to technical principles in tariff for each agreement in force. Life branch mathematical provision of the company consists of actuarial mathematical provisions calculated for long-term life insurances on credit. Actuarial mathematical provisions are the differences between risk premiums taken for risks undertaken by the Company and cash values of the liabilities to beneficiaries and insureds.

XIX. EXPLANATIONS ON BORROWINGS

The Group accounts its debt instruments in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

If required, the Parent Bank borrows from domestic real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

The Group has issued no convertible bonds.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

Since the Group does not have issued shares, there are no transaction costs related to share issue in the current period.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Group are presented in the "Off-Balance Sheet" commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

There are no government incentives utilized by the Group as of the balance sheet date.

XXIII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values. Cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

For the purposes of the cash flow statement, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 "Turkish Accounting Standard about Operating Segments" together with organizational and internal reporting structure of the Group, are disclosed in Note IX. of Section Four.

XXV. EXPLANATIONS ON OTHER MATTERS

In accordance with the decision taken in the General Assembly of the year 2013 which was carried out on 31 March 2014, on the basis of distribution of the profit for the year 2013 amounting to TL 3,330,074, TL 166,504 is transferred to first legal reserve and TL 17,500 is transferred to second legal reserve, TL 175,000 is distributed as dividend to employees, TL 106,250 is distributed to Treasury after deducting withholding tax of 15% (TL 18,750) in cash. In this context, TL 2,846,070 of the profit is preserved; dividend payment made to Treasury on 15 April 2014, and within the framework of the dividend to be distributed to the employees, TL 151,605 is paid. The remaining TL 23,395 from the dividends distributed to the personnel as of 31 December 2014 was transferred to the "extraordinary reserves".

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO

1. The Group's consolidated capital adequacy ratio, reasons and anticipated solutions in case the ratio is lower than the amount pre-determined by the Communiqué:

The Group's consolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 17.47% (31 December 2013: 12.88%).

2. The risk measurement methods used for calculation of consolidated capital adequacy ratio:

Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette dated September 6, 2014 numbered 29111.

Counterparties/operations related to the credit risk were separated on the basis of risk classes mentioned in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and each of them are assigned by the weight of risk. After they are subject to risk reduction in accordance with the principles of "Communiqué on Credit Risk Mitigation Techniques", their risk-weighted amount is calculated by multiplying risk weights.

Non-cash loans and commitments, after deduction of specific provisions from them in accordance with "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" are included to the calculation of credit risk weighted amount with loan conversion rates presented in article 5 of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" Assets subject to depreciation and impairment are calculated over their net book values after deducting the relative depreciations and provisions.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded in calculation of risk-weighted assets.

Calculations regarding to the counter party credit risk, are made for repurchase agreement and derivative transactions. These transactions are added to the accounts with rates as applied that presented in the amendments of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques". Repurchase agreements and derivative transactions that are presented in the banking accounts are added to calculation of the basis of the value at credit risk.

Calculations regarding counter parties credit risks are made with method of basic financial collateral for banking accounts, and for purchase-sale accounts are made with method of extensive collateral. Counter party credit risk amount calculated for purchase-sale accounts is included in the calculations of the amount subject to total market risk.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Information related to capital adequacy ratio:

Current Period	Risk Weights										
	The Parent Bank										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Value at Credit Risk Exposure Categories	74,247,665	-	20,225,324	1,341	21,710,058	58,356,840	82,423,409	4,028,651	18,026,785	222,268	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	67,174,099	-	-	-	10,676,895	-	200,653	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	444,032	-	86	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	443,990	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	18,400,822	-	8,713,576	-	653,169	-	-	-	-
Conditional and unconditional corporate receivables	-	-	1,380,349	-	2,317,373	-	72,697,239	-	-	-	-
Conditional and unconditional retail receivables	-	-	111	-	2,128	45,693,435	668,370	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	12,663,405	216,913	-	-	-	-
Past due receivables	-	-	-	1,341	-	-	563,813	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	4,028,651	18,026,785	222,268	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	62,682	-	-	-	-
Other receivables	7,073,560	-	10	-	-	-	6,916,580	-	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Current Period	Risk Weights										
	Consolidated										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Value at Credit Risk Exposure Categories	74,410,541		20,141,506	1,341	21,002,886	58,876,388	87,883,125	4,028,651	18,026,785	227,035	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	67,336,975	-	38,591	-	10,700,283	-	251,723	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	444,467	-	86	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	444,530	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	18,264,011	-	8,807,973	-	363,932	-	-	-	-
Conditional and unconditional corporate receivables	-	-	1,394,317	-	1,492,416	-	78,075,170	-	-	-	-
Conditional and unconditional retail receivables	-	-	111	-	2,128	46,212,983	668,370	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	12,663,405	216,914	-	-	-	-
Past due receivables	-	-	-	1,341	-	-	580,486	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	4,028,651	18,026,785	227,035	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	62,681	-	-	-	-
Other receivables	7,073,560	-	9	-	-	-	7,219,319	-	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Summary information about the capital adequacy standard ratio:

	Consolidated	Consolidated	The Parent Bank	The Parent Bank
	Current Period	Prior Period	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	12,080,749	11,450,786	11,641,473	11,222,068
Capital Requirement for Market Risk (CRMR)	1,130,622	728,104	1,087,412	657,522
Capital Requirement for Operational Risk (CROR)	1,276,599	1,120,110	1,098,374	960,999
Shareholders' Equity	31,643,693	21,410,537	31,484,041	21,197,616
Shareholders' Equity/((CRCR+CRMR+CROR)*12.5)*100	17.47	12.88	18.22	13.21
Tier 1 Capital/((CRCR+CRMR+CROR)*12.5)*100	16.43	-	17.18	-
Common Equity Tier 1 Capital/((CRCR+CRMR+CROR)*12.5)*100	16.49	-	17.23	-

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Information related to the components of consolidated shareholders' equity:

	Current Period
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	3,043,482
Share Premium	-
Share Cancellation Profits	-
Reserves	15,654,752
Income recognized under equity in accordance with TAS	5,475,703
Profit	4,495,841
Current Period's Profit	4,110,255
Prior Period's Profit	385,586
Free Provisions for Possible Risks	1,334,053
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17,388
Minority Shares	177
Common Equity Tier 1 Capital Before Deductions	30,021,396
Deductions from Common Equity Tier 1 Capital	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS (-)	71,114
Leasehold Improvements on Operational Leases (-)	71,490
Goodwill and intangible asset and the related deferred tax liability (-)	24,365
Net Deferred Tax Asset/Liability (-)	-
Excess amount expressed in the law (Article 56 4th paragraph) (-)	-
Bank's direct or indirect investments on its own Tier 1 Capital (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Amounts related to mortgage servicing rights (-)	-
Excess amount of deferred tax assets from temporary differences (-)	-
Other Items Determined by BRSA (-)	-
The amount to be deducted from common equity tier 1 capital (-)	-
Total Deductions from Common Equity Tier 1 Capital	166,969
Total Common Equity Tier 1 Capital	29,854,427
Additional Tier 1 Capital	
Premiums that are not included in Common Equity Tier 1 Capital	-
Bank's borrowing instruments and related issuance premium (issued after 11.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 11.2014)	-
Shares of third parties in Additional Tier I Capital	-

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	Current Period
Additional Tier 1 Capital before Deductions	-
Deductions from Additional Tier 1 Capital	-
Bank's a direct or indirect investment in Tier 1 Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other Items Determined by BRSA (-)	-
The amount to be deducted from Additional Tier 1 Capital (-)	-
Total Deductions from Additional Tier 1 Capital	-
Total Additional Tier 1 Capital	-
Deductions From Tier 1 Capital	97,460
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	97,460
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
Tier 1 Capital	29,756,967
Tier 2 Capital	-
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Pledged assets of the shareholders to be used for the Bank's capital increases	-
General Provisions	1,887,617
Shares of third parties in capital	-
Tier 2 Capital Before Deductions	1,887,617
Deductions From Tier 2 Capital	-
Bank's direct or indirect investment in Tier 2 capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other Items Determined by BRSA (-)	-
Total Deductions From Tier 2 Capital	-
Tier 2 Capital	1,887,617
TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS	31,644,584
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	757
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Securitization positions that is deducted -preferably- from the shareholders' equity (Article 20 paragraph 2) (-)	-
Other items to be defined by BRSA (-)	134
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%, but exceeding 10% of Common Equity Tier 1 not deducted from Common Equity Tier 1, Tier 1 or Tier 2 (-)	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of the bank (-)	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of bank (-)	-
TOTAL CAPITAL	31,643,693
Amounts below deduction thresholds	-
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%	144,118
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences (net of related tax liability) (-)	225,590

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Information on the provisional application elements in the calculation of equity:

	The Parent Bank		Consolidated	
	Amount recognized in regulatory capital	Total	Amount recognized in regulatory capital	Total
Minority Shares in Tier I Capital	-	-	177	1,383
Shares of Third Parties in Additional Core Capital	-	-	-	-
Shares of Third Parties in Tier II Capital	-	-	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained before 01.01.2014)	-	-	-	-

Details on subordinated liabilities:

None.

Information related to the components of consolidated shareholders' equity for prior period:

	Prior Period
CORE CAPITAL	
Paid-in Capital	2,500,000
Nominal Capital	2,500,000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	543,482
Share Premium	-
Share Cancellation Profits	-
Reserves	12,562,158
Inflation Adjustments to Reserves	-
Profit	3,846,416
Current Period's Profit	3,264,229
Prior Period's Profit	582,187
Provision for Possible Losses (up to 25% of Core Capital)	1,017,586
Income on Sale of Equity Shares and Real Estates	-
Primary Subordinated Debts (up to 15% of Core Capital) ⁽¹⁾	-
Minority Shares	1,435
Loss (-) (in excess of Reserves)	-
Current Period's Losses	-
Prior Period's Losses	-
Leasehold Improvements on Operational Leases (-)	59,550
Intangible Assets (-)	83,605
Deferred Tax Asset in excess of 10% of Core Capital (-)	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-
Total Core Capital	20,327,922
SUPPLEMENTARY CAPITAL	
General Provisions	2,003,493
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovables	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17,388
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary Subordinated Debts	-
45% of Securities Value Increase Fund	(803,540)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss (excluding inflation adjustment of reserves)	-
Total Supplementary Capital	1,217,341
CAPITAL	21,545,263

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	Prior Period
DEDUCTIONS FROM CAPITAL	134,726
Shares in Unconsolidated Banks and Financial Institutions	762
Loans to Banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	-
Shares of Banks and Financial Institutions Equity Pick-up Method Applied but Assets and Liabilities are not Consolidated	133,450
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of Whose Capital is Owned by the Bank and Which are Excluded from the Consolidation	-
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-
Loans Granted not in Compliance with the Provisions Stated in Articles 50 and 51 of the Act	-
Total Net Book Value of the Bank's Real Estates in Excess of 50% of the Equity and in Accordance with Article 57 of the Act, Net Book Value of Real Estates and Commodities Acquired in Exchange of Loans and Receivables That Should be Disposed of however; Have not Been Disposed for the Last 5 Years Since the Beginning of the Acquisition Date	409
Other	105
TOTAL SHAREHOLDER'S EQUITY	21,410,537

⁽¹⁾ In accordance with the "Regulation Related to the Change in the Regulation for Shareholders' Equities of Banks" issued on Official Gazette dated 10 March 2011 and numbered 27870, the related row's name is changed as "Primary Subordinated Loans Not Exceeding the Limits Mentioned in Paragraph 8".

3. Applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

The Parent Bank determined the capital adequacy policy within the scope of internal capital adequacy evaluation process, fixed the minimum factors to be considered in the capital adequacy determination.

Therefore, in the Parent Bank,

- Being evaluated within the scope of capital adequacy of financial situation of the Parent Bank in prior period, legal ratios and economic capital analysis.
- Being analyzed within the scope of the accord to legal ratios and legal capital adequacy of budget considering imposed risks.
- Analyzing operations with stress tests are carried out the preservation potential against financial fluctuations of budget and convenience to capital adequacy policy in the process of these fluctuations

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

Credit risk is the possibility of loss that the Parent Bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and non-financial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Regional Managements, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

The average limits identified related the credit portfolio are approved by the Board of Directors and revised when required. The identified limits are allocated by related departments on Regional Managements basis by considering the factors like portfolio structure, potentials of the customers and credit, regional and sectoral characteristics, competencies of the personnel.

In order to prevent the risk intensity on the corporate and entrepreneurial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. The Parent Bank's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Managements/Branches.

In line with the budgeted targets, TL/FC Cash/Non-Cash/Corporate/Entrepreneurial loan placements are issued and followed on sectoral and regional basis.

The loans issued by the branches are periodically analyzed on the basis of the limits, subjects, guarantees, maturities, accounts followed, outstanding balances, numbers of the customers, and followed on customer and regional basis.

After the opening of the lines of the corporate/entrepreneurial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, guarantee, etc.).

The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Parent Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank's credit risk significantly declines.

On January 2011 the Parent Bank started applying internal ratings processes as a decision support system for analyzing credit worthiness and determining credit allocation for corporate/entrepreneurial consumer loans.

The Parent Bank is not engaging in credit transactions that are not defined at the legislation and not put into the practice.

The Parent Bank makes provision in conformity with the "Communiqué on Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Parent Bank's abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, the Parent Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients.

**Notes to the Consolidated
Financial Statements at 31 December 2014**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

The Parent Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

In line with the regulation on provisions, if the cash risk of a customer classified as nonperforming, the non-cash is classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans of the Parent Bank in the total cash loan portfolio is 22% and 27% respectively (31 December 2013: 19% and 23%).

The percentage of top 100 and top 200 non-cash loans of the Parent Bank in the total non-cash loan portfolio is 61% and 73% respectively (31 December 2013: 63% and 73%).

The percentage of top 100 and top 200 cash and non-cash loans of the Parent Bank in the total cash and non-cash loan portfolio is 27% and 33% respectively (31 December 2013: 24% and 29%).

General provision made by the Group for the credit risk is TL 2,363,069 (31 December 2013: TL 2,003,493).

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Current Period								
Domestic	78,048,790	444,553	444,524	6	-	11,189,890	78,767,585	46,508,173
European Union Countries	11,651	-	-	-	-	14,593,263	380,071	93,691
OECD Countries ⁽¹⁾	-	-	-	-	-	398,992	1	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	16,568	-	-	-	-	273,525	93,295	885
Other Countries	250,563	-	6	-	-	573,092	1,082,437	280,843
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	407,154	638,514	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-
Total	78,327,572	444,553	444,530	6	-	27,435,916	80,961,903	46,883,592
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Prior Period								
Domestic	77,495,327	139,032	383,434	6	-	14,610,375	55,850,288	38,335,999
European Union Countries	8,720	-	-	-	-	14,649,403	143,280	109,151
OECD Countries ⁽¹⁾	-	-	-	-	-	466,618	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	1,809	-	-	-	-	2,359,414	117,435	1,086
Other Countries	346,049	461	484	-	-	468,274	2,002,647	500,839
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	30,890	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-
Total	77,851,905	139,493	383,918	6	-	32,554,084	58,144,540	38,947,075

Prepared with the numbers after conversion rate to credit and before credit risk reduction.

