

Publicly Announced Unconsolidated Financial Statements Together With Independent Auditor's Report At 31 December 2014

(Convenience Translation of Publicly Announced Unconsolidated 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

İstanbul, 10 February 2015

**The Unconsolidated 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 unconsolidated 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The accompanying unconsolidated 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

	PAGE NUMBER
SECTION ONE	
GENERAL INFORMATION ABOUT THE BANK	
I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS, IF ANY	84
II. EXPLANATION ABOUT THE 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	84
III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGER, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS	85
IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK	86
V. SUMMARY INFORMATION ON THE BANK'S ACTIVITIES AND SERVICES	86
VI. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF EQUITY, OR REPAYMENT OF DEBT BETWEEN THE BANK AND ITS SUBSIDIARIES	87
SECTION TWO	
UNCONSOLIDATED FINANCIAL STATEMENTS	
I. BALANCE SHEET	88
II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	90
III. STATEMENT OF INCOME	92
IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	93
V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	94
VI. STATEMENT OF CASH FLOWS	98
VII. PROFIT APPROPRIATION STATEMENT	99
SECTION THREE	
EXPLANATIONS ON ACCOUNTING POLICIES	
I. BASIS OF PRESENTATION	100
II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS	100
III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	101
IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS	101
V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE	101
VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE	102
VII. EXPLANATIONS ON FINANCIAL ASSETS	102
VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS	103
IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES	104
X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS	104
XI. INFORMATION ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS	104
XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS	105
XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT	105
XIV. EXPLANATIONS ON LEASING TRANSACTIONS	106
XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES	106
XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS	106
XVII. EXPLANATIONS ON TAXATION	108

	PAGE NUMBER
XVIII. EXPLANATIONS ON BORROWINGS	109
XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES	109
XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES	109
XXI. EXPLANATIONS ON GOVERNMENT GRANTS	109
XXII. CASH AND CASH EQUIVALENTS	110
XXIII. EXPLANATIONS ON SEGMENT REPORTING	110
XXIV. EXPLANATIONS ON OTHER MATTERS	110
SECTION FOUR	
EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK	
I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO	110
II. EXPLANATIONS ON THE CREDIT RISK	116
III. EXPLANATIONS ON THE MARKET RISK	128
IV. EXPLANATIONS ON THE OPERATIONAL RISK	130
V. EXPLANATIONS ON THE CURRENCY RISK	130
VI. EXPLANATIONS ON THE INTEREST RATE RISK	133
VII. EXPLANATIONS ON THE LIQUIDITY RISK	137
VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES	141
IX. EXPLANATIONS ON OPERATING SEGMENTS	144
X. EXPLANATIONS RELATED TO PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUE	147
XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES	149
SECTION FIVE	
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS	
I. EXPLANATIONS AND NOTES RELATED TO ASSETS	149
II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES	169
III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS	177
IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT	181
V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY	186
VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS	187
VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE BANK	188
VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS	189
IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK	190
SECTION SIX	
OTHER EXPLANATIONS AND NOTES	
I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES	190
II. EXPLANATIONS ON OTHER MATTERS	191
SECTION SEVEN	
EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT	
I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT	191
II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS	191

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. HISTORY OF THE 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 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 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 Bank is the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Treasury").

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGER, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE 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 ÖZDEMİRÇİ	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 Bank's capital.

Notes to the Unconsolidated 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 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 Bank is the Treasury.

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

The purpose of activity of the Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the 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 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.

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

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

VI. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF EQUITY, OR REPAYMENT OF DEBT BETWEEN THE BANK AND ITS SUBSIDIARIES

None.

SECTION TWO

THE BANK'S UNCONSOLIDATED 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

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

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

I. BALANCE SHEET (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)	2,773,721	27,375,262	30,148,983	3,664,488	22,937,925	26,602,413	
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	275,730	35,012	310,742	304,618	149,319	453,937	
2.1 Financial Assets Held for Trading		275,730	35,012	310,742	304,618	149,319	453,937	
2.1.1 Public Sector Debt Securities		10,168	3,998	14,166	10,878	4,432	15,310	
2.1.2 Securities Representing a Share in Capital		-	-	-	-	-	-	
2.1.3 Derivative Financial Assets Held for Trading		265,562	31,014	296,576	293,740	144,887	438,627	
2.1.4 Other Marketable Securities		-	-	-	-	-	-	
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-	
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		-	-	-	-	-	-	
III. BANKS	(3)	510,164	1,680,877	2,191,041	512,104	1,952,907	2,465,011	
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-	
4.1 Interbank Money Market Placements		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-	
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-	
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	45,767,453	8,463,400	54,230,853	40,238,476	6,445,321	46,683,797	
5.1 Securities Representing a Share in Capital		131,802	314,208	446,010	130,405	232,190	362,595	
5.2 Public Sector Debt Securities		45,620,600	8,013,570	53,634,170	40,097,373	6,081,524	46,178,897	
5.3 Other Marketable Securities		15,051	135,622	150,673	10,698	131,607	142,305	
VI. LOANS AND RECEIVABLES	(5)	110,379,211	31,535,451	141,914,662	90,418,006	20,629,967	111,047,973	
6.1 Loans and Receivables		109,594,502	31,535,409	141,129,911	89,623,480	20,629,955	110,253,435	
6.1.1 Loans Granted to Risk Group of The Bank		46,385	701,738	748,123	116,829	550,432	667,261	
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-	
6.1.3 Other		109,548,117	30,833,671	140,381,788	89,506,651	20,079,523	109,586,174	
6.2 Loans under Follow-up		2,709,827	7,093	2,716,920	2,396,871	20,570	2,417,441	
6.3 Specific Provisions (-)		1,925,118	7,051	1,932,169	1,602,345	20,558	1,622,903	
VII. FACTORING RECEIVABLES		-	-	-	-	-	-	
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	4,927,297	5,093,759	10,021,056	10,529,555	5,130,795	15,660 350	
8.1 Public Sector Debt Securities		4,916,189	5,093,120	10,009,309	10,520,533	5,130,175	15,650,708	
8.2 Other Marketable Securities		11,108	639	11,747	9,022	620	9,642	
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	94,912	-	94,912	65,452	-	65,452	
9.1 Accounted with Equity Method		-	-	-	-	-	-	
9.2 Unconsolidated Associates		94,912	-	94,912	65,452	-	65,452	
9.2.1 Financial Associates		88,846	-	88,846	59,386	-	59,386	
9.2.2 Non-financial Associates		6,066	-	6,066	6,066	-	6,066	
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	482,478	977,494	1,459,972	382,478	768,828	1,151,306	
10.1 Unconsolidated Financial Subsidiaries		476,241	977,494	1,453,735	376,241	768,828	1,145,069	
10.2 Unconsolidated Non-Financial Subsidiaries		6,237	-	6,237	6,237	-	6,237	
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	76,401	76,401	-	81,362	81,362	
11.1 Accounted with Equity Method		-	-	-	-	-	-	
11.2 Unconsolidated Entities Under Common Control		-	76,401	76,401	-	81,362	81,362	
11.2.1 Financial Entities Under Common Control		-	76,401	76,401	-	81,362	81,362	
11.2.2 Non Financial Entities Under Common Control		-	-	-	-	-	-	
XII. RECEIVABLES FROM LEASING TRANSACTIONS	(10)	-	-	-	-	-	-	
12.1 Finance Lease Receivables		-	-	-	-	-	-	
12.2 Operating Lease Receivables		-	-	-	-	-	-	
12.3 Other		-	-	-	-	-	-	
12.4 Unearned Income (-)		-	-	-	-	-	-	
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)	4,677,693	5,921	4,683,614	1,042,246	7,406	1,049,652	
XV. INTANGIBLE ASSETS (Net)	(15)	181,843	3,223	185,066	130,238	4,690	134,928	
15.1 Goodwill		-	-	-	-	-	-	
15.2 Other		181,843	3,223	185,066	130,238	4,690	134,928	
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-	
XVII. TAX ASSET		221,479	-	221,479	334,067	-	334,067	
17.1 Current Tax Asset		656	-	656	551	-	551	
17.2 Deferred Tax Asset	(16)	220,823	-	220,823	333,516	-	333,516	
ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	173,255	-	173,255	104,952	-	104,952	
18.1 Held for Sale		173,255	-	173,255	104,952	-	104,952	
18.2 Held from Discontinued Operations		-	-	-	-	-	-	
XIX. OTHER ASSETS	(17)	1,303,761	584,514	1,888,275	963,959	730,795	1,694,754	
TOTAL ASSETS		171,768,997	75,831,314	247,600,311	148,690,639	58,839,315	207,529,954	

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

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

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

I. BALANCE SHEET (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)	107,593,086	45,662,162	153,255,248	100,601,120	41,134,026	141,735,146	
1.1 Deposits Held By the Risk Group of the Bank		40,127	371,049	411,176	136,144	125,813	261,957	
1.2 Other		107,552,959	45,291,113	152,844,072	100,464,976	41,008,213	141,473,189	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	18,806	376,778	395,584	18,520	36,144	54,664	
III. FUNDS BORROWED	(3)	1,149,257	13,458,450	14,607,707	1,081,962	7,477,367	8,559,329	
IV. MONEY MARKET BALANCES		16,310,776	15,470,300	31,781,076	12,509,222	12,061,628	24,570,850	
4.1 Interbank Money Market Borrowings		-	-	-	-	-	-	
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)		1,563,102	2,655,704	4,218,806	2,636,887	-	2,636,887	
5.1 Bills		1,563,102	783,430	2,346,532	2,404,051	-	2,404,051	
5.2 Asset-backed Securities		-	-	-	-	-	-	
5.3 Bonds		-	1,872,274	1,872,274	232,836	-	232,836	
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		1,214,414	532,089	1,746,503	1,055,333	297,595	1,352,928	
VIII. OTHER LIABILITIES	(4)	1,737,591	305,622	2,043,213	1,418,521	455,598	1,874,119	
IX. FACTORING PAYABLES		-	-	-	-	-	-	
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	1,389	1,389	-	941	941	
10.1 Finance Lease Payables		-	1,425	1,425	-	959	959	
10.2 Operating Lease Payables		-	-	-	-	-	-	
10.3 Other		-	-	-	-	-	-	
10.4 Deferred Finance Lease Expenses (-)		-	36	36	-	18	18	
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)	4,719,883	37,954	4,757,837	3,940,036	18,259	3,958,295	
12.1 General Provisions		2,304,896	6,685	2,311,581	1,962,430	7,663	1,970,093	
12.2 Restructuring Provisions		-	-	-	-	-	-	
12.3 Employee Benefits Provisions		816,564	-	816,564	701,643	-	701,643	
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-	
12.5 Other Provisions		1,598,423	31,269	1,629,692	1,275,963	10,596	1,286,559	
XIII. TAX LIABILITY	(8)	825,874	462	826,336	383,219	406	383,625	
13.1 Current Tax Liability		825,874	462	826,336	383,219	406	383,625	
13.2 Deferred Tax Liability		-	-	-	-	-	-	
LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-	
14.1 Held for Sale		-	-	-	-	-	-	
14.2 Held from Discontinued Operations		-	-	-	-	-	-	
XV. SUBORDINATED LOANS		-	-	-	-	-	-	
XVI. SHAREHOLDERS' EQUITY	(9)	27,422,276	1,117,888	28,540,164	18,181,872	184,807	18,366,679	
16.1 Paid-in Capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000	
16.2 Capital Reserves		5,184,311	1,117,888	6,302,199	(282,183)	184,807	(97,376)	
16.2.1 Share Premium		-	-	-	-	-	-	
16.2.2 Share Cancellation Profits		-	-	-	-	-	-	
16.2.3 Marketable Securities Valuation Differences		1,060,245	1,117,888	2,178,133	(826,752)	184,807	(641,945)	
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		472,368	-	472,368	527,181	-	527,181	
16.3 Profit Reserves		15,527,658	-	15,527,658	12,474,183	-	12,474,183	
16.3.1 Legal Reserves		2,725,124	-	2,725,124	2,541,114	-	2,541,114	
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		4,210,307	-	4,210,307	3,489,872	-	3,489,872	
16.4.1 Prior Years Profit/Loss		159,798	-	159,798	159,798	-	159,798	
16.4.2 Net Period Profit/Loss		4,050,509	-	4,050,509	3,330,074	-	3,330,074	
TOTAL LIABILITIES AND EQUITY		167,981,513	79,618,798	247,600,311	145,863,183	61,666,771	207,529,954	

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

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

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

II. 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)	64,836,961	118,824,939	183,661,900	47,672,612	72,559,005	120,231,617
I. GUARANTEES AND WARRANTIES	(1),(3)	13,898,227	27,139,272	41,037,499	10,835,207	19,379,847	30,215,054
1.1 Letters of Guarantee		13,812,313	18,048,875	31,861,188	10,747,008	12,785,744	23,532,752
1.1.1 Guarantees Subject to State Tender Law		910,333	2,860,858	3,771,191	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		718,485	256,517	975,002	730,501	576,410	1,306,911
1.2 Bank Acceptances		21,260	3,565,824	3,587,084	68,438	2,360,400	2,428,838
1.2.1 Import Letter of Acceptance		21,260	3,562,096	3,583,356	68,438	2,360,400	2,428,838
1.2.2 Other Bank Acceptances		-	3,728	3,728	-	-	-
1.3 Letters of Credit		64,654	5,524,573	5,589,227	19,761	4,233,703	4,253,464
1.3.1 Documentary Letters of Credit		64,654	5,365,487	5,430,141	19,761	3,854,687	3,874,448
1.3.2 Other Letters of Credit		-	159,086	159,086	-	379,016	379,016
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		-	-	-	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	48,069,144	48,516,112	96,585,256	34,679,496	32,541,574	67,221,070
2.1 Irrevocable Commitments		14,616,463	6,068,659	20,685,122	12,271,120	5,025,779	17,296,899
2.1.1 Asset Purchase and Sale Commitments		114,630	4,410,506	4,525,136	326,682	4,140,216	4,466,898
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	146,672	2,266,952	1,020,202	125,054	1,145,256
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,737,371	-	2,737,371	2,513,009	-	2,513,009
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		7,160,308	-	7,160,308	6,275,095	-	6,275,095
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		2,466,863	1,511,481	3,978,344	2,123,083	760,509	2,883,592
2.2 Revocable Commitments		33,452,681	42,447,453	75,900,134	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		12	-	12	12	-	12
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,869,590	43,169,555	46,039,145	2,157,909	20,637,584	22,795,493
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 financial statements.

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

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

II. 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	2,869,590	43,169,555	46,039,145	2,157,909	20,637,584	22,795,493
3.2.1	Forward Foreign Currency Buy/Sell Transactions	286,378	1,637,583	1,923,961	357,260	363,104	720,364
3.2.1.1	Forward Foreign Currency Transactions-Buy	143,281	820,042	963,323	178,811	181,566	360,377
3.2.1.2	Forward Foreign Currency Transactions-Sell	143,097	817,541	960,638	178,449	181,538	359,987
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	2,567,412	41,510,010	44,077,422	1,800,649	20,274,480	22,075,129
3.2.2.1	Foreign Currency Swap-Buy	-	21,988,978	21,988,978	-	11,220,359	11,220,359
3.2.2.2	Foreign Currency Swap-Sell	2,567,412	19,521,032	22,088,444	1,800,649	9,054,121	10,854,770
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	21,962	37,762	-	-	-
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	-	-	-	-	-	-
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)	467,636,468	74,910,665	542,547,133	319,358,128	31,851,701	351,209,829
IV.	ITEMS HELD IN CUSTODY	67,199,141	8,405,823	75,604,964	46,955,962	6,141,575	53,097,537
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	32,504,064	-	32,504,064	20,295,171	112	20,295,283
4.7	Other Items Under Custody	217,956	4,813,855	5,031,811	279,760	2,965,072	3,244,832
4.8	Custodians	1,649	-	1,649	1,649	-	1,649
V.	PLEDGES RECEIVED	400,406,085	65,902,136	466,308,221	272,389,147	25,164,097	297,553,244
5.1	Marketable Securities	961,803	23,822	985,625	933,047	18,700	951,747
5.2	Guarantee Notes	11,659,528	735,362	12,394,890	10,095,965	607,373	10,703,338
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	352,218,251	49,849,878	402,068,129	242,084,954	21,391,097	263,476,051
5.6	Other Pledged Items	34,385,626	15,263,897	49,649,523	18,006,792	3,120,499	21,127,291
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)		532,473,429	193,735,604	726,209,033	367,030,740	104,410,706	471,441,446

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

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

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

III. STATEMENT OF INCOME			
INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Cari Dönem 1/1-31/12/2014	Önceki Dönem 1/1-31/12/2013
I. INTEREST INCOME	(1)	18,165,007	14,369,841
1.1 Interest Income from Loans		12,754,847	9,508,502
1.2 Interest Income From Reserve Deposits		4,531	1,215
1.3 Interest Income from Banks		58,405	34,291
1.4 Interest Income from Money Market Placements		8	3
1.5 Interest Income from Marketable Securities		5,333,024	4,814,022
1.5.1 Financial Assets Held for Trading		2,403	1,364
1.5.2 Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3 Financial Assets Available-for-Sale		4,299,242	2,999,220
1.5.4 Investments Held-to-Maturity		1,031,379	1,813,438
1.6 Finance Lease Income		-	-
1.7 Other Interest Income		14,192	11,808
II. INTEREST EXPENSES	(2)	9,558,161	6,631,043
2.1 Interest Expense on Deposits		7,512,243	5,600,944
2.2 Interest on Borrowings		270,463	143,861
2.3 Interest on Money Market Borrowings		1,527,007	678,662
2.4 Interest on Marketable Securities Issued		197,882	166,417
2.5 Other Interest Expense		50,566	41,159
III. NET INTEREST INCOME/EXPENSES (I - II)		8,606,846	7,738,798
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		1,077,115	958,779
4.1 Fees and Commissions Received		1,356,514	1,163,371
4.1.1 Non-cash Loans		166,197	101,512
4.1.2 Other		1,190,317	1,061,859
4.2 Fees and Commissions Paid		279,399	204,592
4.2.1 Non-cash Loans		111	51
4.2.2 Other		279,288	204,541
V. DIVIDEND INCOME	(3)	191,840	320,981
VI. TRADING PROFIT/LOSS (Net)	(4)	(69,960)	(197,939)
6.1 Profit/Loss from Capital Market Operations		71,482	69,946
6.2 Profit/losses on Derivative Financial Transactions	(5)	(1,591,702)	407,438
6.3 Profit/Loss from Foreign Exchanges		1,450,260	(675,323)
VII. OTHER OPERATING INCOME	(6)	911,050	1,047,754
VIII. TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		10,716,891	9,868,373
IX. PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)	(7)	1,443,194	1,828,483
X. OTHER OPERATING EXPENSES (-)	(8)	4,094,964	3,661,367
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		5,178,733	4,378,523
XII. GAINS RECORDED AFTER MERGER		-	-
XIII. PROFIT/LOSS ON EQUITY METHOD		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(9)	5,178,733	4,378,523
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(10)	(1,128,224)	(1,048,449)
16.1 Current Tax Provision		(1,631,582)	(670,519)
16.2 Deferred Tax Provision		503,358	(377,930)
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(11)	4,050,509	3,330,074
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)	4,050,509	3,330,074
Earnings/Loss per Share		1.620	1.332