⁽¹⁾ OECD Countries other than EU countries, USA and Canada

⁽²⁾ Assets and liabilities that could not be distributed on a consistent basis.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term Receivables from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	Total
12,875,452	563,668	22,268,982	-	-	-	62,681	14,292,888	265,467,192
4,392	472	8,793	-	-	-	-	-	15,092,333
-	-	-	-	-	-	-	-	398,993
-	-	-	-	-	-	-	-	-
-	-	53	-	-	-	-	-	384,326
475	17,687	4,643	-	-	-	-	-	2,209,746
-	-	-	-	-	-	-	-	1,045,668
-	-	-	-	-	-	-	-	-
12,880,319	581,827	22,282,471	-	-	-	62,681	14,292,888	284,598,258

Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term Receivables from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	Total
7,823,179	546,355	20,743,276	-	-	-	52,987	8,922,339	224,902,597
-	68	9	-	-	-	-	226,349	15,136,980
-	-	-	-	-	-	-	-	466,618
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,479,744
2,260	5,573	10,069	-	-	-	-	28,863	3,365,519
-	-	-	-	-	-	-	-	30,890
-	-	-	-	-	-	-	-	-
7,825,439	551,996	20,753,354	-	-	-	52,987	9,177,551	246,382,348

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Current Period	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	-	-	-	-	-	-	8,833,825	17,666,954
Farming and Stockbreeding	-	-	-	-	-	-	8,450,346	17,504,057
Forestry	-	-	-	-	-	-	128,843	125,393
Fishing	-	-	-	-	-	-	254,636	37,504
Manufacturing	-	419,469	158,304	-	-	-	28,480,730	4,151,249
Mining and Quarrying	-	36	101	-	-	-	462,651	144,170
Production	-	419,433	157,451	-	-	-	25,112,950	3,997,960
Electric, Gas and Water	-	-	752	-	-	-	2,905,129	9,119
Construction	-	-	3,673	-	-	-	9,994,595	1,292,433
Services	8,848,443	17,776	228,018	6	-	16,201,245	24,355,745	9,618,848
Wholesale and Retail Trade	-	-	62,019	-	-	-	13,472,842	3,024,997
Hotel Food and Beverage Services	-	31	44,799	-	-	-	1,325,518	254,774
Transportation and Telecommunication	-	15,959	22,953	-	-	-	1,151,453	222,344
Financial Institutions	8,848,443	222	85	6	-	8,883,947	3,830,976	1,251,023
Real Estate and Leasing Services	-	1,564	27,904	-	-	7,317,298	4,146,356	4,677,536
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	67,497	-	-	-	103,642	187,417
Health and Social Services	-	-	2,761	-	-	-	324,958	757
Other	69,479,129	7,308	54,535	-	-	11,234,671	9,297,008	14,154,108
Total	78,327,572	444,553	444,530	6	-	27,435,916	80,961,903	46,883,592

Prepared with the numbers after conversion rate to credit and before credit risk reduction.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Risk Classes											
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	TL	FC	Total	
23,893	315	4,756	-	-	-	-	-	21,662,653	4,867,090	26,529,743	
18,554	315	688	-	-	-	-	-	21,284,205	4,689,755	25,973,960	
4,635	-	-	-	-	-	-	-	255,791	3,080	258,871	
704	-	4,068	-	-	-	-	-	122,657	174,255	296,912	
463,540	486,157	423,862	-	-	-	43,374	-	17,619,787	17,006,898	34,626,685	
22,926	-	44	-	-	-	-	-	210,989	418,939	629,928	
439,378	486,157	422,747	-	-	-	43,374	-	15,394,977	15,684,473	31,079,450	
1,236	-	1,071	-	-	-	-	-	2,013,821	903,486	2,917,307	
17,513	-	18,167	-	-	-	-	-	6,865,867	4,460,514	11,326,381	
535,822	42,784	145,719	-	-	-	15,601	-	35,337,867	24,672,140	60,010,007	
23,159	9,416	6,429	-	-	-	-	-	6,799,974	9,798,888	16,598,862	
6,279	1,661	3,152	-	-	-	-	-	202,286	1,433,928	1,636,214	
3,361	2,042	105,006	-	-	-	-	-	377,258	1,145,860	1,523,118	
65,522	706	23,987	-	-	-	156	-	12,438,040	10,467,033	22,905,073	
190,266	580	2,846	-	-	-	-	-	14,864,475	1,499,875	16,364,350	
-	-	-	-	-	-	-	-	-	-	-	
2,727	28,379	1,928	-	-	-	15,445	-	397,957	9,078	407,035	
244,508	-	2,371	-	-	-	-	-	257,877	317,478	575,355	
11,839,551	52,571	21,689,967	-	-	-	3,706	14,292,888	105,929,579	46,175,863	152,105,442	
12,880,319	581,827	22,282,471	-	-	-	62,681	14,292,888	187,415,753	97,182,505	284,598,258	

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Prior Period	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	-	-	-	-	-	-	3,555,661	16,320,687
Farming and Stockbreeding	-	-	-	-	-	-	3,393,649	16,133,423
Forestry	-	-	-	-	-	-	90,767	80,743
Fishing	-	-	-	-	-	-	71,245	106,521
Manufacturing	-	1,679	61,196	-	-	-	25,772,785	2,114,750
Mining and Quarrying	-	39	15	-	-	-	350,277	49,183
Production	-	1,152	61,176	-	-	-	20,355,050	2,052,844
Electric, Gas and Water	-	488	5	-	-	-	5,067,458	12,723
Construction	-	69	12,831	-	-	-	6,471,344	948,725
Services	25,847,279	6,229	224,641	6	-	27,409,493	17,539,944	6,493,657
Wholesale and Retail Trade	-	39	2,444	-	-	-	8,290,284	4,584,466
Hotel Food and Beverage Services	-	168	82	-	-	-	1,889,021	461,011
Transportation and Telecommunication	-	272	38,543	-	-	-	705,425	741,003
Financial Institutions	25,847,279	587	483	6	-	25,767,778	3,271,522	7,825
Real Estate and Leasing Services	-	654	78,203	-	-	1,641,715	3,091,015	447,121
Self Employment Services	-	-	-	-	-	-	12	125
Education Services	-	16	94,404	-	-	-	126,204	65,171
Health and Social Services	-	4,493	10,482	-	-	-	166,461	186,935
Other	52,004,626	131,516	85,250	-	-	5,144,591	4,804,806	13,069,256
Total	77,851,905	139,493	383,918	6	-	32,554,084	58,144,540	38,947,075

Prepared with the numbers after conversion rate to credit and before credit risk reduction.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Risk Classes											
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	TL	FC	Total	
348,896	6,539	22,749	-	-	-	-	2,487,247	22,589,023	152,756	22,741,779	
324,553	6,409	18,580	-	-	-	-	2,487,247	22,317,897	45,964	22,363,861	
1,623	128	2,780	-	-	-	-	-	94,674	81,367	176,041	
22,720	2	1,389	-	-	-	-	-	176,452	25,425	201,877	
55,213	12,135	29,418	-	-	-	-	-	11,106,139	16,941,037	28,047,176	
4,364	91	1,434	-	-	-	-	-	305,781	99,622	405,403	
50,148	9,787	25,367	-	-	-	-	-	9,394,281	13,161,243	22,555,524	
701	2,257	2,617	-	-	-	-	-	1,406,077	3,680,172	5,086,249	
21,360	3,080	15,657	-	-	-	-	-	3,126,996	4,346,070	7,473,066	
253,698	23,935	216,984	-	-	-	49,674	-	34,213,785	43,851,755	78,065,540	
161,291	15,255	91,327	-	-	-	-	-	10,601,052	2,544,054	13,145,106	
23,417	1,333	23,794	-	-	-	-	-	765,113	1,633,713	2,398,826	
18,433	2,423	28,653	-	-	-	-	-	1,202,379	332,373	1,534,752	
701	31	42,978	-	-	-	-	-	18,327,272	36,611,918	54,939,190	
35,743	4,352	18,298	-	-	-	49,674	-	2,720,483	2,646,292	5,366,775	
-	-	-	-	-	-	-	-	-	137	137	
2,883	333	2,709	-	-	-	-	-	215,573	76,147	291,720	
11,230	208	9,225	-	-	-	-	-	381,913	7,121	389,034	
7,146,272	506,307	20,468,546	-	-	-	3,313	6,690,304	89,594,601	20,460,186	110,054,787	
7,825,439	551,996	20,753,354	-	-	-	52,987	9,177,551	160,630,544	85,751,804	246,382,348	

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Analysis of maturity-bearing exposures according to remaining maturities:

	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications					
Conditional and unconditional exposures to central governments or central banks	6,101,431	2,777,876	3,034,426	1,344,306	65,069,533
Conditional and unconditional exposures to regional governments or local authorities	4,218	6,161	15,218	22,799	396,157
Conditional and unconditional receivables from administrative units and non-commercial enterprises	122,675	45,719	3,429	20,594	252,113
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	6
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	14,322,859	4,820,268	735,368	1,878,410	5,679,011
Conditional and unconditional exposures to corporates	1,818,511	11,492,217	3,245,821	18,483,125	45,922,229
Conditional and unconditional retail exposures	339,693	3,540,956	2,791,218	14,886,835	25,324,890
Conditional and unconditional exposures secured by real estate property	4,980	193,220	306,274	1,470,165	10,905,680
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	5,747	-	-	162,980	22,113,744
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	3,862	42,741	-	-	16,078
Grand Total	22,723,976	22,919,158	10,131,754	38,269,214	175,679,441

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Grades of Fitch Ratings International Rating Agency are used in determining risk weights for risk classes being used rating grade of risk classes indicated in article 6 of Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Additionally, grades of Fitch Ratings International Rating Agency were used for receivables from central government and central bank of our country and counter parties abroad. Counter parties resident are accepted as "gradeless" and take risk weight suited for "gradeless" category in relevant risk class.

Rating scores are used in the following risk classes:

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Authorities
3. Receivables from Administrative Units and Non-commercial Enterprises
4. Receivables from Banks and Brokerage Houses

While credit quality level grade given by Fitch Ratings International Rating Agency to a large extent decreases to 3, grades using in risk class of receivables from banks and intermediary institutions matched with all credit quality levels from 1 to 6 in risk classes of receivables from central governments or central banks, receivables from regional governments or local authorities and receivables from administrative units and non-commercial enterprises.

For determination of risk weight regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

Exposures by Risk Weights:

	Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	74,410,541	-	20,141,506	21,004,227	58,876,388	87,883,125	4,028,651	18,026,785	227,035	-	185,957
2	Exposures after Credit Risk Mitigation	104,581,172	-	11,370,263	31,206,329	43,509,524	86,610,906	1,729,102	5,363,927	227,035	-	185,957

Prepared with the numbers after conversion rate to credit.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Information in Terms of Major Sectors and Type of Counterparties:

Impaired Credits; are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits "Special Provision" calculation is made within the scope of Regulation on Provisions.

Past Due Credits; are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits "General Provision" calculation is made within the scope of Regulation for Provisions.

	Credits			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	557,315	1,020,864	33,184	324,621
Farming and Stockbreeding	545,165	1,009,412	32,812	312,606
Forestry	2,845	1,707	55	2,845
Fishery	9,305	9,745	317	9,170
Manufacturing	251,180	224,005	7,281	240,504
Mining and Quarrying	13,073	3,488	113	13,052
Production	229,827	166,992	5,428	219,172
Electricity, Gas and Water	8,280	53,525	1,740	8,280
Construction	786,613	128,428	4,175	303,472
Services	386,235	464,964	15,114	343,326
Wholesale and Retail Trade	281,116	238,485	7,752	259,281
Accommodation and Dining	17,178	39,251	1,276	15,325
Transportation and Telecom.	32,835	67,112	2,182	31,000
Financial Institutions	17,238	2,809	91	2,336
Real Estate and Rental Services	20,803	91,253	2,966	19,466
Professional Services	540	-	-	540
Educational Services	3,388	10,186	331	2,990
Health and Social Services	13,137	15,868	516	12,388
Other	789,140	1,644,403	66,888	757,137
Total	2,770,483	3,482,664	126,642	1,969,060

Information about Value Adjustment and Change in Provisions:

		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	1,658,954	847,053	(536,947)	-	1,969,060
2	General Provisions	2,003,493	363,312	(3,736)	-	2,363,069

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit/Loss	329,994	464,789
Banks	2,767,811	3,005,253
Interbank Money Market Placements	51,529	53,272
Available-for-Sale Financial Assets	54,430,243	46,892,961
Held-to-Maturity Investments	10,239,816	15,799,338
Loans	145,521,903	113,368,659
Other Assets	1,758,727	1,639,055
Total Credit Risk Exposure of Balance Sheet Items	215,100,023	181,223,327
Financial Guarantees	41,167,780	29,892,581
Commitments	96,787,048	67,372,132
Total Credit Risk Exposure of Off-Balance Sheet Items	137,954,828	97,264,713
Total Credit Risk Exposure	353,054,851	278,488,040

Information about Credit Quality per Class of Financial Assets

Financial Assets	Current Period			Prior Period		
	Neither past due nor impaired	Past due but not impaired	Total	Neither past due nor impaired	Past due but not impaired	Total
Banks	2,767,811	-	2,767,811	3,005,253	-	3,005,253
Financial Assets at Fair Value Through Profit or Loss	329,994	-	329,994	464,789	-	464,789
Loans Given:	141,237,816	3,482,664	144,720,480	109,200,104	3,357,296	112,557,400
Corporate/Entrepreneurial Loans	69,971,122	1,086,530	71,057,652	49,852,726	690,996	50,543,722
Consumer Loans	43,420,080	1,379,139	44,799,219	37,725,793	1,786,696	39,512,489
Specialized Loans	27,846,614	1,016,995	28,863,609	21,621,585	879,604	22,501,189
Available-for-Sale Financial Assets	54,430,243	-	54,430,243	46,892,961	-	46,892,961
Held-to-Maturity Investments	10,239,816	-	10,239,816	15,799,338	-	15,799,338

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Carrying amount per class of financial assets whose terms have been renegotiated by the Parent Bank and the management of other associates:

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans Given:	3,007,866	2,261,263
Corporate/Entrepreneurial Loans	1,249,581	943,893
Consumer Loans	309,787	57,973
Specialized Loans	1,448,498	1,259,397
Other	-	-
Available-for-Sale Financial Assets	-	-
Held-to-Maturity Investments	-	-

III. EXPLANATIONS ON THE CONSOLIDATED MARKET RISK

a) Whether measures are taken to hedge against market risk under the framework of the Parent Bank's risk management policies, measures taken for the risk management by the Board of Directors when the Parent Bank is exposed to market risks, methods used to measure market risk and timing of market risk measurement:

The Parent Bank has determined market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with "Measurement and Assessment of the Capital Adequacy of Banks" and 'Regulation on the Assessment Process of Banks' Internal Systems and Internal Capital Adequacy".

Market risk management strategy policy and implementation procedures of the Parent Bank are determined within the context of "Regulation for Market Risk Management" which was approved by the Board of Directors.

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and bank also reports the findings cyclically. Continuing operations are carried out on a trading portfolio determined by Parent Bank's Treasury Management. New products and services are evaluated from the point of market risk.

The amount subject to the total market risk in the Parent Bank is calculated by using Standard Method as per monthly periods within the context of legal reporting. This amount is included in the calculation of Parent Bank's Standard Capital Adequacy Ratio.

Excluding Standard Method, Daily Value at Risk ("VAR") forecasts are made as per daily period for Held-for-Trading accounts and are reported to the related units. Historical Simulation Method is used in daily reporting and limit allocation. VAR results, calculated with Parametric and Monte Carlo Methods, are used for monitoring. Backward testing is performed so as to measure performance of used model. Also, Parent Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Parent Bank's financial position.

The market risk exposure by VAR based limits (interest rate and currency risk limit) within the context of "Regulation for Market Risk Management".

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Information Related to Group's Market Risk:

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	551,192	312,688
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	87,112	51,174
Capital Requirement for Specific Risk of Securitization Positions	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	449,680	351,485
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting from Options - Standard Method	-	-
(VII) Capital Requirement to be Employed for Counter Party Credit Risk - Standard Method	42,638	12,757
(VIII) Total 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)	1,130,622	728,104
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	14,132,775	9,101,300

b) Average market risk table calculated at the end of each month during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	503,907	594,310	465,079	201,841	326,410	188,510
Equity Share Risk	36,052	43,994	36,502	27,990	37,452	21,038
Currency Risk	433,013	449,680	511,612	263,282	351,485	155,976
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counter Party Credit Risk	34,592	42,638	32,428	12,461	12,757	11,818
Amount Subject to Total Risk	12,594,551	14,132,775	13,070,263	6,319,672	9,101,300	4,716,775

Counter party credit risk is calculated for repurchase agreements and derivative transactions. According to the fair value of valuation method is based on the calculations. Costs of reconditioning of agreements that have positive value are obtained with valuation according to fair value of derivative transactions. Potential credit risk amount is obtained by multiplying agreement amounts with the ratios indicated in Regulation attachment. In repo transactions, risk reduction is applied by using extensive financial collateral method.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Quantitative Information on Counterparty Risk:

	Amount
Agreements Based on Interest Rate	-
Agreements Based on Foreign Exchange Currency	264,869
Agreements Based on Commodity	-
Agreements Based on Shares	-
Other	-
Gross Positive Fair Values	25,855
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	165,210
Net Position of Derivatives	154,977

IV. EXPLANATIONS ON THE CONSOLIDATED OPERATIONAL RISK

a) The method used in calculating the operational risk and the interval in which the market risk measurement is done:

In the Parent Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income obtained from shares excluding shares of subsidiaries and associates, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of assets monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

	31.12.2011	31.12.2012	31.12.2013	Total/Positive Year	Rate (%)	Total
Gross Income	6,962,070	8,737,357	9,832,553	8,510,660	15	1,276,599
Amount Subject to Operational Risk						15,957,488

b) The Parent Bank does not apply standard method.

V. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

a) Whether the Parent Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors:

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Parent Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, VAR is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also daily followed which was approved by Board of Directors.

Moreover, dealer's positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:

None.

c) Management policy for foreign currency risk:

"Liquidity Gap Analysis", "Reprising Gap Analysis" and "Structural Liquidity Gap Analysis" which takes into account historical reprising rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at US Dollar and Euro, which are mainly used by the Parent Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

d) Current foreign exchange bid rates of the Parent Bank for the last 5 business days prior to the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2014	2.2988	2.8013	1.8708	0.3779	0.2950	2.3387	1.9823	0.3062	3.5842	0.6145	1.9148
25.12.2014	2.3012	2.8181	1.8754	0.3798	0.2954	2.3497	1.9853	0.3098	3.5854	0.6149	1.9213
26.12.2014	2.3002	2.8001	1.8730	0.3777	0.2938	2.3361	1.9876	0.3096	3.5904	0.6148	1.9166
29.12.2014	2.3022	2.8051	1.8810	0.3782	0.2947	2.3393	1.9871	0.3109	3.5853	0.6154	1.9141
30.12.2014	2.3097	2.8093	1.8977	0.3786	0.2985	2.3438	1.9945	0.3108	3.6041	0.6174	1.9453
31.12.2014	2.3199	2.8096	1.9000	0.3782	0.2982	2.3429	2.0070	0.3099	3.6245	0.6197	1.9415

e) Simple arithmetic average of the Parent Bank's current foreign exchange bid rates for the last 30 days prior to the balance sheet date:

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
2.2825	2.8077	1.8829	0.3787	0.2990	2.3430	1.9819	0.3122	3.5772	0.6100	1.9142

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Information on the foreign currency risk of the Group:

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	3,689,550	17,190,721	6,630,726	27,510,997
Banks	434,507	433,837	109,860	978,204
Financial Assets at Fair Value Through Profit and Loss	-	3,998	-	3,998
Money Market Placements	-	6,587	28,103	34,690
Financial Assets Available-for-Sale	3,438,889	5,062,082	37,536	8,538,507
Loans ⁽²⁾	9,682,711	25,074,550	865,268	35,622,529
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	9,533	27,981	23,488	61,002
Investments Held-to-Maturity	1,409,202	3,723,554	416	5,133,172
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	5,546	1,292	52,942	59,780
Intangible Assets	2,207	1,839	3,861	7,907
Other Assets	691,532	1,226,750	54,699	1,972,981
Total Assets	19,363,677	52,753,191	7,806,899	79,923,767
Liabilities				
Interbank Deposits	742,570	1,634,599	19,877	2,397,046
Foreign Currency Deposits	29,573,678	13,453,270	3,153,833	46,180,781
Money Market Borrowings	2,170,053	13,300,247	12,883	15,483,183
Funds Provided from Other Financial Institutions	3,104,372	11,243,324	1,230	14,348,926
Issued Marketable Securities	-	2,655,704	-	2,655,704
Sundry Creditors	532,861	19,204	5,574	557,639
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	203,042	167,564	41,734	412,340
Total Liabilities	36,326,576	42,473,912	3,235,131	82,035,619
Net Balance Sheet Position	(16,962,899)	10,279,279	4,571,768	(2,111,852)
Net Off-Balance Sheet Position ⁽³⁾	18,379,967	(10,306,935)	(5,783,538)	2,289,494
Financial Derivative Assets	18,879,664	3,333,682	936,041	23,149,387
Financial Derivative Liabilities	499,697	13,640,617	6,719,579	20,859,893
Non-Cash Loans	6,299,610	18,953,006	2,043,565	27,296,181
Prior Period				
Total Assets	23,245,088	30,986,324	7,028,560	61,259,972
Total Liabilities	30,637,745	30,215,101	3,210,679	64,063,525
Net Balance Sheet Position	(7,392,657)	771,223	3,817,881	(2,803,553)
Net Off-Balance Sheet Position ⁽³⁾	7,916,641	(1,054,754)	(4,860,901)	2,000,986
Financial Derivative Assets	8,374,906	2,347,877	788,716	11,511,499
Financial Derivative Liabilities	458,265	3,402,631	5,649,617	9,510,513
Non-Cash Loans	5,058,346	12,699,489	1,303,003	19,060,838

⁽¹⁾ TL 99,687 equivalent of EUR and TL 347,656 equivalent of USD loans are originated as foreign currency indexed loans (31 December 2013: TL 14 equivalent of EUR and TL 88,750 equivalent of USD).

⁽²⁾ Indicates the net balance of receivables and payables on derivative financial instruments.

⁽³⁾ The foreign currency capital investments to Subsidiaries, Associates and Joint Ventures are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with TL currency equivalents. No exchange rate difference arises from such investments.

⁽⁴⁾ Derivative financial assets held for trading and liabilities are not included in the table.

⁽⁵⁾ Prepaid expenses amounting TL 6,505 among other expenses are not included in the table.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VI. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

a. Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on days to repricing dates):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	47,903	-	-	-	-	30,236,843	30,284,746
Banks	1,183,535	931,771	89,358	-	19,404	543,743	2,767,811
Financial Assets at Fair Value Through Profit and Loss	18,580	142	3,626	5,277	4,736	297,633	329,994
Money Market Placements	51,529	-	-	-	-	-	51,529
Financial Assets Available-for-Sale	5,335,944	7,382,602	13,141,150	12,555,925	15,555,925	458,697	54,430,243
Loans Given	50,256,354	16,675,139	33,762,230	37,565,719	6,345,499	916,962	145,521,903
Investments Held-to-Maturity	3,293,568	2,197,294	73,116	3,293,013	1,382,825	-	10,239,816
Other Assets	1,213	201,681	1,139,559	382,337	64,260	7,594,099	9,383,149
Total Assets	60,188,626	27,388,629	48,209,039	53,802,271	23,372,649	40,047,977	253,009,191
Liabilities							
Interbank Deposits	4,150,209	870,979	454,939	14,048	-	250,584	5,740,759
Other Deposits	79,922,073	21,524,339	15,576,005	1,157,545	46,185	32,177,818	150,403,965
Money Market Borrowings	28,011,583	2,599,660	1,182,716	-	-	-	31,793,959
Sundry Creditors	19,423	10,059	9,631	3,835	-	1,750,156	1,793,104
Issued Marketable Securities	338,579	1,632,779	489,145	1,813,374	-	-	4,273,877
Funds Provided from Other Financial Institutions	1,529,929	3,483,353	8,784,231	1,212,865	601,975	-	15,612,353
Other Liabilities	341,761	104,032	120,186	6,358,424	8,806	36,457,965	43,391,174
Total Liabilities	114,313,557	30,225,201	26,616,853	10,560,091	656,966	70,636,523	253,009,191
Balance Sheet Long Position	-	-	21,592,186	43,242,180	22,715,683	-	87,550,049
Balance Sheet Short Position	(54,124,931)	(2,836,572)	-	-	-	(30,588,546)	(87,550,049)
Off-Balance Sheet Long Position	98	1,271,454	-	-	-	-	1,271,552
Off-Balance Sheet Short Position	(81,721)	(1,250)	(429,810)	(873,417)	-	-	(1,386,198)
Total Position	(54,206,554)	(1,566,368)	21,162,376	42,368,763	22,715,683	(30,588,546)	(114,646)

⁽¹⁾ Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-Interest Bearing" columns.

⁽²⁾ TL 5,326,157 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1 - 5 Years" column TL 100,291 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

⁽³⁾ Deferred tax asset is shown under the non-interest bearing column.

⁽⁴⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.

⁽⁵⁾ Total shareholders' equity is shown under the non-interest bearing column.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	35,196	-	-	-	-	26,862,835	26,898,031
Banks	936,516	934,454	98,443	-	-	1,035,840	3,005,253
Financial Assets at Fair Value Through Profit and Loss	1,523	267	4,721	14,676	4,953	438,649	464,789
Money Market Placements	53,272	-	-	-	-	-	53,272
Financial Assets Available-for-Sale	10,381,970	4,560,863	11,287,373	9,678,474	10,590,810	393,471	46,892,961
Loans Given	37,273,709	13,078,393	24,739,445	32,716,457	4,662,317	898,338	113,368,659
Investments Held-to-Maturity	8,754,222	882,504	1,356,263	2,810,478	1,995,871	-	15,799,338
Other Assets	84,397	86,624	905,905	252,815	66,080	3,725,355	5,121,176
Total Assets	57,520,805	19,543,105	38,392,150	45,472,900	17,320,031	33,354,488	211,603,479
Liabilities							
Interbank Deposits	6,518,441	1,301,672	136,587	14,724	-	220,773	8,192,197
Other Deposits	73,411,527	19,626,599	12,085,334	696,872	1,455	29,497,278	135,319,065
Money Market Borrowings	19,861,007	2,579,722	2,130,121	-	-	-	24,570,850
Sundry Creditors	1,183	-	-	-	-	1,379,020	1,380,203
Issued Marketable Securities	1,127,313	578,764	886,976	63,407	-	-	2,656,460
Funds Provided from Other Financial Institutions	925,519	1,263,629	5,355,845	1,179,795	537,473	-	9,262,261
Other Liabilities	3,880	24,308	15,653	4,743,304	70,094	25,365,204	30,222,443
Total Liabilities	101,848,870	25,374,694	20,610,516	6,698,102	609,022	56,462,275	211,603,479
Balance Sheet Long Position	-	-	17,781,634	38,774,798	16,711,009	-	73,267,441
Balance Sheet Short Position	(44,328,065)	(5,831,589)	-	-	-	(23,107,787)	(73,267,441)
Off Balance Sheet Long Position	367,119	1,172,400	-	35	-	-	1,539,554
Off Balance Sheet Short Position	-	-	(711,776)	(447,865)	-	-	(1,159,641)
Total Position	(43,960,946)	(4,659,189)	17,069,858	38,326,968	16,711,009	(23,107,787)	379,913

⁽¹⁾ Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-Interest Bearing" columns.

⁽²⁾ TL 3,997,095 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1 - 5 Years" column. TL 39,396 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

⁽³⁾ Deferred tax asset is shown under the non-interest bearing column.

⁽⁴⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

⁽⁵⁾ Total shareholders' equity is shown under the non-interest bearing column.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Average interest rate applied to the monetary financial instruments (Represents the values belong to the Parent Bank):

	EUR	USD	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	7.00
Banks	1.21	1.72	-	8.42
Financial Assets at Fair Value Through Profit and Loss	-	5.36	-	6.33
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.73	5.72	-	8.75
Loans Given ⁽²⁾	4.53	5.17	-	11.43
Investments Held-to-Maturity	6.42	7.01	-	8.60
Liabilities				
Interbank Deposits ⁽³⁾	0.86	1.19	-	9.28
Other Deposits ⁽⁴⁾	1.54	1.50	-	6.37
Money Market Borrowings	0.75	0.90	-	9.64
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	3.38	-	9.07
Funds Provided from Other Financial Institutions	1.47	1.82	-	7.90

⁽¹⁾ The ratio in TL column shows interest rate applied to reserve requirement for Central Bank of Turkish Republic of Northern Cyprus

⁽²⁾ Credit card loan balances are not included.

⁽³⁾ Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

⁽⁴⁾ Rates include also demand deposit data.

Average interest rate applied to the monetary financial instruments: (Represents the values belong to the Parent Bank):

	EUR	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	4.00
Banks	2.08	2.08	-	8.13
Financial Assets at Fair Value Through Profit and Loss	-	5.58	-	6.53
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.70	5.67	-	8.09
Loans Given ⁽²⁾	4.65	4.71	-	12.54
Investments Held-to-Maturity	6.36	7.01	-	8.49
Liabilities				
Interbank Deposits ⁽³⁾	1.06	1.09	-	7.74
Other Deposits ⁽⁴⁾	1.96	1.64	-	5.80
Money Market Borrowings	0.80	1.00	-	7.71
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	7.82
Funds Provided from Other Financial Institutions	1.35	1.71	-	7.20

⁽¹⁾ The ratio in TL column shows interest rate applied to reserve requirement for Central Bank of Turkish Republic of Northern Cyprus

⁽²⁾ Credit card loan balances are not included.

⁽³⁾ Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

⁽⁴⁾ Rates include also demand deposit data.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Interest rate risk on banking accounts:

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of "Regulation for Interest Rate Risk on Banking Accounts".

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also provide to reports the findings cyclically. Banks perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on Parent Bank's economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Parent Bank 's internal applications, the follow-up of yield curve, basis risk and option risk. Also, in order to limit the impact of interest rate changes on Parent Bank's financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Interest rate risk on banking accounts (Represents the values belong to the Parent Bank):

Type of Currency	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	(+) 300bp	(2,636,249)	(8.37%)
2. TL	(-) 300bp	3,054,631	9.70%
3. EUR	(+) 100bp	93,896	0.30%
4. EUR	(-) 100bp	(82,241)	(0.26%)
5. USD	(+) 100bp	(404,346)	(1.28%)
6. USD	(-) 100bp	480,467	1.53%
Total (of negative shocks)		3,452,857	10.97%
Total (of positive shocks)		(2,946,699)	(9.36%)

Risk of stock position on banking accounts (Represents the values belong to the Parent Bank):

Equity Share Investments	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Stock Investment Group A	-	-	-
Stock Exchange Securities	-	-	-
2. Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
3. Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-
4. Stock Investment Other Group	-	-	-
Other	171,540	171,540	-

VII. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK

General principles of liquidity and financial emergency state management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency State Management".

The Parent Bank performs "Remaining Maturity Analysis" for the observation of the maturity structure of the balance sheet, "Liquidity Gap" and "Structural Liquidity Gap Analysis" for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Parent Bank's liquidity and in the worst case scenario and the loss associated with it. The renewal of deposits which constitutes the Parent Bank's most crucial funding resource is monitored on a daily basis. Besides, in order to compare the Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

The Bank calculates and reports the liquidity adequacy ratio to BRSA on a weekly solo and monthly consolidated basis in accordance with "Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation.