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

Unconsolidated 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. 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	3,960,581	(3,042,849)
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	3,634,310	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	179,696	(27,063)
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	(29,356)	(20,376)
IX.	DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	(616,117)	487,688
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	7,129,114	(2,602,600)
XI.	CURRENT YEAR PROFIT/LOSS	(729,538)	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	6,839	6,931
XII.	TOTAL PROFIT/LOSS FOR THE PERIOD (X±XI)	6,399,576	(1,836,833)

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

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

V. 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	577,566	-	-	2,408,490
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	577,566	-	-	2,408,490
Changes During the Period							
IV.	Increase/Decrease Related to Merger		-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-
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		-	-	-	-	-
IX.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-
X.	Foreign Exchange Differences		-	(34,084)	-	-	-
XI.	Changes Resulted from Disposal of Assets		-	-	-	-	-
XII.	Changes Resulted from Reclassification of Assets		-	-	-	-	-
XIII.	İştirak Özkaynağındaki Değişikliklerin Banka Özkaynağına Etkisi 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	-	-	2,541,114

The accompanying explanations and notes form an integral part of these 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.	Total Equity
	-	7,041,211	634,041		2,810,226	1,178,587	-	17,369	-	-	17,167,490
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	7,041,211	634,041		2,810,226	1,178,587	-	17,369	-	-	17,167,490
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(1,827,553)	-	-	-	-	(1,827,553)
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	19	-	-	19
	-	-	-	-	-	7,021	-	-	-	-	(27,063)
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	(16,301)	-	-	-	-	-	-	-	(16,301)
	-	-	-	3,330,074	-	-	-	-	-	-	3,330,074
	-	1,969,880	287,937	-	(2,650,428)	-	-	-	-	-	(259,987)
	-	-	-	-	(259,987)	-	-	-	-	-	(259,987)
	-	1,969,880	287,937	-	(2,390,441)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	9,011,091	905,677	3,330,074	159,798	(641,945)	-	17,388	-	-	18,366,679

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	31 December 2014	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	-	-	2,541,114
	Changes During the Period						
II.	Increase/Decrease Related to Merger		-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-
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		-	-	-	-	-
VII.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-
IX.	Changes Resulted from Disposal of Assets		-	-	-	-	-
X.	Changes Resulted from Reclassification of Assets		-	-	-	-	-
XI.	İştirak Özkaynağındaki Değişikliklerin Banka Özkaynağına Etkisi		-	-	-	-	-
	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		-	-	-	-	-
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	-	-	2,725,124

The accompanying explanations and notes form an integral part of these 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.	Total Equity
-	9,011,091	905,677	-	3,489,872	(641,945)	-	17,388	-	-	18,366,679
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,640,382	-	-	-	-	2,640,382
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,634,310	-	-	-	3,634,310
-	-	-	-	-	179,696	-	-	-	-	179,696
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	(54,813)	-	7	-	-	-	-	-	(54,806)
-	-	-	4,050,509	-	-	-	-	-	-	4,050,509
-	2,869,465	-	-	(3,330,081)	-	-	-	-	-	(276,606)
-	-	-	-	(276,606)	-	-	-	-	-	(276,606)
-	2,869,465	-	-	(3,053,475)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	11,880,556	850,864	4,050,509	159,798	2,178,133	3,634,310	17,388	-	-	28,540,164

Unconsolidated Statement of Cash Flows as of 31 December 2014

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

VI. 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		2,543,466	5,001,737
1.1.1	Interest Received		15,376,432	15,653,030
1.1.2	Interest Paid		(9,429,187)	(6,612,487)
1.1.3	Dividend Received		157,093	83,141
1.1.4	Fees and Commissions Received		1,358,451	1,164,734
1.1.5	Other Income		2,011,491	452,411
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1,470,590	1,346,372
1.1.7	Payments to Personnel and Service Suppliers		(1,820,293)	(1,763,184)
1.1.8	Taxes Paid		(1,509,612)	(1,105,771)
1.1.9	Other		(5,071,499)	(4,216,509)
1.2	Changes in Operating Assets and Liabilities		(9,085,637)	(7,177,768)
1.2.1	Net (Increase)/Decrease in Trading Securities		1,359	(3,154)
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net (Increase)/Decrease in Banks		(5,074,796)	(7,488,121)
1.2.4	Net (Increase)/Decrease in Loans		(30,577,479)	(40,667,297)
1.2.5	Net (Increase)/Decrease in Other Assets		(38,480)	(945,365)
1.2.6	Net Increase/(Decrease) in Bank Deposits		9,672,137	16,854,420
1.2.7	Net Increase/(Decrease) in Other Deposits		8,969,313	19,327,193
1.2.8	Net Increase/(Decrease) in Funds Borrowed		6,008,282	5,463,939
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities		1,954,027	280,617
I.	Net Cash Provided from Banking Operations		(6,542,171)	(2,176,031)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES				
II.	Net Cash Provided from Investing Activities		3,102,173	244,611
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(100,000)	(36,764)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3	Fixed Assets Purchases		-	(271,477)
2.4	Fixed Assets Sales		35,608	53,278
2.5	Cash for Purchase of Financial Assets Available for Sale		(26,048,601)	(17,055,354)
2.6	Cash Obtained from Sale of financial Assets Available for Sale		24,454,122	6,856,764
2.7	Cash Paid for Purchase of Investment Securities		(182,093)	(253,278)
2.8	Cash Obtained from Sale of Investment Securities		6,050,057	12,723,586
2.9	Other		(1,106,920)	(1,772,144)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
III.	Net Cash Provided from Financing Activities		1,535,440	432,968
3.1	Cash from Funds Borrowed and Securities Issued		4,207,495	693,011
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(2,671,114)	-
3.3	Marketable Securities Issued		-	-
3.4	Dividends Paid		-	(259,987)
3.5	Payments for Finance Leases		(941)	(56)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		101,353	408,178
V.	Net Decrease/Increase in Cash and Cash Equivalents (I+II+III+IV)		(1,803,205)	(1,090,274)
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	6,669,577	7,759,851
VII.	Cash and Cash Equivalents at the End of the Period	(1)	4,866,372	6,669,577

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

Unconsolidated Statement of Profit Appropriation as of 31 December 2014

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

VII. PROFIT APPROPRIATION STATEMENT ⁽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 Ordinary General Assembly. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly has not been held.

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The 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 unconsolidated 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 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 unconsolidated 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.

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. Judgements 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 XXIV. 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, these unconsolidated 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 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 Bank’s main funding source is Turkish Lira deposits, repurchase agreements, issued securities, 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 Bank directs these funds to assets with high return and low risk. These assets include predominantly domestic government bonds and loans. The Bank’s liquidity structure covers the financing of all liabilities at due date. Although most of the sources in the 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 Bank adopts high return principle for its long-term placements.

Loans and securities are instruments from which the Bank gets returns above the average returns within its lines of activity. Letter of guarantees, bank loans, 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 Bank's total debt to the market is low among its total liabilities, the 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 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 Bank's prevailing counter currency buying rate. At period ends, foreign currency asset and liability balances are valued at the 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 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

Based on the TAS 27 "Turkish Accounting Standard for Consolidated and Separate Financial Statements", Turkish Lira denominated investments in associates and subsidiaries are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any.

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.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

The derivative instruments of the Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on TAS 39 "Financial Instruments: Recognition and Measurement". The Bank has no derivative instruments for hedging purposes as of the balance sheet date. Accordingly, the 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 for 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 and 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 Bank, if the Bank is a legal party to these instruments.

Financial assets mainly constitute the Bank'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:

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 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.

c. Loans and receivables:

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.

Bank loans and receivables 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 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 income accruals or impairment provision. Furthermore, amortised cost using the effective interest method and cost is compared and the difference is booked as interest income or impairment expense. Fair value and amortised 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 amortised 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 "Value Loss Expenses for Securities". If there is an increase in value, initially recognized impairment loss is reversed.

If financial assets available for sale are subject to permanent impairment, the amount is charged to "Value Loss Expenses for Securities" account in accordance with the related Turkish Accounting Standard.

If subsidiaries, associates, entities under common control and assets held to maturity are subject to permanent impairment, the amount is charged to "Value Loss Expenses for Subsidiaries, Associates, 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 in accordance with the Communiqué on "Methods and Principles for 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 OF 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 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

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 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 Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, the Bank 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 economical 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 Bank 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

Financial Lease

The Bank, 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 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.

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 Bank 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 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 Bank provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Bank 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 or resignation depending on the arise of the legal conditions. 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).

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

The 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 666,464 as of 31 December 2014. (31 December 2013: TL 567,043)

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

b. Pension Rights

Some of the 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 (2013: 18,066). 14,572 of these members are active while 3,648 are passive members. (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 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

"Corporate Tax Law" ("New 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.

b. Deferred tax

In accordance with TAS 12 "Turkish Accounting Standard Relating to Income Tax", the 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 BORROWINGS

The Bank 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 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 Bank has issued no convertible bonds.

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. 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.

XXIII. 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 Bank, are disclosed in Note IX. of Section Four.

XXIV. EXPLANATIONS ON OTHER MATTERS

1. 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 CAPITAL ADEQUACY STANDARD RATIO

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

The Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" is 18,22%. (31 December 2013 : 13,21%)

2. The risk measurement methods used for calculation of 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 6 September 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 is 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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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 "Communique on Measurement and Assessment of Capital Adequacy of Banks" and "Communique 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.

Information related to capital adequacy ratio:

	Risk Weights										
	Bank Only										
Current Period	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Credit Risk Based Amount-31 December 2014	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 Unconsolidated Financial Statements at 31 December 2014

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

Information related to capital adequacy ratio:

Prior Period	Risk Weights										
	Bank Only										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Value at Credit Risk Exposure Categories	72,326,224	-	25,979,031	-	20,540,912	45,308,880	58,020,949	3,269,187	17,464,372	9,215	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	66,553,362	-	-	-	10,882,453	-	244,666	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	138,899	-	132	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	383,439	-	-	-	-
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	-	-	25,254,905	-	7,524,260	-	394,401	-	-	-	-
Conditional and unconditional receivables from corporate	-	-	585,222	-	2,134,065	-	52,532,583	-	-	-	-
Conditional and unconditional retail Receivables	-	-	-	-	2	37,720,339	651,189	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7,588,541	236,898	-	-	-	-
Past due receivables	-	-	-	-	-	-	545,855	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3,269,187	17,464,372	9,215	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	52,987	-	-	-	-
Other receivables	5,772,856	-	5	-	-	-	2,978,931	-	-	-	-

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

Notes to the Unconsolidated 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:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,641,473	11,222,068
Capital Requirement for Market Risk (CRMR)	1,087,412	657,522
Capital Requirement for Operational Risk (CROR)	1,098,374	960,999
Shareholders' Equity	31,484,041	21,197,616
Shareholders' Equity/((CRCR+CRMR+CROR)*12.5)*100	18.22	13.21
Tier 1 Capital/((CRCR+CRMR+CROR)*12.5)*100	17.18	-
Common Equity Tier 1 Capital/((CRCR+CRMR+CROR)*12.5)*100	17.23	-

Information Related To The Components of 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	15,527,658
Income recognized under equity in accordance with TAS	5,812,443
Profit	4,210,307
Current Period's Profit	4,050,509
Prior Period's Profit	159,798
Free Provision for Possible Risks	1,334,053
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17,388
Common Equity Tier 1 Capital Before Deductions	29,945,331
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 (-)	69,634
Goodwill and intangible asset and the related deferred tax liability (-)	23,086
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	163,834
Total Common Equity Tier 1 Capital	29,781,497
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 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Additional Tier 1 Capital before Deductions	-

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

	Current Period
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	92,346
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	92,346
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
Tier 1 Capital	29,689,151
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	1,818,980
Tier 2 Capital Before Deductions	1,818,980
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	1,818,980
TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS	31,508,131
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 (-)	23,199
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	31,484,041
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%	165,247
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences (net of related tax liability) (-)	220,823

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

	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	12,457,882
Inflation Adjustments to Reserves	-
Profit	3,489,872
Current Period's Profit	3,330,074
Prior Period's Profit	159,798
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⁾	-
Loss (-) (in excess of Reserves)	-
Current Period's Losses	-
Prior Period's Losses	-
Leasehold Improvements on Operational Leases (-)	59,550
Intangible Assets (-)	75,378
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	19,873,894
SUPPLEMENTARY CAPITAL	
General Provisions	1,970,093
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	(641,945)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss (excluding inflation adjustment of reserves)	-
Total Supplementary Capital	1,345,536
CAPITAL	21,219,430
DEDUCTIONS FROM CAPITAL	21,814
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	21,300
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Immovables exceeding 50% of the Capital 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	409
Other Deduction Items	105
TOTAL SHAREHOLDER'S EQUITY	21,197,616

⁽¹⁾ Accordingly "Regulation on the Amendment of Regulation on Banks' Equity" which is published in the Official Gazette dated 10 March 2011 and numbered 27870, the name of the related line is changed as "Primary Subordinated Debts can not Exceed the Limits Listed in Eighth Paragraph".

Information Related to the Components which Subject to Temporary Implementation in the Calculation of Equity:

None.

Information Related to the Debt Instruments which will be Included in the Calculation of Equity:

None.

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:

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 Bank,

- Being evaluated within the scope of capital adequacy of financial situation of the Bank in prior period, legal ratios and economic capital analysis.
- Being analysed 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 CREDIT RISK

Credit risk is the possibility of loss that the 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 commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The 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/Commercial/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 commercial 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 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 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 Bank's credit risk significantly declines.

On January 2011 the Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

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

The Bank makes provision in conformity with the "Communiqué on Methods and Principles for 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 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 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 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

The 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 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 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 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 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 Bank for the credit risk is TL 2,311,581 (31 December 2013: TL 1,970,093).

Notes to the Unconsolidated 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
Current Period							
Domestic	77,825,891	444,118	443,984	6	-	9,473,379	75,033,100
European Union Countries	9,695	-	-	-	-	14,502,433	47,646
OECD Countries ⁽¹⁾	-	-	-	-	-	398,992	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	16,568	-	-	-	-	271,955	93,295
Other Countries	199,493	-	6	-	-	565,239	199,376
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	2,555,569	1,021,544
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	78,051,647	444,118	443,990	6	-	27,767,567	76,394,961

	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
Prior Period							
Domestic	77,427,774	139,031	383,434	6	-	13,162,978	54,048,295
European Union Countries	7,446	-	-	-	-	14,631,824	32,473
OECD Countries ⁽¹⁾	-	-	-	-	-	466,560	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	1,809	-	-	-	-	2,325,121	117,435
Other Countries	243,452	-	5	-	-	441,553	110,956
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	2,145,530	942,711
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	77,680,481	139,031	383,439	6	-	33,173,566	55,251,870

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 Unconsolidated Financial Statements at 31 December 2014

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

Conditional and unconditional retail receivables	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 corporates	Investments similar to collective investment funds	Other receivables	Total
46,242,346	12,875,452	563,668	22,264,215	-	-	-	62,682	13,990,150	259,218,991
24,468	4,391	472	8,793	-	-	-	-	-	14,597,898
-	-	-	-	-	-	-	-	-	398,992
-	-	-	-	-	-	-	-	-	-
885	-	-	53	-	-	-	-	-	382,756
96,345	475	1,014	4,643	-	-	-	-	-	1,066,591
-	-	-	-	-	-	-	-	-	3,577,113
-	-	-	-	-	-	-	-	-	-
46,364,044	12,880,318	565,154	22,277,704	-	-	-	62,682	13,990,150	279,242,341

Conditional and unconditional retail receivables	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 corporates	Investments similar to collective investment funds	Other receivables	Total
38,247,781	7,823,179	545,824	20,742,734	-	-	-	52,987	8,751,792	221,325,815
35,032	-	12	-	-	-	-	-	-	14,706,787
-	-	-	-	-	-	-	-	-	466,560
-	-	-	-	-	-	-	-	-	-
1,022	-	-	-	-	-	-	-	-	2,445,387
87,695	2,260	19	40	-	-	-	-	-	885,980
-	-	-	-	-	-	-	-	-	3,088,241
-	-	-	-	-	-	-	-	-	-
38,371,530	7,825,439	545,855	20,742,774	-	-	-	52,987	8,751,792	242,918,770

Notes to the Unconsolidated 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	-	-	-	28,480,731	4,151,249
Mining and Quarrying	-	36	101	-	-	-	462,651	144,170
Production	-	419,433	157,450	-	-	-	25,112,950	3,997,961
Electric, Gas and Water	-	-	753	-	-	-	2,905,130	9,118
Construction	-	-	3,673	-	-	-	9,994,595	1,292,433
Services	8,795,417	17,776	228,017	6	-	16,532,896	22,558,525	9,364,424
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	22,952	-	-	-	1,151,453	222,344
Financial Institutions	8,795,417	222	85	6	-	9,215,598	3,830,976	1,251,023
Real Estate and Leasing Services	-	1,564	27,904	-	-	7,317,298	2,349,136	4,423,112
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	67,497	-	-	-	103,642	187,417
Health and Social Services	-	-	2,761	-	-	-	324,958	757
Other	69,256,230	6,873	53,996	-	-	11,234,671	6,527,285	13,888,984
Total	78,051,647	444,118	443,990	6	-	27,767,567	76,394,961	46,364,044