The Parent Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated 1 November 2006. The liquidity adequacy of the Parent Bank is over the limit values specified in the mentioned regulation. Liquidity ratios in 2014 and 2013 are as follows:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	167.66	152.87	125.26	111.64
Maximum (%)	215.67	170.99	140.42	116.88
Minimum (%)	127.87	130.44	112.24	107.34

Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	226.85	224.07	139.01	132.62
Maximum (%)	330.78	319.36	163.97	160.26
Minimum (%)	118.48	156.09	121.13	114.51

a) Basis for the current liquidity risk of the Parent Bank and whether the necessary measures taken, limitations imposed by the Parent Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:

The Parent Bank's source of funds is mainly formed of deposits. The Parent Bank's deposits do not fluctuate considerably in line with the broadly dispersed customer network. Besides, internal and external sources that can be used to meet the immediate liquidity need are monitored periodically. Borrowing limits of the Parent Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different periods. Parent Bank limits its liquidity risk exposure by the approval of Board of Directors in context with "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

b) Consistency of payments with the assets and liabilities and the interest rates, measurement of the probable effects of the actual inconsistency on profitability:

The consistency of payments with the assets and liabilities and the interest rates is followed regularly by the management and no inconsistency exists.

c) Internal and external sources for short and long-term liquidity needs of the Parent Bank, unused significant liquidity sources:

Although the average maturity of the Parent Bank's assets is long when compared with the deposits, securities with coupon payments for periods less than six months constituting majority of the securities portfolio and monthly installments of loans supply regular cash inflow for the Parent Bank. Besides, volume of deposits constituting the majority of the liabilities is not subject to significant changes. The Parent Bank also provides funds from long term financial transactions.

d) Evaluation of amount and sources of the Bank's cash flows:

The Parent Bank's major source of funds is deposits, and these funds are invested in securities portfolio, other banks and loan placements. Since most significant cash inflows are originated from securities portfolio and cash inflows from these assets are regular, the liquidity risk of the Parent Bank is suggested to be reduced. Furthermore, periodical collections on loans have the role of covering the Parent Bank's need for funds.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^{(1) (2)}	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	30,284,746	-	-	-	-	-	-	30,284,746
Banks	543,743	1,183,535	931,771	89,358	-	19,404	-	2,767,811
Financial Assets at Fair Value Through Profit and Loss	981	30,156	7,551	40,031	246,463	4,736	76	329,994
Money Market Placements	-	51,529	-	-	-	-	-	51,529
Financial Assets Available-for-Sale	102	660,538	1,959,292	4,635,328	23,734,366	22,994,448	446,169	54,430,243
Loans Given	115,540	6,567,690	9,659,481	52,625,678	61,572,625	14,179,468	801,421	145,521,903
Investments Held-to-Maturity	-	152,705	1,052,685	44,905	6,274,540	2,714,981	-	10,239,816
Other Assets	1,718,161	1,324	204,704	436,045	1,189,237	173	5,833,505	9,383,149
Total Assets	32,663,273	8,647,477	13,815,484	57,871,345	93,017,231	39,913,210	7,081,171	253,009,191
Liabilities								
Interbank Deposits	250,583	4,118,592	902,597	454,939	14,048	-	-	5,740,759
Other Deposits	32,177,818	79,907,850	21,486,551	15,475,083	1,310,390	46,273	-	150,403,965
Funds Provided from Other Financial Instruments	-	600,588	1,708,881	9,572,071	2,144,029	1,586,784	-	15,612,353
Money Market Borrowings	-	28,011,583	2,599,660	1,182,716	-	-	-	31,793,959
Issued Marketable Securities	-	330,508	1,640,850	489,145	1,813,374	-	-	4,273,877
Sundry Creditors	987,591	742,833	13,634	11,911	3,835	4,330	28,970	1,793,104
Other Liabilities ⁽³⁾	2,652,615	733,018	635,088	120,186	6,358,424	825,370	32,066,473	43,391,174
Total Liabilities	36,068,607	114,444,972	28,987,261	27,306,051	11,644,100	2,462,757	32,095,443	253,009,191
Liquidity Gap	(3,405,334)	(105,797,495)	(15,171,777)	30,565,294	81,373,131	37,450,453	(25,014,272)	-
Prior Period								
Total Assets	29,581,066	6,637,454	11,681,617	57,075,285	75,668,367	27,605,196	3,354,494	211,603,479
Total Liabilities	32,424,672	101,728,789	25,099,685	21,340,620	6,905,010	2,094,911	22,009,792	211,603,479
Liquidity Gap	(2,843,606)	(95,091,335)	(13,418,068)	35,734,665	68,763,357	25,510,285	(18,655,298)	-

⁽¹⁾ Assets which are required for banking operations and could not be converted into cash in short-term, such as; tangible assets, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net non-performing loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

⁽²⁾ Deferred tax asset is included under the "Undistributed" column.

⁽³⁾ TL 5,326,157 of the funds balance, whose risk is not born by the Parent Bank, is included in other liabilities and shown under the "1-5 years" column, fund balance amounted to TL 100,291 is not granted as loan and is included under "Up to One Month" column.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Presentation of liabilities according to their remaining maturities:

Current Period ⁽¹⁾	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposits	4,297,099	904,872	457,203	14,048	-	5,673,222
Other Deposits	111,772,316	21,651,279	15,770,118	1,324,396	46,336	150,564,445
Funds Borrowed from Other Financial Institutions	610,487	1,728,012	9,745,987	2,530,498	1,717,814	16,332,798
Funds Borrowed from Interbank Money Market	28,023,210	2,603,562	1,191,122	-	-	31,817,894
Total	144,703,112	26,887,725	27,164,430	3,868,942	1,764,150	204,388,359
Prior Period ⁽¹⁾						
Bank Deposits	6,742,086	1,310,203	139,158	14,724	-	8,206,171
Other Deposits	103,473,261	19,756,529	12,344,579	711,728	1,535	136,287,632
Funds Borrowed from Other Financial Institutions	115,860	757,597	5,836,345	1,687,470	1,429,993	9,827,265
Funds Borrowed from Interbank Money Market	19,866,120	2,583,260	2,141,615	-	-	24,590,995
Total	130,197,327	24,407,589	20,461,697	2,413,922	1,431,528	178,912,063

⁽¹⁾ Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

Separation of Securitization of Non-Performing Loans as Types and Losses in Current Year

There is no securitization of non-performing loans.

e) Credit Risk Mitigation Techniques:

The Parent Bank makes a credit risk reduction with regard to simple financial collateral in accordance with Article 38 of Communiqué on Credit Risk Reduction Methods.

The Parent Bank does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation.

Financial collaterals considering as funded credit safe guards in the parent bank are; treasury bills, government bonds, cash, mortgage on deposit and gold. Financial collaterals considering as unfunded credit safe guards in bank are; guarantees and counter guarantees.

Financial collaterals are valuated daily in the parent bank. Credibility of guarantors are monitored and evaluated in the scope of revision maturity.

The Parent Bank has no position about credit derivatives.

Collaterals in terms of Risk Categories: ⁽¹⁾

Exposure classifications - 31 December 2014	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	78,051,647	5,042,578	-	-
Conditional and unconditional receivables from regional or local governments	444,118	33,641	-	991
Conditional and unconditional receivables from administrative units and non-commercial enterprises	443,990	139,160	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	27,767,567	17,591,362	-	-
Conditional and unconditional corporate receivables	76,394,961	620,344	-	310,588
Conditional and unconditional retail receivables	46,364,044	2,637,624	-	65,039
Conditional and unconditional secured mortgage receivables	12,880,318	8,562	-	208
Past due receivables	565,154	-	-	-
Receivables in high risk category defined by BRSA	22,277,704	14,961,654	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	62,682	3,855	-	-
Other receivables	13,990,150	-	-	-
Total	279,242,341	41,038,780	-	376,826

⁽¹⁾ Prepared based on KR510 AS Form/4th line distribution of numbers after conversion rate to credit of every risk classes.

VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES**a) Strategies and Practices on Risk Management:**

The Parent Bank, within the scope of regulations of BRSA, by also observing the best applications, provides management credit risk, interest rate on banking accounts, liquidity, operational and market risks that Bank faces with accordingly volume of its operations, quality and complexity.

b) Structure and Organization of Risk Management

Risk Management Operations are conducted in accordance with the Regulation for Banks' Internal Systems and Internal Capital Adequacy of Banks, issued in the Official Gazette numbered 29057 and dated 11 July 2014 by Banking Regulation and Supervision Agency and within the scope of "Regulation for Risk Management" approved by the Bank's Board of Directors' Decision No. 7/101, dated 21 March 2012. Internal Systems and Internal Capital Adequacy of Banks.

As of 31 December 2014, Risk Management organization consists of operation and market risk management, credit risk management and statement risks management units.

c) Risk Reporting and Measurement Systems' Scope and Qualification

It is essential to consider practicing the risk assessment and monitoring operations and results in process of Parent Banks' strategic decisions so as to be revealed the Parent Bank faced with risks. It is made analysis indicated below regarding measurement and monitoring operations for portfolio that is determined by the Parent Bank and whole balance sheet with scope of these essentials, within the scope of buying-selling strategy.

Liquidity Risk

It is conducted to perform measurements, limiting, scenario analysis and stress tests that are suitable for structure and complexness of positions so as to be revealed interest rate on banking accounts that Parent Bank can face with liquidity risk and report the findings cyclically.

For the purpose of measuring and monitoring activities of liquidity risk, Parent Bank realizes "Liquidity Gap Analysis", "Behavioral Liquidity Gap Analysis", "Average Maturity Analysis" and "Deposit Analysis". Liquidity Gap Analysis is done based on time to maturity of assets and liabilities. Deposit Analysis is applied separately for time deposits and demand deposits. Also, for the purpose of the evaluation of the discount rates of Parent Bank's expected cash flows based on each position and each product, and after adjustment its potential liquidity needs on the basis of the maturity groups in line with the Parent Bank's liquidity creation capacity, liquidity risk stress test is done. For liquidity risk, legal reporting is also done weekly.

Interest Rate Risk on Banking Accounts:

It is conducted to perform measurements, limiting, scenario analysis and stress tests that are suitable for structure and complexness of positions so as to be revealed interest rate on banking accounts that Parent Bank can face with and report the findings cyclically.

It is made periodically Repricing Gap Analysis, Net Interest Margin/Revenue Analysis and Duration Analysis based on whole balance sheet intended for measurement and monitoring operations of interest rate on banking accounts and Parent Bank's economic capital adequacy is observed. Repricing Gap Analysis is applied based on assets and liabilities' time to repricing and Net Interest Margin/Revenue Analysis is applied based on balance sheet items' time to repricing. Duration Analysis is made through being weighted with quantities of periods that are calculated with effective duration method of assets and liabilities. It is revealed effect of important fluctuations, exchange rates, prices and interest rates in stress tests for interest rate on banking accounts. Also, it is made monthly legal reportings intended for interest rate on banking accounts.

Market Risk

Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and banks also provides to report the findings cyclically.

In the Parent Bank, the amount subject to the total market risk is calculated monthly by using Standard Method as per monthly periods within the context of legal reporting. This amount is included in Bank's Standard Capital Adequacy Ratio.

Excluding Standard Method, Daily Value at Risk ("VAR") forecasts are made as per daily period for Held-for-Trading accounts and are reported to the related units. Backward testing is performed so as to measure performance of used model. Also, Parent Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Parent Bank's financial position.

Market risk exposure is limited with VAR based limit (interest rate and currency risk limit) within the context of "Regulation for Market Risk Management". These limits are daily monitored.

Operational Risks

Operational risk represents the possibility of damage from inadequate or failed internal processes, people and systems or from external events and including legal risks. The Operational Risk Management Services in the Bank in order to ensure compliance with Basel II are carried out with the regulations issued on 28 June 2012 by the BRSA, revised in accordance with the Parent Bank's "Operational, Reputational and Strategic Risk Management Regulations".

- The amount subject to operational risk is calculated by Basic Indicator Approach within the scope of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" in order for keeping adequate shareholder's equity against losses that could arise due to operational risks in the Parent Bank, and is reported to BRSA based on yearly.
- Operational risk profile in the Parent Bank is monitored with several effective methods. Actualized operational risks are followed by "Operational Risk Loss Database" which is compatible with accounting system. Advanced Measurement Approach is performed in scope of calculation of economic capital and development of approach is performed.
- So as to be determined the operational risk levels of branches, studying of "Operational Risk Map" are carried out for use in Internal Control Audit Program.
- An integrated risk mainframe is instituted within the scope of risks management arising from information technologies. In this context, a database regarding Information Technologies risks is constituted and actualized risks and actions taken are monitored via the database.
- By being revised of the Parent Bank Business Continuity Plan, that possible risks that may occur in activities due to corruption and its potential effects evaluated are documented as "Business Impact Analysis".
- Risk arising from purchase of services provided from support service organizations for continuity has been evaluated with the "Regulation on Procurement of Support Services of Banks" published by the BRSA. In this context, Risk Management Program was revised and Risk Analysis Reports regarding support services are being prepared.

Credit Risk

As of 1 July 2012, BASEL II legal reporting process based on Standard Method is started in calculation of Credit Risk legal capital need.

In the Parent Bank, it was constituted scoring models for individual customers, rating for Corporate and Entrepreneurial customers with the object of customer evaluation within the scope of centralization of credit risk. The studies regarding these models' validation are conducted by Internal Control and Risk Management Group Presidency as independently from Units that have executive actions. It is also made analysis for performance measurement and accuracy with statistical methods.

In the Parent Bank, in base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

In the Parent Bank, based on general and sub accounts, credit portfolios' improvement, tracking portfolio's improvement and loans under close monitoring are analyzed periodically. Also, it is made vintage analysis for real estate and consumer loans so as to credit monitoring and comparing past performances.

d) Procedures on Risk Management and Risk Mitigation Policies with Regular Control of Their Effectiveness

It is essential to be bordered with limits compatible with risk profile of risk levels and risk toleration so as to prevent to considerably affect from the negativeness that can occur while Parent Bank conducts its operations.

Risk limits are determined and approved by the Board of Directors by taking General Manager, Audit Committee and Executives' offers.

Risk limits are determined compatible with risk levels, operations, size of products and services and complexness of the Parent Bank. Limits are reviewed regularly, adapted according to changes in market conditions, Bank strategy and risk appetite and monitored cyclically.

Additionally, derivative transactions are occurred in Parent Bank and thanks to operated transactions, long term funding is provided, liquidity and interest rate risk on banking accounts are limited.

According to financial method, risk reduction is made in Parent Bank and financial commitments are daily assessed. Credibilities of guarantors are monitored and assessed as part of credit revision maturities.

IX. EXPLANATIONS ON OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 "Turkish Accounting Standard about Operating Segments".

The Bank is operating in consumer banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking.

Known as having the most extensive branch network in retail (consumer) banking sector, the Parent Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Bank, credit cards, automatic payment, cheques and notes, money transfer order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing instruments are improved and new banking instruments are created in order to benefit from services undertaken as being a state bank in increasing the profitability of the Parent Bank. By "Finart" system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking sector to meet its clients' needs.

In the context of corporate and entrepreneurial banking, the Group gives loans for operations, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it subsidizes to people and institutions operating in agricultural sector through mediating the usage of the fund originated loans beside the agricultural operations and investment loans from its own sources for vegetable and animal production, fishery products and agricultural mechanization directly to producers and the Union of Agricultural Credit Corporations.

Investment banking operations are conducted by the Financial Market and Asset-Liability Management and Economic Researches Departments. By foregoing departments, the Parent Bank's liquidity is used for Turkish Lira, foreign exchange and securities transactions in local and international organized and over-the-counter markets, and enables sources of funds in Turkish Lira and foreign currencies according to the needs of the Parent Bank. The Parent Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of investment funds founded by the Bank and Ziraat Yatırım Menkul Değerler A.Ş. and keeps records of these financial instruments and the Parent Bank performs repo/reverse repo transactions. Besides the Parent Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Parent Bank performs foreign currency forward agreements and currency swap transactions.

Besides, the Parent Bank has commission revenue from insurance and other finance institutions by rendering agency services through its branches.

The Parent Bank performs its international banking operations via foreign branches, sub branches, representative offices and equity investments abroad.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

As of 31 December 2014, explanations on segment reporting as shown below are in line with Communiqué on "Financial Statements and the Related Policies and Disclosures to be Publicly Announced".

Table for Segment Reporting:

	Consumer Banking	Corporate Entrepreneurial Banking	Specialized Banking	Investment Banking	International Banking	Consolidation Corrections	Undistributed	Total Operations of the Group
Current Period								
Total Operating Income/Expense ⁽¹⁾	4,158,272	3,127,297	990,255	3,423,433	293,730	(202,418)	-	11,790,569
Net Operating Profit	1,791,437	1,401,360	470,035	1,615,170	115,460	20,825	(110,543)	5,303,744
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	-	10,803	10,803
Income Before Taxes	1,791,437	1,401,360	470,035	1,615,170	115,460	20,825	(89,718)	5,324,569
Tax Provision	-	-	-	-	-	-	(1,214,156)	(1,214,156)
Net Profit for the Period	1,791,437	1,401,360	470,035	1,615,170	115,460	20,825	(1,303,874)	4,110,413
Segment Assets-Net ⁽¹⁾	46,069,364	65,725,257	28,997,319	94,933,299	9,713,150	1,812,664	-	247,251,053
Subsidiaries, Associates and Entities under Common Control (Joint Ventures)	-	-	-	-	-	-	156,634	156,634
Undistributed Assets ⁽³⁾	-	-	-	-	-	-	5,601,504	5,601,504
Total Assets	46,069,364	65,725,257	28,997,319	94,933,299	9,713,150	1,812,664	5,758,138	253,009,191
Segment Liabilities - Net ⁽¹⁾	28,930,449	42,727,789	24,277,420	94,566,172	8,523,423	6,453,258	-	205,478,511
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	-	18,913,648	18,913,648
Shareholders' Equity	-	-	-	-	-	-	28,617,032	28,617,032
Total Liabilities	28,930,449	42,727,789	24,277,420	94,566,172	8,523,423	6,453,258	47,530,680	253,009,191
Other Segment Items								
Capital Investment	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	266,931	266,931
Restructuring Costs	-	-	-	-	-	-	-	-

⁽¹⁾ For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

⁽²⁾ "Dividend income", a part of operating income of the Parent Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed to segments.