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

Notes to the Unconsolidated 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 corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total
23,893	315	4,757	-	-	-	-	-	21,662,654	4,867,090	26,529,744
18,554	315	689	-	-	-	-	-	21,284,206	4,689,755	25,973,961
4,635	-	-	-	-	-	-	-	255,791	3,080	258,871
704	-	4,068	-	-	-	-	-	122,657	174,255	296,912
463,540	486,157	423,861	-	-	-	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	-	1,070	-	-	-	-	-	2,013,821	903,486	2,917,307
17,513	-	18,167	-	-	-	-	-	6,865,867	4,460,514	11,326,381
535,821	42,784	145,719	-	-	-	15,601	-	33,564,846	24,672,140	58,236,986
23,159	9,416	6,429	-	-	-	-	-	6,799,974	9,798,888	16,598,862
6,279	1,661	3,152	-	-	-	-	-	202,287	1,433,927	1,636,214
3,361	2,042	105,006	-	-	-	-	-	377,257	1,145,860	1,523,117
65,520	706	23,987	-	-	-	156	-	12,716,664	10,467,032	23,183,696
190,267	580	2,846	-	-	-	-	-	12,812,830	1,499,877	14,312,707
-	-	-	-	-	-	-	-	-	-	-
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	35,898	21,685,200	-	-	-	3,707	13,990,150	105,929,580	42,592,965	148,522,545
12,880,318	565,154	22,277,704	-	-	-	62,682	13,990,150	185,642,734	93,599,607	279,242,341

Notes to the Unconsolidated 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	16,320,686
Farming and Stockbreeding	-	-	-	-	-	-	3,393,649	16,133,423
Forestry	-	-	-	-	-	-	90,767	80,743
Fishing	-	-	-	-	-	-	71,245	106,520
Manufacturing	-	1,679	61,196	-	-	-	25,772,785	2,114,747
Mining and Quarrying	-	39	15	-	-	-	350,277	49,182
Production	-	1,152	61,176	-	-	-	20,355,050	2,052,844
Electric, Gas and Water	-	488	5	-	-	-	5,067,458	12,721
Construction	-	69	12,831	-	-	-	6,471,345	948,725
Services	25,813,255	6,229	224,641	6	-	28,028,976	17,239,637	6,493,655
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	741,002
Financial Institutions	25,813,255	587	483	6	-	26,387,261	3,271,522	7,823
Real Estate and Leasing Services	-	654	78,203	-	-	1,641,715	2,790,708	447,123
Self Employment Services	-	-	-	-	-	-	12	125
Education Services	-	16	94,404	-	-	-	126,204	65,171
Health and Social Services	-	4,493	10,482	-	-	-	166,461	186,934
Other	51,867,226	131,054	84,771	-	-	5,144,590	2,212,442	12,493,717
Total	77,680,481	139,031	383,439	6	-	33,173,566	55,251,870	38,371,530

Notes to the Unconsolidated 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 corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total	
348,896	6,539	22,750	-	-	-	-	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	1,390	-	-	-	-	-	176,452	25,425	201,877	
55,213	12,135	29,421	-	-	-	-	-	11,106,139	16,941,037	28,047,176	
4,364	91	1,435	-	-	-	-	-	305,781	99,622	405,403	
50,148	9,787	25,367	-	-	-	-	-	9,394,281	13,161,243	22,555,524	
701	2,257	2,619	-	-	-	-	-	1,406,077	3,680,172	5,086,249	
21,360	3,080	15,657	-	-	-	-	-	3,126,996	4,346,071	7,473,067	
253,698	23,935	216,982	-	-	-	49,674	-	33,391,994	44,958,694	78,350,688	
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	28,654	-	-	-	-	-	1,202,379	332,373	1,534,752	
701	31	42,978	-	-	-	-	-	17,359,586	38,165,061	55,524,647	
35,743	4,352	18,295	-	-	-	49,674	-	2,866,378	2,200,089	5,066,467	
-	-	-	-	-	-	-	-	-	137	137	
2,883	333	2,709	-	-	-	-	-	215,573	76,147	291,720	
11,230	208	9,225	-	-	-	-	-	381,913	7,120	389,033	
7,146,272	500,166	20,457,964	-	-	-	3,313	6,264,545	88,918,819	17,387,241	106,306,060	
7,825,439	545,855	20,742,774	-	-	-	52,987	8,751,792	159,132,971	83,785,799	242,918,770	

Notes to the Unconsolidated 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:

Exposure Classifications	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional exposures to central governments or central banks	6,101,431	2,777,877	3,034,425	1,344,306	64,793,608
Conditional and unconditional exposures to regional governments or local authorities	4,218	6,160	15,219	22,799	395,722
Conditional and unconditional receivables from administrative units and non-commercial enterprises	122,675	45,719	3,429	20,594	251,573
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	14,868,795	4,740,188	694,340	1,790,873	5,673,371
Conditional and unconditional exposures to corporates	1,386,078	11,409,947	3,098,456	18,247,870	42,252,610
Conditional and unconditional retail exposures	132,851	3,540,322	2,790,912	14,883,718	25,016,241
Conditional and unconditional exposures secured by real estate property	4,980	193,220	306,274	1,470,164	10,905,680
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	5,747	-	-	162,981	22,108,976
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	-	-	16,079
Grand Total	22,630,637	22,756,174	9,943,055	37,943,305	171,413,866

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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 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	74,247,665	-	20,225,324	21,711,399	58,356,840	82,423,409	4,028,651	18,026,785	222,268	-	209,156
2	Exposures after Credit Risk Mitigation	104,418,296	-	11,454,081	31,913,502	42,989,975	81,151,190	1,729,102	5,363,927	222,268	-	209,156

Prepared with the numbers after conversion rate to credit.

Notes to the Unconsolidated 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	249,771	224,005	7,281	240,504
Mining and Quarrying	13,073	3,488	113	13,052
Production	228,418	166,992	5,428	219,172
Electricity, Gas and Water	8,280	53,525	1,740	8,280
Construction	783,136	128,429	4,175	300,065
Services	364,652	464,964	15,114	337,125
Wholesale and Retail Trade	275,546	238,485	7,752	253,717
Accommodation and Dining	17,081	39,251	1,276	15,228
Transportation and Telecom.	32,802	67,112	2,182	31,000
Financial Institutions	2,641	2,809	91	2,336
Real Estate and Rental Services	20,057	91,253	2,966	19,466
Professional Services	-	-	-	-
Educational Services	3,388	10,186	331	2,990
Health and Social Services	13,137	15,868	516	12,388
Other	762,046	1,642,206	66,888	729,854
Total	2,716,920	3,480,468	126,642	1,932,169

Information about Value Adjustment and Change in Provisions:

		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	1,622,903	740,633	(431,367)	-	1,932,169
2	General Provisions	1,970,093	343,414	(1,926)	-	2,311,581

Notes to the Unconsolidated 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	310,742	453,937
Banks	2,191,041	2,465,011
Interbank Money Market Placements	-	-
Available-for-sale Financial Assets	54,230,853	46,683,797
Held-to-maturity Investments	10,021,056	15,660,350
Loans	141,914,662	111,047,973
Other Assets	1,758,727	1,553,745
Total credit risk exposure of balance sheet items	210,427,081	177,864,813
Financial Guarantees	41,037,499	30,215,054
Commitments	96,585,256	67,221,070
Total credit risk exposure of off-balance sheet items	137,622,755	97,436,124
Total credit risk exposure	348,049,836	275,300,937

Information about credit quality per class of 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
Financial Assets						
Banks	2,191,041	-	2,191,041	2,465,011	-	2,465,011
Financial Assets at Fair Value Through Profit or Loss	310,742	-	310,742	453,937	-	453,937
Loans:	137,649,443	3,480,468	141,129,911	106,896,138	3,357,297	110,253,435
Corporate/Entrepreneurial Loans	66,510,828	1,084,334	67,595,162	47,691,568	690,996	48,382,564
Consumer Loans	43,292,001	1,379,139	44,671,140	37,582,985	1,786,696	39,369,681
Specialized Loans	27,846,614	1,016,995	28,863,609	21,621,585	879,605	22,501,190
Available-for-sale Financial Assets	54,230,853	-	54,230,853	46,683,797	-	46,683,797
Held-to-maturity Investments	10,021,056	-	10,021,056	15,660,350	-	15,660,350

Carrying amount per class of financial assets whose terms have been renegotiated:

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans:	3,005,476	2,261,148
Corporate/Entrepreneurial Loans	1,247,487	943,893
Consumer Loans	309,491	57,858
Specialized Loans	1,448,498	1,259,397
Other	-	-
Available-for-sale Financial Assets	-	-
Held-to-maturity Investments	-	-

III. EXPLANATIONS ON THE MARKET RISK

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

The 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 Bank are determined within the context of "Regulation for Market Risk Management" which was approved by the Board of Directors.

Bank performs scenario analysis with measurements that are suitable for structure and complexity of positions related to the market risk management, limiting, scenario analysis and stress test and banks also reports the findings cyclically. Continuing operations are carried out on a trading portfolio determined by 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 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 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, 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 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 Unconsolidated Financial Statements at 31 December 2014

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

Information Related to Market Risk:

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	548,621	310,062
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	77,176	38,371
Capital Requirement for Specific Risk of Securitisation Positions	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	419,103	296,399
(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	42,512	12,690
(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)	1,087,412	657,522
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	13,592,650	8,219,025

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	491,744	581,881	473,613	184,611	311,125	119,301
Equity Share Risk	35,887	43,916	34,168	24,902	37,308	23,782
Currency Risk	355,241	419,103	320,921	198,609	296,399	165,386
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counter Party Credit Risk	34,471	42,512	28,582	12,824	12,690	12,070
Amount Subject to Total Risk	11,466,792	13,592,650	10,716,050	5,261,820	8,219,025	4,006,738

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 Unconsolidated 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	260,333
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	173,532

IV. EXPLANATIONS ON THE OPERATIONAL RISK

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

In the 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	5,739,624	7,589,041	8,638,823	7,322,496	15	1,098,374
Amount Subject to Operational Risk						13,729,680

b) The Bank does not apply standard method.

V. EXPLANATIONS ON THE CURRENCY RISK

a) Whether the 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 Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the 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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

c) Management policy for foreign currency risk:

"Liquidity Gap Analysis", "Repricing Gap Analysis" and "Structural Liquidity Gap Analysis" which takes into account historical repricing 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 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 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 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 Unconsolidated 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 Bank:

	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	3,627,057	17,162,488	6,585,717	27,375,262
Banks	466,896	1,110,975	103,006	1,680,877
Financial Assets at Fair Value Through Profit and Loss	-	3,998	-	3,998
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3,388,057	5,059,306	16,037	8,463,400
Loans ⁽²⁾	7,682,585	24,261,441	38,768	31,982,794
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	667,141	386,754	-	1,053,895
Investments Held-to-Maturity	1,376,755	3,716,588	416	5,093,759
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	3,566	1,292	1,063	5,921
Intangible Assets	706	1,839	678	3,223
Other Assets	197,086	358,200	25,659	580,945
Total Assets	17,409,849	52,062,881	6,771,344	76,244,074
Liabilities				
Interbank Deposits	646,191	1,632,377	32,333	2,310,901
Foreign Currency Deposits	27,190,696	13,347,024	2,813,541	43,351,261
Money Market Borrowings	2,170,053	13,300,247	-	15,470,300
Funds Provided from Other Financial Institutions	2,808,472	10,648,748	1,230	13,458,450
Issued Marketable Securities	-	2,655,704	-	2,655,704
Sundry Creditors	517,043	14,329	717	532,089
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	164,042	157,311	24,074	345,427
Total Liabilities	33,496,497	41,755,740	2,871,895	78,124,132
Net Balance Sheet Position	(16,086,648)	10,307,141	3,899,449	(1,880,058)
Net Off-Balance Sheet Position ⁽³⁾	18,086,278	(9,832,293)	(5,783,538)	2,470,447
Financial Derivative Assets	18,550,742	3,333,218	936,041	22,820,001
Financial Derivative Liabilities	464,464	13,165,511	6,719,579	20,349,554
Non-cash Loans	6,219,244	18,945,595	1,974,433	27,139,272
Prior Period				
Total Assets	21,793,749	30,897,651	6,089,053	58,780,453
Total Liabilities	28,594,129	29,960,839	2,890,852	61,445,820
Net Balance Sheet Position	(6,800,380)	936,812	3,198,201	(2,665,367)
Net Off-Balance Sheet Position ⁽³⁾	8,191,495	(1,164,328)	(4,860,901)	2,166,266
Financial Derivative Assets	8,374,906	2,238,303	788,716	11,401,925
Financial Derivative Liabilities	183,411	3,402,631	5,649,617	9,235,659
Non-cash Loans	5,329,095	12,786,246	1,264,506	19,379,847

⁽¹⁾ Of the foreign currencies presented in the other FC column of assets 96.50% is Gold, 0.91% is GBP, 0.62% is SAR, and the remaining 1.97% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 64.21% is Gold, 16.66% is GBP, 9.49% is CHF, 3.53% is DKK and the remaining 6.11% is other foreign currencies. (31 December 2013: Of the foreign currencies presented in the other FC column of assets 96.26% is Gold, 1.01% is GEL, 0.81% is IQD, and the remaining 1.92% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 69.41% is Gold, 14.25% is GBP, 8.30% is CHF, 3.09% is IQD and the remaining 4.95% is other foreign currencies.)

⁽²⁾ TL 347,656 equivalent of EUR and TL 99,687 equivalent of USD loans are originated as foreign currency indexed loans (31 December 2013: TL 88,750 equivalent of USD and TL 14 equivalent of EUR).

⁽³⁾ Indicates the net balance of receivables and payables on derivative financial instruments.

⁽⁴⁾ 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 their domestic currency equivalents. No exchange rate difference arises from such investments.

⁽⁵⁾ Derivative financial assets held for trading and liabilities are not included in the table.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

VI. EXPLANATIONS ON THE INTEREST RATE RISK

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	-	-	-	-	30,101,080	30,148,983
Banks	1,071,486	178,560	483,402	-	-	457,593	2,191,041
Financial Assets at Fair Value Through Profit and Loss	484	142	3,626	5,178	4,736	296,576	310,742
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	5,323,667	7,364,979	13,049,735	12,480,888	15,553,149	458,435	54,230,853
Loans Given	49,466,545	16,057,347	32,744,670	37,095,207	5,766,143	784,750	141,914,662
Investments Held-to-Maturity	3,293,568	2,197,294	44,905	3,102,464	1,382,825	-	10,021,056
Other Assets	-	-	-	-	-	8,782,974	8,782,974
Total Assets	59,203,653	25,798,322	46,326,338	52,683,737	22,706,853	40,881,408	247,600,311
Liabilities							
Interbank Deposits	4,740,369	745,131	24,000	-	-	174,372	5,683,872
Other Deposits	79,597,243	21,278,758	14,719,298	347,295	-	31,628,782	147,571,376
Money Market Borrowings	27,998,700	2,599,660	1,182,716	-	-	-	31,781,076
Sundry Creditors	-	-	-	-	-	1,746,503	1,746,503
Issued Marketable Securities	338,579	1,564,934	501,919	1,813,374	-	-	4,218,806
Funds provided from Other Financial Institutions	1,561,935	3,253,912	8,117,946	1,072,157	601,757	-	14,607,707
Other Liabilities	295,771	40,978	4,116	5,382,265	-	36,267,841	41,990,971
Total Liabilities	114,532,597	29,483,373	24,549,995	8,615,091	601,757	69,817,498	247,600,311
Balance Sheet Long Position	-	-	21,776,343	44,068,646	22,105,096	-	87,950,085
Balance Sheet Short Position	(55,328,944)	(3,685,051)	-	-	-	(28,936,090)	(87,950,085)
Off-Balance Sheet Long Position	-	1,271,454	-	-	-	-	1,271,454
Off-Balance Sheet Short Position	(72,969)	-	(423,387)	(871,883)	-	-	(1,368,239)
Total Position	(55,401,913)	(2,413,597)	21,352,956	43,196,763	22,105,096	(28,936,090)	(96,785)

⁽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 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 Unconsolidated 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	-	-	-	-	26,567,217	26,602,413
Banks	1,009,260	148,038	433,914	-	-	873,799	2,465,011
Financial Assets at Fair Value Through Profit and Loss	1,523	164	153	8,517	4,953	438,627	453,937
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10,381,970	4,489,356	11,269,708	9,591,171	10,559,121	392,471	46,683,797
Loans Given	36,800,645	12,867,207	24,298,187	31,744,054	4,543,342	794,538	111,047,973
Investments Held-to-Maturity	8,747,579	882,504	1,326,767	2,707,628	1,995,872	-	15,660,350
Other Assets	-	-	-	-	-	4,616,473	4,616,473
Total Assets	56,976,173	18,387,269	37,328,729	44,051,370	17,103,288	33,683,125	207,529,954
Liabilities							
Interbank Deposits	6,560,602	1,301,672	132,492	-	-	155,346	8,150,112
Other Deposits	73,258,852	19,476,398	11,861,278	307,883	-	28,680,623	133,585,034
Money Market Borrowings	19,861,007	2,579,722	2,130,121	-	-	-	24,570,850
Sundry Creditors	-	-	-	-	-	1,352,928	1,352,928
Issued Marketable Securities	1,132,904	579,892	924,091	-	-	-	2,636,887
Funds Provided from Other Financial Institutions	893,403	1,219,782	5,154,543	780,929	510,672	-	8,559,329
Other Liabilities	3,418	21,967	8,574	4,018,741	-	24,622,114	28,674,814
Total Liabilities	101,710,186	25,179,433	20,211,099	5,107,553	510,672	54,811,011	207,529,954
Balance Sheet Long Position	-	-	17,117,630	38,943,817	16,592,616	-	72,654,063
Balance Sheet Short Position	(44,734,013)	(6,792,164)	-	-	-	(21,127,886)	(72,654,063)
Off Balance Sheet Long Position	355,418	1,171,945	-	-	-	-	1,527,363
Off Balance Sheet Short Position	-	-	(713,521)	(447,865)	-	-	(1,161,386)
Total Position	(44,378,595)	(5,620,219)	16,404,109	38,495,952	16,592,616	(21,127,886)	365,977

⁽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 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 loans given.

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

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

Average interest rate applied to the monetary financial instruments:

	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 loans 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:

	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 loans 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 Unconsolidated Financial Statements at 31 December 2014

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

A) 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".

Bank performs scenario analysis with measurements that are suitable for structure and complexity of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. Bank's 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 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 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 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

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%)

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 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 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 Bank's liquidity and in the worst case scenario and the loss associated with it. The renewal of deposits which constitutes the 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 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 Bank is over the limit values specified in the mentioned regulation. In addition, the Bank calculates and reports the liquidity adequacy ratio to BRSA on weekly stand alone 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. 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 Bank and whether the necessary measures taken, limitations imposed by the 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 Bank's source of funds is mainly formed of deposits. The 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 Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different periods. 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 Bank, unused significant liquidity sources:

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

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

The 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 Bank is suggested to be reduced. Furthermore, periodical collections on loans have the role of covering the Bank's need for funds.