⁽³⁾ The Group's assets and liabilities that are unable to be determined, are shown in "Undistributed Assets" and "Undistributed Liabilities" lines.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	Consumer Banking	Corporate Entrepreneurial Banking	Specialized Banking	Investment Banking	International Banking	Consolidation Corrections	Undistributed	Total Operations of the Group
Prior Period								
Total Operating Income/Expense ⁽¹⁾	4,370,957	1,903,175	1,064,448	3,571,192	200,282	(329,816)	-	10,780,238
Net Operating Profit	1,647,994	787,794	448,451	1,499,633	66,396	9,256	-	4,459,524
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	(308,565)	322,892	14,327
Income Before Taxes	1,647,994	787,794	448,451	1,499,633	66,396	(299,309)	220,977	4,371,936
Tax Provision	-	-	-	-	-	-	(1,107,604)	(1,107,604)
Net Profit for the Period	1,647,994	787,794	448,451	1,499,633	66,396	(299,309)	(886,627)	3,264,332
Segment Assets-Net ⁽¹⁾	40,934,078	47,628,208	22,903,484	88,820,281	7,933,573	(1,737,323)	-	206,482,301
Subsidiaries, Associates and Entities under Common Control (Joint Ventures)	-	-	-	-	-	-	146,515	146,515
Undistributed Assets ⁽³⁾	-	-	-	-	-	-	4,974,663	4,974,663
Total Assets	40,934,078	47,628,208	22,903,484	88,820,281	7,933,573	(1,737,323)	5,121,178	211,603,479
Segment Liabilities - Net ⁽¹⁾	27,950,762	33,726,239	20,258,724	87,033,332	6,892,760	(976,663)	-	174,885,154
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	-	18,050,986	18,050,986
Shareholders' Equity	-	-	-	-	-	-	18,667,339	18,667,339
Total Liabilities	27,950,762	33,726,239	20,258,724	87,033,332	6,892,760	(976,663)	36,718,325	211,603,479
Other Segment Items								
Capital Investment	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	130,439	130,439
Restructuring Costs	-	-	-	-	-	-	-	-

⁽¹⁾ For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

⁽²⁾ "Dividend income", a part of operating income of the Parent Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed to segments.

⁽³⁾ The Group's assets and liabilities that are unable to be determined, are shown in "Undistributed Assets" and "Undistributed Liabilities" lines.

X. EXPLANATIONS RELATED TO PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES**a) Information regarding the fair value of financial assets and liabilities:**

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	213,011,302	179,119,483	213,839,088	178,607,953
Due from Interbank Money Market	51,529	53,272	51,529	53,272
Banks	2,767,811	3,005,253	2,767,811	3,005,253
Available-for-Sale Financial Assets	54,430,243	46,892,961	54,427,789	46,892,961
Held-to-Maturity Investments	10,239,816	15,799,338	11,070,056	15,287,808
Loans	145,521,903	113,368,659	145,521,903	113,368,659
Financial Liabilities	177,824,058	156,810,186	177,886,667	156,850,771
Bank Deposits	5,740,759	8,192,197	5,740,759	8,192,197
Other Deposits	150,403,965	135,319,065	150,403,965	135,319,065
Funds Borrowed from Other Financial Institutions	15,612,353	9,262,261	15,695,644	9,301,533
Issued Marketable Securities	4,273,877	2,656,460	4,253,195	2,657,773
Miscellaneous Payables	1,793,104	1,380,203	1,793,104	1,380,203

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

b) Information on fair value measurements recognized in the financial statements:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Parent Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	33,418	296,576	-	329,994
Government Debt Securities	32,361	-	-	32,361
Share Certificates	909	-	-	909
Trading Derivative Financial Assets	76	296,576	-	296,652
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	72	-	-	72
Available-for-Sale Financial Assets (Net)	54,163,420	203,079	89	54,366,588
Equity Securities ⁽¹⁾	315,636	66,892	89	382,617
Government Debt Securities	53,669,212	21,410	-	53,690,622
Other Marketable Securities	178,572	114,777	-	293,349
Total Assets	54,196,838	499,655	89	54,696,582
Trading Derivative Financial Liabilities	20,813	395,584	-	416,397
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	20,813	395,584	-	416,397

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL 63,655 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	26,162	438,627	-	464,789
Government Debt Securities	26,084	-	-	26,084
Share Certificates	78	-	-	78
Trading Derivative Financial Assets	-	438,627	-	438,627
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	46,631,658	254,976	97	46,886,731
Equity Securities ⁽¹⁾	233,771	123,196	-	356,967
Government Debt Securities	46,237,735	173	97	46,238,005
Other Marketable Securities	160,152	131,607	-	291,759
Total Assets	46,657,820	693,603	97	47,351,520
Trading Derivative Financial Liabilities	1,689	54,664	-	56,353
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	1,689	54,664	-	56,353

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL 21,542 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES**1. Transaction, Custody, Management and Consultancy Services of the Parent Bank on behalf of Third Parties:**

The Parent Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The Parent Bank does not provide consultancy and management services.

2. Transactions with other financial institutions under fiduciary transaction agreements and financial services rendered to other financial institutions under the scope of fiduciary transactions and the effects of such services to the financial position of the Parent Bank or the Group:

The Parent Bank has no fiduciary transactions.

SECTION FIVE**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS****a) Information on Cash and Balances with Central Bank of the Republic of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,162,355	707,074	1,227,457	594,206
Central Bank of the Republic of Turkey	1,611,393	26,753,700	2,437,056	22,390,350
Other	1	50,223	-	248,962
Total	2,773,749	27,510,997	3,664,513	23,233,518

1.a.1) Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to Communiqué on Required Reserves of Central Bank of the Republic of Turkey's numbered 2013/15. Based on accounting standards and registration layout for banks and companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

As of the balance sheet date, according to CBRT's Communiqué about Required Reserves No. 2013/15, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 11.5%; for deposits up to 6-months maturity 8.5%; for deposits up to 1-year maturity 6.5%; for deposits 1-year and longer maturity 5%; for TL liabilities other than deposits up to 1-year maturity 11.5%; for TL liabilities other than deposits between 1- and 3-years maturity 8%; for TL liabilities other than deposits more than 3-years maturity 5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 13%; for FC deposit accounts with 1-year and longer maturity 9%, for FC liabilities other than deposits up to 1-year maturity 13%; for FC liabilities other than deposits up to 3-years maturity 11%; and for FC liabilities other than deposits more than 3-years maturity 6%.

According to the press release of CBRT dated on 21 October 2014, there had been interest payment on reserve deposits starting from November 2014.

As of 31 December 2014, total reserve requirement of the Group is TL 28,468,561 including Central Banks abroad. (31 December 2013: TL 25,056,007)

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

b) Information on the account of the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	1,563,450	301,734	2,401,860	941,696
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ^{(1) (2)}	47,943	26,451,966	35,196	21,448,654
Total	1,611,393	26,753,700	2,437,056	22,390,350

⁽¹⁾ Required reserve of branches abroad amounting to TL 75,723 is presented in this line (31 December 2013: TL 50,888).

⁽²⁾ TL 18,822,279 of the current period's FC required reserve is the part of the TL required reserves that are held in FC. (31 December 2013: 15,735,041)

2. a) Information on financial assets at fair value through profit and loss given or blocked as collateral or subject to repurchase agreements:

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	8,756	17,925
Total	8,756	17,925

a.1) Information on financial assets at fair value through profit and loss given or blocked as collateral:

	Current Period		Prior Period	
	TL	FC	TL	FC
Stocks	-	-	-	-
Bonds and Similar Securities	8,756	-	17,925	-
Other	-	-	-	-
Total	8,756	-	17,925	-

b) Positive differences related to the derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets Held-for-Trading				
Forward Transactions	5,949	6,583	11,680	25
Swap Transactions	259,596	24,496	282,060	144,862
Futures Transactions	-	-	-	-
Options	17	11	-	-
Other	-	-	-	-
Total	265,562	31,090	293,740	144,887

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	1,765,968	415,079	1,616,867	121,440
Foreign Banks	23,639	563,125	69,935	1,197,011
Foreign Head Office and Branches	-	-	-	-
Total	1,789,607	978,204	1,686,802	1,318,451

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	194,211	66,651	9,108	1
USA, Canada	242,249	745,856	705	-
OECD Countries ⁽¹⁾	7,085	25,214	-	-
Off-Shore Banking Regions	-	-	-	-
Other	132,535	408,652	871	20,572
Total	576,080	1,246,373	10,684	20,573

⁽¹⁾ OECD countries except EU countries, USA and Canada.

4. a) Explanation regarding to the comparison of net values of financial assets available-for-sale given or blocked as collateral and subject to repurchase agreements:

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	30,650,483	23,412,254
Assets Blocked/Given as Collateral	5,700,219	1,529,788
Total	36,350,702	24,942,042

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	54,124,518	47,688,027
Quoted in Stock Exchange	54,096,908	47,688,027
Not Quoted in Stock Exchange	27,610	-
Share Certificates	446,555	363,606
Quoted in Stock Exchange	274,474	233,318
Not Quoted in Stock Exchange	172,081	130,288
Provision for Impairment (-)	140,830	1,158,672
Total	54,430,243	46,892,961

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	224	-	-
Loans Granted to Employees	258,116	117	256,142	124
Total	258,116	341	256,142	124

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans and other receivables with revised contract terms ⁽¹⁾	Other		Loans and other receivables with revised contract terms	Other
Cash Loans						
Non-Specialized Loans	111,058,088	1,181,676	-	2,087,976	377,692	-
Commercial loans	32,732,550	309,151	-	151,254	7,983	-
Export Loans	2,250,990	-	-	22,865	-	-
Import Loans	49,460	1,625	-	464	-	-
Loans Given to Financial Sector	3,170,598	-	-	-	-	-
Consumer Loans	38,364,313	256,266	-	1,232,360	52,048	-
Credit Cards	2,608,040	1,942	-	96,463	-	-
Other ⁽²⁾	31,882,137	612,692	-	584,570	317,661	-
Specialized Lending ⁽³⁾⁽⁴⁾	25,534,184	1,214,064	-	782,562	234,434	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	2,249,804	-	-	-	-	-
Total	138,842,076	2,395,740	-	2,870,538	612,126	-

⁽¹⁾ Since Restructured or rescheduled loans cannot be decomposed systematically, they have been shown in the "Loans and Other Receivables with Revised Contract Terms" section.

⁽²⁾ Restructured or rescheduled loans and the loans under close monitoring and the distinction of the accrual amounts of other receivables cannot be obtained by the available information operating system.

⁽³⁾ Fund sourced agricultural loans are shown under specialized lending

⁽⁴⁾ Agriculturally qualified farmer standby loans have been displayed under specialized lending.

No, of extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times Extended ⁽¹⁾	2,395,740	612,126
3 - 4 or 5 Times Extended	-	-
Over 5 Times Extended	-	-

⁽¹⁾ Number of modification made according to extent of payment plan cannot be decomposed systematically therefore it is shown in this line.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	162,729	71,199
6 Months - 12 Months	1,935,268	255,467
1 - 2 Years	79,230	107,279
2 - 5 Years	198,945	174,375
5 Years and Over	19,568	3,806
Total	2,395,740	612,126

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loan and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾	Loan and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾
Short-Term Loans and Other Receivables	40,035,375	888,589	604,711	187,917
Non-Specialized Loans	27,502,886	102,133	162,829	26,023
Specialized Loans	12,532,489	786,456	441,882	161,894
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	96,556,897	1,507,151	2,265,827	424,209
Non-Specialized Loans ⁽²⁾	83,555,202	1,079,543	1,925,148	351,668
Specialized Loans	13,001,695	427,608	340,679	72,541
Other Receivables	-	-	-	-

⁽¹⁾ Rediscounts are not included.

⁽²⁾ Agricultural loans originated from funds are shown under Specialized Lending.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

d) Information on consumer loans, individual credit cards and personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1,393,325	37,917,184	39,310,509
Real Estate Loans	3,168	13,934,101	13,937,269
Vehicle Loans	745	195,004	195,749
Consumer Loans	323,695	23,404,081	23,727,776
Abroad ⁽²⁾	6,739	382,507	389,246
Other	1,058,978	1,491	1,060,469
Consumer Loans- Indexed to FC	-	6	6
Real Estate Loans	-	6	6
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	24,200	170,369	194,569
Real Estate Loans	26	23,762	23,788
Vehicle Loans	-	696	696
Consumer Loans	852	105,860	106,712
Other	23,322	40,051	63,373
Individual Credit Cards-TL	2,416,740	8,126	2,424,866
With Installment	896,108	6,269	902,377
Without Installment	1,520,632	1,857	1,522,489
Individual Credit Cards-FC	5,222	-	5,222
With Installment	-	-	-
Without Installment	5,222	-	5,222
Personnel Loans-TL	19,713	153,544	173,257
Real Estate Loans	-	304	304
Vehicle Loans	-	-	-
Consumer Loans	6,440	151,804	158,244
Abroad ⁽²⁾	67	1,436	1,503
Other	13,206	-	13,206
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	1,003	8,305	9,308
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	579	7,951	8,530
Other	424	354	778
Personnel Credit Cards-TL	72,171	248	72,419
With Installment	29,777	203	29,980
Without Installment	42,394	45	42,439
Personnel Credit Cards-FC	181	-	181
With Installment	-	-	-
Without Installment	181	-	181
Overdraft Accounts-TL (Real Person)	608,087	-	608,087
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	4,540,642	38,257,782	42,798,424

⁽¹⁾ TL 288,586 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

⁽²⁾ TL 1,503 of consumer loans used by the personnel abroad and TL 389,246 of consumer loans have been shown under "Other" of 5-b Table.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	1,588,889	11,082,191	12,671,080
Business Loans	1,665	315,210	316,875
Vehicle Loans	24,386	487,094	511,480
Consumer Loans	1,562,511	1,912,488	3,474,999
Other	327	8,367,399	8,367,726
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	258,926	12,589,579	12,848,505
Business Loans	-	5,641	5,641
Vehicle Loans	7,720	44,288	52,008
Consumer Loans	211,964	12,317,516	12,529,480
Other	39,242	222,134	261,376
Corporate Credit Cards-TL	202,937	102	203,039
With Installment	48,153	87	48,240
Without Installment	154,784	15	154,799
Corporate Credit Cards-FC	718	-	718
With Installment	-	-	-
Without Installment	718	-	718
Overdraft Account-TL (Legal Entity)	63,017	-	63,017
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	2,114,487	23,671,872	25,786,359

⁽¹⁾ Since interest income accruals could not be decomposed by type accruals are not included in the table above.

f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	1,749,313	2,194,137
Private	140,721,363	108,762,274
Interest Income Accruals of Loans	2,249,804	1,600,989
Total	144,720,480	112,557,400

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	136,525,746	110,069,565
Foreign Loans	5,944,930	887,133
Interest Income Accruals of Loans	2,249,804	1,600,702
Total	144,720,480	112,557,400

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

h) Loans granted to subsidiaries and associates:

None (31 December 2013: None).

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	104,549	84,107
Loans and other receivables with doubtful collectability	452,657	396,536
Uncollectible loans and other receivables	1,411,854	1,178,311
Total	1,969,060	1,658,954

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

1) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled by the Parent Bank:

	Group III:	Group IV:	Group V:
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Current Period	15,457	61,241	115,881
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	15,457	61,241	115,881
Rescheduled loans and other receivables	-	-	-
Prior Period	15,304	56,855	110,445
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	15,304	56,855	110,445
Rescheduled loans and other receivables	-	-	-

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

2) Information on the movement of non-performing receivables:

	Group III: Loans and Receivables with Limited Collectability	Group IV: Loans and Receivables with Doubtful Collectability	Group V: Uncollectible Loans and Receivables
Prior Period Ending Balance	187,004	406,984	1,876,225
Additions (+)	1,284,928	154,538	327,663
Transfers from Other Categories of Loans under Follow-up (+)	29,004	1,114,332	1,045,616
Transfers to Other Categories of Loans under Follow-up (-)	1,114,332	1,045,616	23,964
Collections (-) ⁽¹⁾	179,559	154,060	1,138,280
Write-offs (-)	-	-	-
Corporate and Entrepreneurial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	207,045	476,178	2,087,260
Specific Provision (-) ⁽³⁾	104,549	452,657	1,411,854
Net Balance on Balance Sheet	102,496	23,521	675,406

⁽¹⁾ The restructured and rescheduled loans, are included on the stated sum.

⁽²⁾ Includes the loans originated from funds amounting to TL 225,040 whose risk does not belong to the Parent Bank.