Notes to the Unconsolidated 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	30,148,983	-	-	-	-	-	-	30,148,983
Banks	457,593	1,071,486	178,560	483,402	-	-	-	2,191,041
Financial Assets at Fair Value Through Profit and Loss	-	12,060	7,551	40,031	246,364	4,736	-	310,742
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	662,535	1,931,432	4,587,930	23,641,002	22,961,944	446,010	54,230,853
Loans Given	-	6,308,352	9,524,869	52,434,653	59,293,144	13,568,894	784,750	141,914,662
Investments Held-to-Maturity	-	152,705	1,052,685	44,905	6,055,780	2,714,981	-	10,021,056
Other Assets	1,676,727	-	-	656	11,713	-	7,093,878	8,782,974
Total Assets	32,283,303	8,207,138	12,695,097	57,591,577	89,248,003	39,250,555	8,324,638	247,600,311
Liabilities								
Interbank Deposits	174,372	4,740,369	745,131	24,000	-	-	-	5,683,872
Other Deposits	31,628,782	79,597,065	21,277,494	14,715,309	352,637	89	-	147,571,376
Funds Provided from Other Financial Instruments	-	609,952	1,457,018	8,905,786	2,048,385	1,586,566	-	14,607,707
Money Market Borrowings	-	27,998,700	2,599,660	1,182,716	-	-	-	31,781,076
Issued Marketable Securities	-	338,579	1,564,934	501,919	1,813,374	-	-	4,218,806
Sundry Creditors	963,524	782,979	-	-	-	-	-	1,746,503
Other Liabilities ⁽³⁾	2,053,187	691,342	572,034	4,116	5,382,265	816,564	32,471,463	41,990,971
Total Liabilities	34,819,865	114,758,986	28,216,271	25,333,846	9,596,661	2,403,219	32,471,463	247,600,311
Liquidity Gap	(2,536,562)	(106,551,848)	(15,521,174)	32,257,731	79,651,342	36,847,336	(24,146,825)	-
Prior Period								
Total Assets	29,020,176	6,472,939	10,640,132	56,372,262	73,468,744	27,334,471	4,221,230	207,529,954
Total Liabilities	31,506,093	101,548,763	24,829,797	20,735,589	5,308,283	1,988,893	21,612,536	207,529,954
Liquidity Gap	(2,485,917)	(95,075,824)	(14,189,665)	35,636,673	68,160,461	25,345,578	(17,391,306)	-

⁽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 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 Unconsolidated 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	4,918,875	747,405	26,264	-	-	5,692,544
Other deposits	111,461,533	21,442,222	15,010,343	366,644	152	148,280,894
Funds borrowed from other financial institutions	619,850	1,476,149	9,079,702	2,434,854	1,717,596	15,328,151
Funds borrowed from Interbank money market	28,010,327	2,603,562	1,191,122	-	-	31,805,011
Total	145,010,585	26,269,338	25,307,431	2,801,498	1,717,748	201,106,600
Prior Period ⁽¹⁾						
Bank deposits	6,721,588	1,310,203	134,968	-	-	8,166,759
Other deposits	102,142,710	19,605,135	12,116,568	327,906	206	134,192,525
Funds borrowed from other financial institutions	83,742	713,750	5,625,788	1,297,858	1,403,195	9,124,333
Funds borrowed from Interbank money market	19,866,120	2,583,260	2,141,615	-	-	24,590,995
Total	128,814,160	24,212,348	20,018,939	1,625,764	1,403,401	176,074,612

⁽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 Securitisation of Non-Performing Loans as Types and Losses in Current Year:

There is no securitisation of non-performing loans.

e) Credit Risk Mitigation Techniques:

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

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 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 valued daily in bank. Credibilities of guarantors are monitored and evaluated in the scope of revision maturity.

Bank has no position about credit derivatives.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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 collateralised by mortgages	-	-	-	-
Securitisation 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:

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 complexness.

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 Supervising 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 Banks' strategic decisions so as to be revealed Bank faced with risks. It is made analysis indicated below regarding measurement and monitoring operations for portfolio that is determined by the 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 Bank can face with liquidity risk and report the findings cyclically.

For the purpose of measuring and monitoring activities of liquidity risk, Bank realizes "Liquidity Gap Analysis", "Behavioural 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 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 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 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 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

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 reports the findings cyclically.

In the 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, 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 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 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 Bank, and is reported to BRSA based on yearly.
- Operational risk profile in the 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, studyings 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 actualised risks and actions taken are monitored via the database.
- By being revised of Bank Business Continuity Plan, 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.

It was constituted scoring models for individual customers, rating for Corporate, Commercial 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 base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

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 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 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 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 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

The Bank's operating segments are determined in line with organizational and internal reporting structure of the Bank and TFRS 8 "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 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 Bank. By "Finart" information system, which is working in a centralized manner, the Bank has the technical infrastructure required by modern banking sector to meet its clients' needs.

In the context of corporate, commercial and entrepreneurial banking, the Bank 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 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 Bank. The 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 Bank performs repo/reverse repo transactions. Besides the Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Bank performs foreign currency forward agreements and currency swap transactions.

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

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

Notes to the Unconsolidated 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 to be Publicly Announced and the Accompanying Policies and Disclosures".

Table for Segment Reporting:

	Consumer Banking	Corporate and Entrepreneur Banking	Specialized Banking	Investment Banking	International Banking	Undistributed	Total Operations of the Bank
Current Period							
Total Operating Income/Expense ⁽¹⁾	3,199,774	3,060,415	990,255	3,364,228	102,219	-	10,716,891
Net Operating Profit	1,488,952	1,424,104	460,795	1,565,477	47,565	-	4,986,893
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	191,840	191,840
Income Before Taxes	1,488,952	1,424,104	460,795	1,565,477	47,565	191,840	5,178,733
Tax Provision	-	-	-	-	-	(1,128,224)	(1,128,224)
Net Profit for the Period	1,488,952	1,424,104	460,795	1,565,477	47,565	(936,384)	4,050,509
Segment Assets-net ⁽¹⁾	44,487,299	65,703,920	28,997,319	94,845,469	4,783,330	-	238,817,337
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	1,631,285	1,631,285
Undistributed Assets ⁽³⁾	-	-	-	-	-	7,151,689	7,151,689
Total Assets	44,487,299	65,703,920	28,997,319	94,845,469	4,783,330	8,782,974	247,600,311
Segment Liabilities - net ⁽¹⁾	28,930,449	42,727,789	24,277,420	94,566,172	4,575,332	-	195,077,162
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	23,982,985	23,982,985
Shareholders' Equity	-	-	-	-	-	28,540,164	28,540,164
Total Liabilities	28,930,449	42,727,789	24,277,420	94,566,172	4,575,332	52,523,149	247,600,311
Other Segment Items	-	-	-	-	-	-	-
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	259,565	259,565
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 Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed to segments.

⁽³⁾ The total of tangible and intangible assets, tax asset, other assets and assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

	Consumer Banking	Corporate Commercial and Entrepreneurial Banking	Specialized Banking	Investment Banking	International Banking	Undistributed	Total Operations of the Bank
Prior Period							
31 December 2013							
Total Operating Income/Expense ⁽¹⁾	3,337,861	1,844,505	1,064,448	3,539,003	82,556	-	9,868,373
Net Operating Profit	1,372,416	758,399	437,665	1,455,118	33,944	-	4,057,542
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	320,981	320,981
Income Before Taxes	1,372,416	758,399	437,665	1,455,118	33,944	320,981	4,378,523
Tax Provision	-	-	-	-	-	(1,048,449)	(1,048,449)
Net Profit for the Period	1,372,416	758,399	437,665	1,455,118	33,944	(727,468)	3,330,074
Segment Assets-net ⁽¹⁾	39,457,234	47,610,301	22,903,484	88,756,163	4,186,298	-	202,913,480
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	1,298,120	1,298,120
Undistributed Assets ⁽³⁾	-	-	-	-	-	3,318,354	3,318,354
Total Assets – 31 December 2013	39,457,234	47,610,301	22,903,484	88,756,163	4,186,298	4,616,474	207,529,954
Segment Liabilities - net ⁽¹⁾	27,950,762	33,726,239	20,258,724	87,033,332	4,139,981	-	173,109,038
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	16,054,237	16,054,237
Shareholders' Equity	-	-	-	-	-	18,366,679	18,366,679
Total Liabilities – 31 December 2013	27,950,762	33,726,239	20,258,724	87,033,332	4,139,981	34,420,916	207,529,954
Other Segment Items							
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	126,632	126,632
Restructuring Costs	-	-	-	-	-	-	-

⁽¹⁾ For the presentation of operating income, intradepartmental interest charged between branches and Treasury Operations Department 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 Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between segments.