⁽³⁾ As of 31 December 2014, Parent Bank made 100% provision for the portion of TL 156,610 of the loans under follow-up which is TL 626,433 after taking guarantees into consideration.

3) Information on foreign currency non-performing loans:

	Group III: Loans and Other Receivables with Limited Collectability	Group IV: Loans and Other Receivables with Doubtful Collectability	Group V: Uncollectible Loans and Other Receivables
Current Period:			
Period Ending Balance	32,768	7,975	19,913
Specific Provision (-)	16,053	7,975	19,913
Net Balance on Balance Sheet	16,715	-	-
Prior Period:			
Period Ending Balance	17,715	14,516	41,111
Specific Provision (-)	4,798	14,379	37,432
Net Balance on Balance Sheet	12,917	137	3,679

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

4) Gross and net amounts of non-performing receivables according to user groups:

	Group III:	Group IV:	Group V:
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	102,496	23,521	675,406
Loans to Real Persons and Legal Entities (Gross)	207,045	412,975	2,087,260
Specific Provisions (-)	104,549	389,454	1,411,854
Loans to Real Persons and Legal Entities (Net)	102,496	23,521	675,406
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	63,203	-
Specific Provisions (-)	-	63,203	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	102,897	10,448	697,914
Loans to Real Persons and Legal Entities (Gross)	187,004	351,130	1,876,225
Specific Provisions (-)	84,107	340,682	1,178,311
Loans to Real Persons and Legal Entities (Net)	102,897	10,448	697,914
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	55,854	-
Specific Provisions (-)	-	55,854	-
Other Loans and Receivables (Net)	-	-	-

k) Information on liquidating policy of uncollectible loans and other receivables:

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor(s) are realized while receivables of the Parent Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels, and authorizations transferred to the Branch/Regional Management. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

l) Explanations on write-off policy:

The Parent Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

m) Other explanations and disclosures:

Current Period	Corporate and Entrepreneurial	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	69,971,122	43,420,080	27,846,614	141,237,816
Past Due but not Impaired Loans	1,086,530	1,379,139	1,016,995	3,482,664
Impaired Loans	1,563,861	642,713	563,909	2,770,483
Total	72,621,513	45,441,932	29,427,518	147,490,963
Specific Provisions of Impaired Loans (-)	1,031,876	605,107	332,077	1,969,060
Net Loan Amount	71,589,637	44,836,825	29,095,441	145,521,903

⁽¹⁾ TL 2,868,496 consumer, TL 2,235,702 agricultural, and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Parent Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Commercial ⁽¹⁾	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	49,852,726	37,725,793	21,621,585	109,200,104
Past Due but not Impaired Loans	690,996	1,786,696	879,604	3,357,296
Impaired Loans	1,333,228	530,242	606,743	2,470,213
Total	51,876,950	40,042,731	23,107,932	115,027,613
Specific Provisions of Impaired Loans (-)	815,910	499,816	343,228	1,658,954
Net Loan Amount	51,061,040	39,542,915	22,764,704	113,368,659

⁽¹⁾ TL 1,503,449 consumer, TL 2,246,648 agricultural, and TL 18 commercial loans originated from funds whose risk does not belong to the Parent Bank, are shown under Neither Past Due nor Impaired Loans.

With respect to the classes of loans, the aging analysis of the loans that are past due but not impaired are as follows:

Current Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Corporate/Entrepreneurial Loans	316,572	29,157	24,520	16,544	386,793
Consumer Loans	399,851	24,714	20,013	42,989	487,567
Agricultural Loans	334,283	51,199	6,025	24,034	415,541
Total	1,050,706	105,070	50,558	83,567	1,289,901

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL 2,192,763.

Prior Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	218,885	239,915	48,407	-	507,207
Consumer Loans	87,597	61,590	11,467	-	160,654
Agricultural Loans	402,836	227,563	19,096	-	649,495
Total	709,318	529,068	78,970	-	1,317,356

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL 2,446,782.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

6. Information on held-to-maturity investments:

a) Information on comparative net values of held-to-maturity investments subject to repo transactions and given as a collateral/ blocked:

a.1) Held-to-maturity investments subject to repo transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	466,841	3,910,057	586,720	4,028,780
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	466,841	3,910,057	586,720	4,028,780

a.2) Held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	3,024,939	1,157,083	5,959,248	893,747
Other	-	-	-	-
Total	3,024,939	1,157,083	5,959,248	893,747

b) Information on held-to-maturity government bonds and treasury bills:

	Current Period	Prior Period
Government Bonds	10,162,945	15,688,169
Treasury Bills	29,947	-
Other Public Sector Debt Securities	6,966	-
Total	10,199,858	15,688,169

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	10,239,816	15,799,338
Quoted in a Stock Exchange	10,199,858	15,688,169
Not Quoted in a Stock Exchange	39,958	111,169
Provision for Impairment (-)	-	-
Total	10,239,816	15,799,338

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	15,799,338	27,322,038
Addition to Scope of Consolidation	-	-
Foreign Currency Differences on Monetary Assets	224,816	875,833
Purchases During the Year	288,638	339,130
Disposals through Sales and Redemptions	(6,072,976)	(12,737,663)
Provision for Impairment (-)	-	-
Period End Balance	10,239,816	15,799,338

Within the year 2008, the Parent Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL 23,630,115, EUR 717,616 thousand and USD 1,483,317 thousand to held-to-maturity portfolio with fair values of TL 22,971,669, EUR 702,950 thousand and USD 1,562,742 thousand respectively which have been taken into consideration as book values after reclassification. The Bank has also reclassified securities previously classified in financial assets at fair value through profit and loss portfolio with nominal values of EUR 37,951 thousand and USD 45,501 thousand to held-to-maturity portfolio with fair values of EUR 37,178 thousand and USD 62,311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" published in the Official Gazette No. 27040 dated 31 October 2008 by Public Oversight Accounting and Auditing Standards Authority ("POA").

Revaluation differences of reclassified available for sale securities before deferred tax are TL 68,984, EUR (23,067) thousand and USD (15,207) thousand respectively and are recorded under shareholders' equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. At the end of balance sheet date, negative revaluation differences under shareholders' equity are amounted as USD 12,935 thousand and EUR 4,454 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR 31,931 thousand and USD 75,275 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held-to-maturity portfolio had not been performed, income accrual amounting to TL 18,275 would have been recorded. As of 31 December 2014, the reclassification from held for trading securities to held-to-maturity investments has an income impact of TL (36,828).

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

	Description	Address (City/Country)	The Parent Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12.50	17.98
2	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	10.00	9.09

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	56,641	25,774	32,945	962	-	3,490	2,644	-
2	106,805	80,928	46,390	4,265	-	17,847	32,665	-

⁽¹⁾ Since shares of associates are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of associates has been provided from audited financial statements as of 31 December 2014. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2013.

⁽³⁾ Total non-current assets include property and equipment.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

b) 1) Explanation regarding consolidated associates:

1	Description	Address (City/Country)	The Parent Bank's Share	
			Percentage, if Different, Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	22.22	15.43

1	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	3,716,720	532,187	24,044	118,069	20,205	70,506	49,590	-

⁽¹⁾ Since shares of Arap Türk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2014. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2013.

2) Information about consolidated associates:

	Current Period	Prior Period
Beginning Balance	71,283	63,676
Movement During the Period	10,833	7,607
Additions	-	-
Bonus Share Certificates	30,864	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer to Available for Sale Fin, Assets	-	-
Sales	-	-
Revaluation	-	7,607
Impairment Provision	20,031	-
Ending Balance	82,116	71,283
Capital Commitments	-	-
Period Ending Share of Capital Participation (%)	15.43	15.43

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	82,116	71,283
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (31 December 2013: None).

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

8. Information on subsidiaries (net):

a) 1) Information about unconsolidated subsidiaries:

	Description	Address (City/Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	Istanbul/TURKEY	100.00	100.00

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	33,266	12,923	4,026	586	63	5,930	3,515	-

⁽¹⁾ Since shares of subsidiaries are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of subsidiaries has been provided from audited financial statements as of 31 December 2014. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2013.

b) 1) Information about consolidated subsidiaries:

In consolidated financial statements of Parent Bank's, investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. For these subsidiaries, fair value is determined by valuation reports, TL equivalents of investments related to subsidiaries are fixed as of revaluation date and revaluation differences added to subsidiaries' values are recognized in "Marketable Securities Value Increase Fund" under shareholder's equity.

	Description	Address (City/Country)	The Parent Bank's Share Percentage- if different Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	Istanbul/TURKEY	100.00	100.00
2	Ziraat Sigorta A.Ş.	Istanbul/TURKEY	100.00	100.00
3	Ziraat Finansal Kiralama A.Ş.	Istanbul/TURKEY	100.00	100.00
4	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/TURKEY	100.00	99.60
5	Ziraat Portföy Yönetimi A.Ş.	Istanbul/TURKEY	100.00	99.70
6	Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
7	Ziraat Bank BH d.d.	Sarajevo/BOSNIA HERZEGOVINA	100.00	100.00
8	Ziraat Bank (Moscow) CJSC	Moscow/RUSSIA	100.00	100.00
9	Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	100.00	99.58

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽³⁾	Prior Period Profit /Loss ⁽³⁾	Fair Value ⁽¹⁾
1	2,118,579	272,615	2,136	-	126,969	145,530	130,332	-
2	467,889	150,428	2,313	-	32,036	64,768	54,767	-
3	1,905,547	200,446	2,881	-	708	(58,893)	4,037	-
4	414,604	82,102	831	17,620	5,874,152	12,006	6,835	-
5	13,571	12,299	424	1,150	8,395	3,043	191	-
6	3,737,941	477,615	3,484	106,296	2,558	24,833	5,199	572,382
7	793,223	111,666	43,508	29,953	635	6,860	4,683	78,680
8	138,638	46,331	3,198	7,173	104	4,062	3,221	67,449
9	414,869	237,838	9,860	26,406	1,214	20,272	14,577	258,982

⁽¹⁾ The subsidiaries other than the ones presented with fair value are not traded in stock exchange and accordingly fair values cannot be determined and they are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

⁽²⁾ The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.

⁽³⁾ Information on subsidiaries shown in the above table has been provided from the reviewed financial statements as of 31 December 2014, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2013.

2) Information about consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	1,145,069	886,501
Movements During the Period	308,666	258,568
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	100,000	36,764
Bonus Shares Obtained	-	221,804
Dividends from Current Year Income	-	-
Transfers to Available for Sale Assets	-	-
Sales	-	-
Revaluation Increase	208,666	-
Impairment Provision	-	-
Balance at the End of the Period	1,453,735	1,145,069
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

⁽¹⁾ Paid Capital Increases made during the period are classified under "Purchases" account.

3) Sectoral information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	977,494	768,828
Insurance Companies	129,972	129,972
Factoring Companies	-	-
Leasing Companies	282,839	182,839
Financing Companies	-	-
Other Financial Subsidiaries	63,430	63,430

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

c) Subsidiaries which are quoted on a stock exchange:

None (31 December 2013: None).

9. a) Information on entities under common control (joint ventures):

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	28,863	28,863	309,418	11,418	2,798	37,670	15,551
Uzbekistan- Turkish Bank	30,507	30,519	151,444	2,239	2,372	13,468	8,942
Total	59,370	59,382	460,862	13,657	5,170	51,138	24,493

⁽¹⁾ Information on entities under joint control is provided from the unaudited financial statements as of 31 December 2014

⁽²⁾ Represents the Bank's share in the shareholders equity of these entities under common control based on the shareholding rate of the Bank.

⁽³⁾ Due nonparticipating of the Bank to capital increase of Azer Türk Bank ASC, the Bank's share decreased from 46% to 12,37%, and the Bank lost its key control on management. And Azer Türk Bank ASC is excluded from entities under common control, and classified under financial assets available for sale at financial statements.

Entities under common control domiciled and operating abroad are followed by their fair values. For these entities under common control, fair value is determined by independent valuation firm's report and revaluation differences are accounted as the value of entities under common control and in "Marketable Securities Value Increase Fund" under shareholders' equity.

10. Information on finance lease receivables (net):

Information on finance lease receivables are as below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	760,492	634,414	1,303,580	1,129,960
1-5 Years	1,341,307	1,155,480	345,998	275,485
More than 5 Years	66,181	61,362	79,573	72,104
Total	2,167,980	1,851,256	1,729,151	1,477,549

11. Information on derivative financial assets for hedging purposes:

The Group has no derivative financial assets for hedging purposes.

12. Information on investment property:

None (31 December 2013: None).

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

13. Information on assets held for sale and tangibles corresponding discontinuing operations:

The group does not have any discontinuing operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Parent Bank. Those immovables considered for sales are announced at the web site of the Parent Bank.

The Group's immovables acquired amount to TL 176,212 consisting of TL 15,038 due to consumer loans, TL 127,458 on its commercial loans and TL 33,716 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 740. Total depreciation expense is TL 2,745 for these held for sale assets. (31 December 2013: The Bank's immovables acquired amount to TL 106,547 consisting of TL 11,209 due to consumer loans, TL 77,641 on its commercial loans and TL 17,697 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 303. Total depreciation expense is TL 946 for these held for sale assets.)

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End:					
Cost	1,458,462	3,691	46,072	532,114	2,040,339
Accumulated Depreciation (-)	636,404	440	31,034	291,711	959,589
Net Book Value	822,058	3,251	15,038	240,403	1,080,750
Current Period End:					
Net Book Value at the Beginning of the Period	822,058	3,251	15,038	240,403	1,080,750
Change During the Period (Net)	3,718,989	3,293	(7,541)	106,437	3,821,178
Depreciation - Net (-)	121,643	752	(4,966)	39,395	156,824
Impairment (-)	3,740	23	36	-	3,799
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	5,173,711	6,961	38,495	638,551	5,857,718
Accumulated Depreciation at Period End (-)	758,047	1,192	26,068	331,106	1,116,413
Closing Net Book Value	4,415,664	5,769	12,427	307,445	4,741,305

a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	155,014	83,525	71,489	107,073	47,523	59,550
Establishment Costs	2,074	965	1,109	5,463	3,031	2,432
Goodwill	-	-	-	-	-	-
Intangible Rights	182,056	61,339	120,717	125,179	44,006	81,173
Total	339,144	145,829	193,315	237,715	94,560	143,155

a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.

d) The book value of intangible fixed assets that are pledged or restricted for use: None.

e) Amount of purchase commitments for intangible fixed assets: None

f) Information on revalued intangible assets according to their types: None.

g) Amount of total research and development expenses recorded in income statement within the period if any: None.

h) Positive or negative consolidation goodwill on the Group basis: Not applicable for the consolidated financial statements

i) Information on Goodwill: None.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

16. Information on deferred tax asset:

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) "Income Taxes". In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below:

	Current Period	Prior Period
Deferred Tax Assets	225,590	338,247
Deferred Tax Liabilities	2,941	1,681
Net Deferred Tax Assets	222,649	336,566
Net Deferred Tax Income/Expense	502,520	(376,702)
	Current Period	Prior Period
Reserve for Employment Termination Benefits	134,158	114,015
Short Term Employee Benefits	30,335	27,216
Financial Assets Valuation	(34,459)	124,368
Other	92,615	70,967
Net Deferred Tax Assets	222,649	336,566
	Current Period	Prior Period
As of 1 January	336,566	226,840
Addition to Scope of Consolidation	-	-
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax (Expense)/Income	502,520	(376,702)
Deferred Tax Expenses (Net)	502,520	(376,702)
Deferred Tax Recognized Under Shareholders' Equity	(616,437)	486,428
Deferred Tax Assets	222,649	336,566

17. Information on other assets:

As of 31 December 2014 and 2013, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. a) Information on maturity structure of deposits collected:

1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	11,772,551	-	2,403,145	48,851,579	3,673,378	787,318	643,760	5,053	68,136,784
Foreign Currency Deposits	7,777,702	-	4,248,009	14,179,418	3,545,606	2,319,034	10,790,916	380	42,861,065
Residents in Turkey	6,794,822	-	3,966,163	12,541,984	3,136,388	1,880,975	8,547,352	375	36,868,059
Residents Abroad	982,880	-	281,846	1,637,434	409,218	438,059	2,243,564	5	5,993,006
Public Sector Deposits	5,999,471	-	2,726,721	3,817,762	612,103	3,268,289	427,620	-	16,851,966
Commercial Inst, Deposits	3,707,864	-	4,559,751	4,002,438	111,733	192,822	1,018,718	-	13,593,326
Other Inst, Deposits	1,367,138	-	1,376,527	3,808,751	103,949	453,067	6,114	-	7,115,546
Precious Metals	1,553,092	-	42,462	213,553	17,807	8,436	9,928	-	1,845,278
Interbank Deposits	250,583	-	4,118,592	902,597	432,047	22,892	14,048	-	5,740,759
CBRT	9,480	-	372	16,892	-	-	-	-	26,744
Domestic Banks	22,208	-	3,466,202	287,059	18,000	22,892	-	-	3,816,361
Foreign Banks	110,427	-	652,018	598,646	414,047	-	14,048	-	1,789,186
Participation Banks	108,468	-	-	-	-	-	-	-	108,468
Other	-	-	-	-	-	-	-	-	-
Total	32,428,401	-	19,475,207	75,776,098	8,496,623	7,051,858	12,911,104	5,433	156,144,724

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	9,472,016	-	2,306,619	44,980,013	3,911,099	668,484	855,321	5,011	62,198,563
Foreign Currency Deposits	6,015,294	-	4,898,797	10,869,094	2,664,377	1,741,542	8,671,190	298	34,860,592
Residents in Turkey	5,104,057	-	4,579,296	9,696,394	2,392,136	1,444,909	7,282,356	294	30,499,442
Residents Abroad	911,237	-	319,501	1,172,700	272,241	296,633	1,388,834	4	4,361,150
Public Sector Deposits	7,227,377	-	1,602,155	6,612,879	333,679	481,242	350,236	-	16,607,568
Commercial Inst, Deposits	3,813,654	-	3,923,580	4,703,020	580,976	109,404	129,477	-	13,260,111
Other Inst, Deposits	1,268,523	-	922,784	3,624,714	151,800	412,311	5,208	-	6,385,340
Precious Metals	1,700,414	-	-	306,477	-	-	-	-	2,006,891
Interbank Deposits	220,773	-	5,843,930	675,214	1,092,015	268,250	92,015	-	8,192,197
CBRT	7,386	-	2,769	-	-	-	-	-	10,155
Domestic Banks	89,366	-	3,938,310	248,985	229,863	2,000	2,051	-	4,510,575
Foreign Banks	96,181	-	1,902,851	426,229	862,152	266,250	89,964	-	3,643,627
Participation Banks	27,840	-	-	-	-	-	-	-	27,840
Other	-	-	-	-	-	-	-	-	-
Total	29,718,051	-	19,497,865	71,771,411	8,733,946	3,681,233	10,103,447	5,309	143,511,262

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

b) Information on saving deposits:

1) Amounts exceeding the deposit insurance limit:

a) Saving deposits under the guarantee of deposit insurance and exceeding the deposit insurance limit:

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits				
Saving Deposits ⁽²⁾	45,578,354	41,444,188	22,285,192	20,481,299
Foreign Currency Saving Deposits ⁽²⁾	16,414,992	13,960,516	16,534,145	12,461,340
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	507,656	467,408	44,686	54,646
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 27,725 and TL 14,642 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2013: Bulgaria and Greece, TL 24,133 and TL 12,491, respectively).

⁽²⁾ Related deposit balances do not include foreign branches

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 2,513 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş..

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 400,665 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

2) Information on saving deposits/real persons' private current and accession accounts not related to commercial transactions in a Turkish branch of the Parent Bank whose head office is abroad, and reasons if it is covered in where the head office is located (Information belongs to the Parent Bank):

The Parent Bank's head office is located in Turkey.

3) Amounts which are not covered by deposit insurance:

a) Saving deposits not covered by the deposit insurance fund (Values belong to the Parent Bank):

	Current Period	Prior Period
Deposits and Other Accounts in Branches Abroad	51,132	56,859
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Their Close Family Members	3,731	2,010
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

2. Information on derivative financial liabilities held for trading:

a) Negative differences related to the derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	5,771	4,167	11,332	-
Swap Transactions	13,028	393,418	7,188	37,833
Futures Transactions	-	-	-	-
Options	7	6	-	-
Other	-	-	-	-
Total	18,806	397,591	18,520	37,833

3. Information on banks and other financial institutions:

a) General information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	319,412	678,240	148,940	225,414
Foreign Banks, Institutions and Funds	944,015	13,670,686	933,386	7,954,521
Total	1,263,427	14,348,926	1,082,326	8,179,935

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	295,014	10,389,206	119,473	6,129,742
Medium and Long-Term	968,413	3,959,720	962,853	2,050,193
Total	1,263,427	14,348,926	1,082,326	8,179,935

3. c) Further information is disclosed for the areas of the Group's liability concentrations. Main liability concentration areas are fund suppliers, sector groups or other risk concentration criteria:

61,72% of the Group's liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

d) Information on funds supplied from repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	16,310,776	-	12,509,222	12,061,628
Financial Institutions and Organizations	15,777,291	-	11,040,945	12,061,628
Other Institutions and Organizations	510,319	-	1,456,454	-
Real Person	23,166	-	11,823	-
From Overseas Operations	-	15,470,300	-	-
Financial Institutions and Organizations	-	15,470,300	-	-
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	16,310,776	15,470,300	12,509,222	12,061,628

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

e) Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1,550,328	783,430	2,347,777	-
Treasury Bills ⁽¹⁾	67,845	1,872,274	308,683	-
Total	1,618,173	2,655,704	2,656,460	-

⁽¹⁾ Process of the five year bond issuance, paying 4.34% rate of return and 4.25% coupon rate, with nominal amount of USD750 million, for investors settled abroad; has been completed on July 3, 2014.

4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting at least 20% of these liabilities:

Other liabilities do not exceed 10% of the balance sheet total.

5. Information on finance lease payables (net):

In financial leases, rental installments are determined by the cost of the leasehold good, interest rate for commercial loans and maturity of the agreement. Installment amounts stated in agreements are equally distributed. The Group has no significant liabilities under the scope of these agreements.

Information on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	9	7
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	-	-	9	7

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes (31 December 2013: None).

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	2,363,069	2,003,493
Allocated for Group-I Loans and Receivables	2,066,161	1,726,438
Additional Provision for Loans and Receivables with Extended Maturities	69,814	79,184
Allocated for Group-II Loans and Receivables	126,660	136,142
Additional Provision for Loans and Receivables with Extended Maturities	18,471	18,994
Allocated for Non-Cash Loans	118,974	87,822
Other	51,274	53,091

b) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

There are no provisions for foreign exchange decrease on foreign currency indexed loans and finance lease receivables.

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL 58,774. (31 December 2013: TL 29,876).

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

d) Information on other provisions:

1) Information on free provisions for possible risks:

The accompanying financial statements include a free provision which is not in accordance with BRSA principles amounting to TL 1,320,000 (TL 268,000 of this provision amount was charged to the income statement as an expense in the current period), provided by the Parent Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 14,050 and other provision of TL 3 exist for cash transfers made by Parent Bank officials.

	Current Period	Prior Period
Free Provisions for Possible Risks	1,334,053	1,017,586

2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount:

Based on the information provided by the legal department, lawsuits against the Parent Bank over TL 100 amount to TL 191,188. Full provision has been provided in these financial statements for law suits ended against the Bank but not finalized yet, amounting to TL 34,859.

Based on the decision of the Bank management, provision amounting to TL 152,000 is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non-performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", published in Official Gazette numbered 26333, dated 1 November 2006 and considering the conservatism principle without taking into consideration the guarantees of these loans.

The Group also provided provisions amounting to TL 58,774 (31 December 2013: TL 29,876) for unindemnified non-cash loans, TL 38,000 (31 December 2013: None) for Salary Protocol, and TL 12,006 (31 December 2013: TL 12,006) for other provisions. As a result of the provisions mentioned above, the other provision balance on the Group's balance sheet amounts to TL 1,638,656. (31 December 2013: TL 1,295,786)

e) Liabilities on reserve for employee termination benefits:

1) Employment termination benefits and unused vacation rights

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2014, unpaid vacation liability amounted to TL 151,677 (31 December 2013: TL 136,082), and employment termination amounted to TL 670,790 (31 December 2013: TL 570,074) are presented under the "Employee Benefits Provision" in the financial statements.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
As of 1 January	567,043	639,800
Current Service Cost	61,203	25,555
Interest Cost	58,706	28,951
Severance Pay	(91,275)	(143,727)
Payment/Abating Benefits/Gain (Loss) in consequence of Layoff	(327)	163
Actuarial Gain (Loss)	71,114	16,301
Balance at period end	666,464	567,043

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

2) Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2014 and 2013.

The liability related to Parent Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9.80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL 1,635,661 as of 31 December 2014. (31 December 2013: TL 1,371,944)

	Current Period	Prior Period
Present value of funded obligations	513,661	382,944
-Pension benefits transferable to SSI	(8,029)	(42,132)
-Post employment medical benefits transferable to SSI	521,690	425,076
Fair value of plan assets	1,122,000	989,000
Actuarial Surplus	1,635,661	1,371,944

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9.80%	9.80%
- Post employment medical benefits transferable to SSI	9.80%	9.80%

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period Amount	Prior Period Amount
Bank Placements	917,465	681,445
Property and Equipment	186,316	185,987
Marketable Securities	6,674	114,084
Other	11,545	7,484
Total	1,122,000	989,000

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 31 December 2014, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 537,715 (31 December 2013: TL 175,514).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	537,715	175,514
Taxation on Income from Securities	156,017	103,901
Property Tax	1,847	1,482
Banking Insurance Transactions Tax (BITT)	89,053	69,055
Foreign Exchange Transactions Tax	20	22
Value Added Tax Payable	6,694	2,850
Other	54,673	46,783
Total	846,019	399,607

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	206	480
Social Security Premiums - Employer	298	469
Bank Social Aid Pension Fund Premium - Employee	148	135
Bank Social Aid Pension Fund Premium - Employer	287	251
Pension Fund Membership Fees and Provisions - Employee	21	6
Pension Fund Membership Fees and Provisions - Employer	49	21
Unemployment Insurance - Employee	420	408
Unemployment Insurance - Employer	843	792
Other	-	-
Total	2,272	2,562

b) Information on deferred tax liabilities, if any:

The Group's deferred tax liability, for the current term, amounts to TL 2,941 (31 December 2013: TL 1,681).

9. Information on payables for assets held for sale and discontinued operations:

The Group does not have any payables for assets held for sale and discontinued operations.

10. Explanations on subordinated debts:

The Group does not have any subordinated debts.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

11. Information on shareholders' equity:

a) Presentation on paid-in capital:

	Current Period	Prior Period
Common Stock	2,500,000	2,500,000
Preferred Stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the bank, if so the registered capital ceiling amount:

The Parent Bank does not have a registered capital system.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

There is no share capital increase and increased capital shares.

d) Information on additions from capital reserves to capital in the current period:

There is no increase from capital reserves.

e) Capital commitments in the last fiscal year and continue until the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments:

The Parent Bank has no capital commitments.

f) Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of future assumptions based on the uncertainty of these indicators on the Bank's equity:

In the current period, the Parent Bank follows its operations in line with the previous periods. The Parent Bank's balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to the Parent Bank's performance and contributes to the profitability structure to be sustainable.

g) Information on preferred shares representing the capital:

The Parent Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	202,072	214,546	34,084	175,386
Revaluation Difference	-	214,546	-	175,386
Foreign Exchange Difference	202,072	-	34,084	-
From Available for Sale Marketable Securities	728,357	696,418	(692,217)	(320,793)
Revaluation Difference	1,216,687	696,530	(1,133,746)	(320,793)
Deferred Tax Effect	(358,066)	(112)	272,063	-
Foreign Exchange Difference	(130,264)	-	169,466	-
Total	930,429	910,964	(658,133)	(145,407)

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

III. EXPLANATIONS AND NOTES TO THE CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2,737,380	2,513,023
Asset Purchase Commitments	4,525,137	4,481,178
Commitments for Credit Card Expenditure Limits	7,179,083	6,295,134
Loan Granting Commitments	2,361,448	1,213,595
Other Irrevocable Commitments	4,006,371	2,931,982
Subsidiaries and Associates Capital Contribution Commitments	-	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	17,011	13,049
Total	20,826,430	17,447,961

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned:

The Parent Bank has no possible losses arising from the off-balance sheet items.

1) Non-cash loans including guarantees, acceptances, financial guarantees and other letter of credits:

	Current Period	Prior Period
Guarantee Letters	31,927,044	23,516,099
Bank Acceptances	3,586,279	2,118,003
Letter of Credits	5,626,361	4,229,114
Other Guarantees	28,096	29,365
Total	41,167,780	29,892,581

2) Certain guarantees, temporary guarantees, surety ships and similar transactions:

	Current Period	Prior Period
Letter of Temporary Guarantees	1,671,705	1,489,824
Letter of Certain Guarantees	21,454,330	15,023,192
Letters of Advance Guarantees	7,792,444	5,712,825
Letters of Guarantees Given to Customs Offices	90,178	94,900
Other Letters of Guarantees	918,387	1,195,358
Total	31,927,044	23,516,099

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	934,212	1,107,629
With Original Maturity of One Year or Less	92,058	120,548
With Original Maturity of More than One Year	842,154	987,081
Other Non-Cash Loans	40,233,568	28,784,952
Total	41,167,780	29,892,581

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

2) Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	TL	(%)	TL	(%)	TL	(%)
Agricultural	25,231	0.18	30,930	0.11	20,404	0.19	91	-
Farming and Raising Livestock	181	-	-	-	297	-	-	-
Forestry	25,050	0.18	30,930	0.11	20,107	0.19	16	-
Fishing	-	-	-	-	-	-	75	-
Manufacturing	3,473,646	25.04	16,806,218	61.57	2,891,237	26.69	10,470,434	54.93
Mining and Quarrying	69,906	0.50	58,546	0.21	57,269	0.53	172,735	0.91
Production	2,356,142	16.99	14,300,479	52.39	1,707,501	15.76	8,287,700	43.48
Electric, Gas and Water	1,047,598	7.55	2,447,193	8.97	1,126,467	10.40	2,009,999	10.55
Construction	2,711,421	19.55	5,476,940	20.06	2,163,664	19.98	3,315,383	17.39
Services	6,933,112	49.98	3,366,739	12.33	5,138,943	47.44	4,472,635	23.47
Wholesale and Retail Trade	3,643,985	26.27	1,745,414	6.39	2,329,398	21.51	1,235,909	6.48
Hotel, Food and Beverage Services	69,376	0.50	147,753	0.54	38,498	0.36	45,265	0.24
Transportation and Telecommunication	614,638	4.43	600,766	2.20	432,696	3.99	246,946	1.30
Financial Institutions	1,901,946	13.71	275,628	1.01	1,817,651	16.78	393,100	2.06
Real Estate and Leasing Services	621,570	4.48	575,276	2.11	283,671	2.62	594,851	3.12
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	35,371	0.25	16,098	0.06	22,183	0.20	9,756	0.05
Health and Social Services	46,226	0.33	5,804	0.02	214,846	1.98	1,946,808	10.21
Other	728,189	5.25	1,615,354	5.92	617,495	5.70	802,295	4.21
Total	13,871,599	100.00	27,296,181	100.00	10,831,743	100.00	19,060,838	100.00

3) Information on the non-cash loans classified under Group I and Group II:

	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	13,747,274	27,155,805	124,325	140,376
Letters of Guarantee	13,661,360	18,076,446	124,325	64,913
Bank Acceptances	21,260	3,563,083	-	1,936
Letters of Credit	64,654	5,516,276	-	45,431
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	28,096

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

2. Explanations on derivative transactions:

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	46,743,623	23,359,135
Forward Transactions	1,928,428	720,364
Swap Transactions	44,777,433	22,638,771
Futures Transactions	-	-
Option Transactions	37,762	-
Interest Related Derivative Transactions (II)	163,125	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	163,125	-
Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	46,906,748	23,359,135
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	46,906,748	23,359,135

The Parent Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	(304,867)	(7,527)	29,128	168,757	-	(114,509)
- Inflow	19,804,582	1,065,654	875,001	1,569,320	-	23,314,557
- Outflow	(20,109,449)	(1,073,181)	(845,873)	(1,400,563)	-	(23,429,066)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total inflow	19,804,582	1,065,654	875,001	1,569,320	-	23,314,557
Total outflow	(20,109,449)	(1,073,181)	(845,873)	(1,400,563)	-	(23,429,066)

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	140,065	14,957	140,221	17,074	-	312,317
- Inflow	(7,792,576)	(2,168,538)	(1,031,101)	(531,194)	-	(11,523,409)
- Outflow	7,932,641	2,183,495	1,171,322	548,268	-	11,835,726
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total inflow	(7,792,576)	(2,168,538)	(1,031,101)	(531,194)	-	(11,523,409)
Total outflow	7,932,641	2,183,495	1,171,322	548,268	-	11,835,726

3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

Group's liability resulting from the cheques given to its customers amounts to TL 2,737,380 (31 December 2013: TL 2,513,023).

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on services in the name of others:

The Parent Bank acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Parent Bank does not provide consultancy and management services

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	11,412,637	1,488,181	8,805,150	795,713
Short Term Loans	4,008,280	126,265	2,617,514	98,129
Medium and Long Term Loans	7,259,548	1,361,888	6,049,093	696,998
Interest on Non-Performing Loans	144,809	28	138,543	586
Premiums from Resource Utilization Support Fund	-	-	-	-

⁽¹⁾ Includes fees and commissions income on cash loans.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	143,901	6,036	94,562	4,718
Foreign Banks	1,827	4,824	939	6,900
Head Office and Branches	-	510	-	105
Total	145,728	11,370	95,501	11,723

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	1,760	643	946	421
From Financial Assets at Fair Value through Profit or Loss	1,102	-	1,060	-
From Available-for-Sale Financial Assets	3,984,610	352,415	2,755,407	261,029
From Held-to-Maturity Investments	705,873	326,945	1,499,694	315,903
Total	4,693,345	680,003	4,257,107	577,353

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	51	521

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	107,827	188,498	69,335	96,478
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	25,832	91	8,239	5,029
Foreign Banks	81,995	188,407	61,096	91,449
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	107,827	188,498	69,335	96,478

⁽¹⁾ Includes fees and commissions expenses on cash loans.

b) Information on interest expenses given to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	6,756	3,653

c) Information on interest given on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	165,999	39,527	171,143	-

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

d) 1) Maturity structure of the interest expense on deposits:

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	321,164	-	-	-	-	-	321,164
Saving Deposit	8	147,623	3,894,077	333,502	55,743	47,027	1,407	4,479,387
Public Sector Deposit	196	195,110	414,953	50,828	169,280	26,960	-	857,327
Commercial Deposit	141	254,614	412,117	24,518	12,384	440	-	704,214
Other Deposit	8,086	73,470	325,496	11,470	37,608	384	-	456,514
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	8,431	991,981	5,046,643	420,318	275,015	74,811	1,407	6,818,606
FC								
Foreign Currency Deposit	2,075	68,864	229,861	73,891	43,423	225,138	9	643,261
Bank Deposit	49,671	17	3	-	15,124	15,945	-	80,760
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	178	2,968	112	62	69	-	3,389
Total	51,746	69,059	232,832	74,003	58,609	241,152	9	727,410
Grand Total	60,177	1,061,040	5,279,475	494,321	333,624	315,963	1,416	7,546,016

3. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	21
Available-for-Sale Financial Assets	2,284	9,035
Other ⁽¹⁾	8,519	5,271
Total	10,803	14,327

⁽¹⁾ Shows the Group's dividend income from equity investments, subsidiaries, associates and entities under common control.

4. Information on trading profit/loss (net):

	Current Period	Prior Period
Profit	19,039,390	10,954,989
Profit from the Capital Market Transactions	75,132	95,642
Profit on Derivative Financial Instruments	1,933,686	1,958,796
Foreign Exchange Gains	17,030,572	8,900,551
Loss (-)	19,106,807	11,129,620
Loss from the Capital Market Transactions	1,744	1,963
Loss on Derivative Financial Instruments	3,544,077	1,553,009
Foreign Exchange Loss	15,560,986	9,574,648

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

5. Information on profit/loss on derivative financial operations:

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	(1,411,138)	243,834
Effect of the change in interest rates on profit/loss	(199,253)	161,953
Total	(1,610,391)	405,787

6. Information on other operating income:

Information on factors covering the recent developments which has significant effect on the Parent Bank's income and the extent of effect on income:

There are no significant matters covering the recent developments which have significant effect on the Parent Bank's income. Main component of the Parent Bank's other operating income consists of reversals from prior period provisions amounting to TL (503,456) (31 December 2013: TL (630,015)).

7. a) Provision expenses for impairment on loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	847,053	713,652
Group III Loans and Receivables	94,143	98,161
Group IV Loans and Receivables	514,202	332,752
Group V Loans and Receivables	238,708	282,739
General Provision Expenses ⁽²⁾	363,312	771,022
Provision Expenses for the Possible Losses	271,600	387,388
Marketable Securities Impairment Expense	43	1,068
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	43	1,068
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other	101,817	6,240
Total	1,583,825	1,879,370

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL 400,512 are presented in other operating income (31 December 2013: TL 310,711).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL 178 are presented in other operating income.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

8. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1,910,163	1,858,253
Reserve for Employee Termination Benefits	49,432	52,345
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	898
Depreciation Expenses of Tangible Fixed Assets	210,055	87,364
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	54,720	43,298
Impairment Expense for Equity Shares Subject to the Equity Method	-	-
Impairment Expense for Investment Securities that will be Disposed	-	-
Amortization Expenses of Investment Securities that will be Disposed	2,156	553
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	901,544	1,586,105
Operational Leasing Expenses	147,548	115,331
Maintenance Expenses	68,072	72,032
Advertisement Expenses	60,303	81,711
Other Expenses	625,621	1,317,031
Loss on Sales of Assets	1,095	946
Other ⁽¹⁾	1,773,835	916,488
Total	4,903,000	4,546,250

⁽¹⁾ TL 323,833 (31 December 2013: TL 301,092) of other item consists of Saving Deposit Insurance Fund accrual expense while TL 320,741 (31 December 2013: TL 304,600) consists of taxes, duties and charges expense.

9. Information on tax provision for continuing and discontinued operations:

The Group does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	8,970,599	7,963,471
Net Fees and Commissions Income	1,016,817	871,950
Dividend Income	10,803	14,327
Trading Income/Expense (Net)	(67,417)	(174,631)
Other Operating Income	1,859,767	2,105,121
Provision for Loan or Other Receivables Losses (-)	1,583,825	1,879,370
Other Operating Expenses (-)	4,903,000	4,546,250
Earning/Loss from Subsidiaries Consolidated with Equity Pick-up	20,825	17,318
Income/(Loss) from Continuing Operations	5,324,569	4,371,936

10. Information on tax provision for continued and discontinued operations

As of 31 December 2014, TL 1,214,156 (31 December 2013 TL 1,107,604) of the Group's total tax provision expense amounting to TL 1,716,676 (31 December 2013: TL 730,902), consists of current tax expense while the rest amounting to TL 502,520 (31 December 2013: TL 376,702 deferred tax expense) consists of deferred tax income.

11. Explanation on net income/loss for the period for continued and discontinued operations:

The Group's net operating income after tax amounts to TL 4,110,413 (31 December 2013: TL 3,264,332).

12. Information on net profit/loss:

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Parent Bank in the current period:

The Parent Bank, mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations and insurance agencies.

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (31 December 2013: None).

13. If other items in the income statement exceed 10% of the income statement total, sub-accounts constituting at least 20% of these items are shown below:

As of 31 December 2014, the Group's other fee and commission income amounting to TL 1,130,121 (31 December 2013: TL 947,605) consists of TL 383,273 (31 December 2013: TL 263,257) of credit card fees and commission income, TL 203,463 (31 December 2013: TL 231,068) of insurance commission and the remaining TL 543,385 (31 December 2013: TL 453,280) of money order, account management fee and other commission income.

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section:

a) Explanations on inflation adjustment differences for equity items:

As per the BRSA's Circular numbered 5 announced on 28 April 2005 it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 on 21 April 2005.

b) Explanations on profit distribution:

In accordance with the decision taken in the General Assembly of the year 2013 which was carried out on 31 March 2014, on the basis of distribution of the profit for the year 2013 amounting to TL 3,330,074, TL 166,504 is transferred to first legal reserve and TL 17,500 is transferred to second legal reserve, TL 175,000 is distributed as dividend to employees, TL 106,250 is distributed to Treasury after deducting withholding tax of 15% (TL 18,750) in cash. In this context, TL 2,846,070 of the profit is preserved; dividend payment made to Treasury on 15 April 2014, and within the framework of the dividend to be distributed to the employees, TL 151,605 is paid. The remaining TL 23,395 from the dividends distributed to the personnel as of 31 December 2014 was transferred to the "extraordinary reserves".

The Parent Bank is planning to distribute its 2014 profit in accordance with its articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

c) Explanations on Available For Sale Financial Assets:

Available for sale financial assets are not included in the current income statement, until their collections, disposals, sales or losses are realized and those assets are recognized under the "Marketable Securities Revaluation Fund" under equity. In accordance with TAS 39 and due to the change in the Parent Bank's intention to hold the previously classified as available for sale securities to maturity the Parent Bank has reclassified the securities under available for sale portfolio to held to maturity portfolio. The valuation differences of these securities is presented under shareholders' equity as a "Marketable Securities Valuation Differences" and transferred to profit/loss with subject to redemption with proportional to the maturity of security.

Subsidiaries and jointly controlled entities domiciled and operating abroad are followed by their fair values. For such subsidiaries and entities under common control, the fair value is determined with revaluation report prepared by independent valuation firm and revaluation differences are recognized under "Marketable Securities Revaluation Fund" under equity.

d) Profit Reserves:

As of the balance sheet date, profit reserves amount to TL 15,654,752, legal reserves amount to TL 2,852,218, extraordinary reserves amount to TL 11,880,556 and other profit reserves amount to TL 921,978.

VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

"Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL 2,814,309 is composed mainly from interest received from loans and securities amounting to TL 15,808,692 and interest paid to deposit and money market operations which is amounting to TL 9,497,692. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rate on cash and cash equivalents is determined, approximately, as TL 89,113 as of 31 December 2014 (31 December 2013: TL 424,386).

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,821,663	1,465,021
Central Bank of the Republic of Turkey and Other Banks	6,348,809	5,539,881
Money Market Operations	53,272	61,722
Total Cash and Cash Equivalents	8,223,744	7,066,624
Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,869,429	1,821,663
Central Bank of the Republic of Turkey and Other Banks	4,524,233	6,348,809
Money Market Operations	51,529	53,272
Total Cash and Cash Equivalents	6,445,191	8,223,744

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE PARENT BANK

1) Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	-	-	-	-	-	-
Closing Balance	8,558	-	-	-	-	-
Interest and Commissions Income	51	-	-	-	-	-

⁽¹⁾ The cash loans balance includes the investments to associates, subsidiaries and entities under common control.

b) Prior Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	61,333	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Interest and Commissions Income ⁽²⁾	521	-	-	-	-	-

⁽¹⁾ The cash loans balance includes the investments to associates, subsidiaries and entities under common control.

⁽²⁾ Prior period's interest and commissions income shows the amount at 31 December 2013.

c) 1) Deposits held by the Parent Bank's risk group:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	168,049	557,636	-	-	-	-
Closing Balance	261,835	168,049	-	-	-	-
Interest Expense on Deposits	6,756	3,653	-	-	-	-

⁽¹⁾ The prior period balance of the accrued interest expense of the deposit is the balance as of 31 December 2013.

2) Information on forward transactions, option agreements and similar transactions between the Parent Bank's risk group:

None (31 December 2013: None.).

3) Information about fees paid to the Group's key management:

Fees paid to the Group's key management amount to TL 30,418 (31 December 2013: TL 28,108).

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

1. In accordance with the decision of the Board of Directors dated January 20, 2015 and numbered 2/13, it is decided to increase the Bank's paid-in capital TL 2,500,000 to TL 5,000,000 by TL 1,825,000 from own funds and TL 675,000 in cash; and to amend the related article of the Articles of Association. The amendment in Articles of Association has been approved with January 26, 2015 dated and 1314 numbered official letter of Banking Regulation and Supervision Agency and January 27, 2015 dated and 431.02 numbered official letter of the Ministry of Customs and Trade. Change in Articles of Association was registered on February 13, 2015 and published at Trade Registry Gazette on February 18, 2015.

2. Ziraat Katılım Bankası A.Ş. established as subsidiary of The Parent Bank, was registered at February 13, 2015 and the process of acquiring legal entity status has been completed by the announcement at the Trade Registry Gazette on February 16, 2015.

3. Board of Directors of the Bank has decided to take all necessary actions regarding the issue of bills, bonds and similar kinds of debt instruments which will be issued abroad through one or more issuance, in total up to 4 billion US dollars or equivalent foreign exchange or TL, and establishing bond issuance program which would allow issuances with different foreign currencies, and maturities (Medium Term Note Program/Global Medium Term Note Program) at the amount of the equivalent of 4 billion US dollars. Related to that, Board of Director has decided the authorization for the applications to Capital Market Board and other in charge parties regarding necessary permits. In this regard, the required application has been made to Capital Market Board and it has been announced that the application has been approved by Capital Market Board on January 23, 2015 on CMB's bulletin numbered 2015/02.

4. In accordance with the decision of the Board of Directors decision dated November 4, 2014 and numbered 40/42, the Bank has decided the issuance of TL dominated bills and/or bonds up to 15 billion TL with different maturities through one or more issuance, on condition that not exceeding 5 years, the identification of maturity of bills and/or bonds which are planned to be issued, implementation of the sellings as public offerings and/or placing or selling to qualified investors, depending on market conditions, issuance of the discounted bonds and/or coupon bonds and issuance of the coupon bonds as fixed or floating rate coupon bond, taking as a reference one or several treasury bills and/or government bonds which are coherent with the bills and/or bonds that will be issued, addition of additional yield if needed, identification of ratio of the additional yield and identification of the conditions and provisions regarding to issuance of the bills and/or bonds including interest rates that will be paid. In accordance with that, the Board of Directors has decided to authorize Directorate-General to make all necessary applications to Banking Regulation and Supervision Agency, Capital Market Board and other in charge parties and to manage all other operations. In this context, Capital Market Board has announced on CMB's Bulletin numbered 2015/03 on February 3, 2015 that the application has been approved.

IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

Information on the Parent Bank's domestic and foreign branches and foreign representatives of the Bank:

	Number	Number of Employees		Total Assets	Statutory Share Capital
Domestic Branch ⁽¹⁾	1,682	23,525			
			Country of Incorporation		
Foreign Representative Office	1	1	1- Iran		
Foreign Branch ⁽²⁾	1	2	1- USA	1,892,711	272,507
	1	3	2- England	1,217,607	123,234
	4	5	3- Bulgaria	105,230	40,046
	2	5	4- Georgia	102,831	18,741
	2	6	5- Iraq	145,719	32,479
	4	4	6- Greece	335,504	92,717
	1	2	7- Saudi Arabia	64,901	34,799
	10	43	8-T.R. of Northern Cyprus	1,232,498	84,064
Off-Shore Banking Region Branches			-		

⁽¹⁾ Includes the employees of the domestic branches, excluding the employees of head office and regional management.

⁽²⁾ Excluding the local employees of the foreign branches.

Notes to the Consolidated Financial Statements at 31 December 2014

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody's Investor Services, Fitch Ratings and JCR Eurasia are as follows:

Moody's Investor Services: December 2014

Outlook	Negative
Bank Financial Strength	D+
Base Credit Note	ba1

Fitch Ratings: November 2014

Foreign Currency Commitments	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Local Currency Commitments	
Long Term	BBB
Short Term	F3
Outlook	Stable
National	AAA (tur)
Outlook	Stable
Viability Rating	bbb-
Support Rating	2

JCR Eurasia: November 2014

Foreign Currency Commitments	
Long Term	BBB-
Short Term	A-3
Outlook	Stable
Local Currency Commitments	
Long Term	BBB-
Short Term	A-3
Outlook	Stable
National	AAA (trk)
Outlook	Stable
Support rating	2
Independence from partnership rate	A

II. EXPLANATIONS ON OTHER MATTERS

The Bank's Board of Directors has decided to establish a bank to operate in Azerbaijan in partnership with TC Ziraat Bank A.Ş. with 99,98% share, and Ziraat Sigorta A.Ş. and Ziraat Yatırım ve Menkul Değerler A.Ş. with 0.01% share of each. Azerbaijan Central Bank has decided to issue a banking licence for "Ziraat Bank Azerbaijan" to start its operations with the minimum capital amount of US Dollar which is equal to 50 million Azerbaijan Manat.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

As of 31 December 2014, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor's Report dated 27 February 2015 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.