⁽³⁾ The total of tangible and intangible assets, tax asset, other assets and tangible fixed assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

X. EXPLANATIONS RELATED TO PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE**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	208,357,612	175,857,131	209,187,852	175,345,600
Due from Interbank Money Market	-	-	-	-
Banks	2,191,041	2,465,011	2,191,041	2,465,011
Available-for-sale Financial Assets	54,230,853	46,683,797	54,230,853	46,683,797
Held-to-maturity Investments	10,021,056	15,660,350	10,851,296	15,148,819
Loans	141,914,662	111,047,973	141,914,662	111,047,973
Financial Liabilities	173,828,264	154,284,290	173,828,264	154,284,290
Bank Deposits	5,683,872	8,150,112	5,683,872	8,150,112
Other Deposits	147,571,376	133,585,034	147,571,376	133,585,034
Funds Borrowed from Other Financial Institutions	14,607,707	8,559,329	14,607,707	8,559,329
Issued Marketable Securities	4,218,806	2,636,887	4,218,806	2,636,887
Miscellaneous Payables	1,746,503	1,352,928	1,746,503	1,352,928

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 Unconsolidated 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 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)	14,166	296,576	-	310,742
Government Debt Securities	14,166	-	-	14,166
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	296,576	-	296,576
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets	53,964,684	202,514	-	54,167,198
Equity Securities ⁽¹⁾	315,463	66,892	-	382,355
Government Debt Securities	53,634,170	-	-	53,634,170
Other Marketable Securities	15,051	135,622	-	150,673
Total Assets	53,978,850	499,090	-	54,477,940
Trading Derivative Financial Liabilities	-	395,584	-	395,584
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	395,584	-	395,584

⁽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)	15,310	438,627	-	453,937
Government Debt Securities	15,310	-	-	15,310
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	438,627	-	438,627
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets	46,422,764	239,491	-	46,662,255
Equity Securities ⁽¹⁾	233,169	107,884	-	341,053
Government Debt Securities	46,178,897	-	-	46,178,897
Other Marketable Securities	10,698	131,607	-	142,305
Total Assets	46,438,074	678,118	-	47,116,192
Trading Derivative Financial Liabilities	-	54,664	-	54,664
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	54,664	-	54,664

⁽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 Bank on behalf of Third Parties:**

The 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 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 Bank or the Group:

The Bank has no fiduciary transactions.

SECTION FIVE**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS****I. EXPLANATIONS AND NOTES RELATED TO ASSETS****1. 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	1,162,327	614,925	1,227,432	538,232
Central Bank of the Republic of Turkey	1,611,393	26,753,700	2,437,056	22,390,350
Other	1	6,637	-	9,343
Total	2,773,721	27,375,262	3,664,488	22,937,925

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 will be interest payment on reserve deposits starting from November 2014.

Notes to the Unconsolidated 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: TL 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	5,265	5,005
Total	5,265	5,005

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	24,420	282,060	144,862
Futures Transactions	-	-	-	-
Options	17	11	-	-
Other	-	-	-	-
Total	265,562	31,014	293,740	144,887

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	486,524	253,784	459,579	127,561
Foreign Banks	23,640	1,427,093	52,525	1,825,346
Foreign Head Office and Branches	-	-	-	-
Total	510,164	1,680,877	512,104	1,952,907

Notes to the Unconsolidated 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	987,180	900,879	-	-
USA, Canada	241,390	711,563	-	-
OECD Countries ⁽¹⁾	7,115	7,749	-	-
Off-Shore Banking Regions	-	-	-	-
Other	215,048	257,680	-	-
Total	1,450,733	1,877,871	-	-

⁽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	1,529,694
Total	36,350,702	24,941,948

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	53,925,141	47,479,195
Quoted in Stock Exchange	53,925,141	47,479,195
Not Quoted in Stock Exchange	-	-
Share Certificates	446,542	363,274
Quoted in Stock Exchange	274,474	233,318
Not Quoted in Stock Exchange	172,068	129,956
Provision for Impairment (-)	140,830	1,158,672
Total	54,230,853	46,683,797

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	248,808	-	247,902	-
Total	248,808	-	247,902	-

Notes to the Unconsolidated 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	107,487,299	1,179,582	-	2,086,075	377,396	-
Commercial loans	31,112,311	309,151	-	151,254	7,983	-
Export Loans	2,250,990	-	-	22,865	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	1,961,901	-	-	-	-	-
Consumer loans	38,145,392	255,797	-	1,230,923	51,752	-
Credit Cards	2,588,728	1,942	-	96,463	-	-
Other ⁽²⁾	31,427,977	612,692	-	584,570	317,661	-
Specialized Lending ⁽³⁾⁽⁴⁾	25,534,183	1,214,064	-	782,563	234,434	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	2,234,315	-	-	-	-	-
Total	135,255,797	2,393,646	-	2,868,638	611,830	-

⁽¹⁾ Restructured or rescheduled loans cannot be decomposed systematically. Therefore it is 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 separation of the accruals 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⁾	2,393,646	611,830
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.

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	162,723	71,199
6 Months - 12 Months	1,933,183	255,171
1 - 2 Years	79,227	107,279
2 - 5 Years	198,945	174,375
5 Years and Over	19,568	3,806
Total	2,393,646	611,830

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled ⁽¹⁾	Loans and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾
Short-term Loans	39,570,821	886,495	604,711	187,917
Non-specialized Loans	27,038,333	100,039	162,829	26,023
Specialized Loans	12,532,488	786,456	441,882	161,894
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	93,450,661	1,507,151	2,263,927	423,913
Non-specialized Loans	80,448,965	1,079,543	1,923,248	351,372
Specialized Loans ⁽²⁾	13,001,696	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 Unconsolidated 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	233	1,041	1,274
Real Estate Loans	26	10	36
Vehicle Loans	-	-	-
Consumer Loans	207	1,031	1,238
Other	-	-	-
Individual Credit Cards-TL	2,413,392	8,126	2,421,518
With Installment	892,760	6,269	899,029
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	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
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)	589,567	-	589,567
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	4,493,804	38,080,149	42,573,953

⁽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 "International Loans" of 5-b Table.

Notes to the Unconsolidated 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	210,100	12,323,616	12,533,716
Business Loans	-	5,641	5,641
Vehicle Loans	-	459	459
Consumer Loans	210,100	12,317,516	12,527,616
Other	-	-	-
Corporate Credit Cards-TL	186,973	102	187,075
With Installment	48,153	87	48,240
Without Installment	138,820	15	138,835
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⁾	2,049,697	23,405,909	25,455,606

⁽¹⁾ Accruals and discounts related to these loans are not included in the table above.

f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	1,491,966	1,409,979
Private	137,403,630	107,242,753
Interest Income Accruals of Loans	2,234,315	1,600,703
Total	141,129,911	110,253,435

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	133,807,603	107,649,974
Foreign Loans	5,087,993	1,002,758
Interest Income Accruals of Loans	2,234,315	1,600,703
Total	141,129,911	110,253,435

Notes to the Unconsolidated 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:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	748,123	667,261
Indirect loans granted to subsidiaries and associates	-	-
Total	748,123	667,261

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	88,537	79,322
Loans and other receivables with doubtful collectability	447,645	391,854
Uncollectible loans and other receivables	1,395,987	1,151,727
Total	1,932,169	1,622,903

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

l) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled:

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period	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 Unconsolidated 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	169,313	402,165	1,845,963
Additions (+)	1,290,810	153,200	326,059
Transfers from Other Categories of Loans under Follow-Up (+)	-	1,102,898	1,033,544
Transfers to Other Categories of Loans under Follow-Up (-)	1,102,898	1,033,544	-
Collections (-) ⁽¹⁾	178,771	154,049	1,137,770
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	178,454	470,670	2,067,796
Specific Provision (-) ⁽³⁾	88,537	447,645	1,395,987
Net Balance on Balance Sheet ⁽²⁾	89,917	23,025	671,809

⁽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 Bank.

⁽³⁾ As of 31 December 2014, 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	84	2,713	4,296
Specific Provision (-)	42	2,713	4,296
Net Balance on Balance Sheet	42	-	-
Prior Period:			
Period Ending Balance	25	9,697	10,848
Specific Provision (-)	13	9,697	10,848
Net Balance on Balance Sheet	12	-	-

Notes to the Unconsolidated 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)	89,917	23,025	671,809
Loans to Real Persons and Legal Entities (Gross)	178,454	407,466	2,067,796
Specific Provisions (-)	88,537	384,441	1,395,987
Loans to Real Persons and Legal Entities (Net)	89,917	23,025	671,809
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	63,204	-
Specific Provisions (-)	-	63,204	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	89,991	10,311	694,236
Loans to Real Persons and Legal Entities (Gross)	169,313	346,311	1,845,963
Specific Provisions (-)	79,322	336,000	1,151,727
Loans to Real Persons and Legal Entities (Net)	89,991	10,311	694,236
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 Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the 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 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 Unconsolidated 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	Agricultural	Total
Neither Past Due nor Impaired Loans ⁽¹⁾	66,510,828	43,292,001	27,846,614	137,649,443
Past Due but not Impaired Loans	1,084,334	1,379,139	1,016,995	3,480,468
Impaired Loans	1,524,200	628,811	563,909	2,716,920
Total	69,119,362	45,299,951	29,427,518	143,846,831
Specific Provisions of Impaired Loans (-)	1,002,187	597,905	332,077	1,932,169
Net Loan Amount	68,117,175	44,702,046	29,095,441	141,914,662

⁽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 Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Commercial	Consumer	Agricultural	Total
Neither Past Due nor Impaired Loans ⁽¹⁾	47,691,568	37,582,988	21,621,583	106,896,139
Past Due but not Impaired Loans	690,995	1,786,692	879,609	3,357,296
Impaired Loans	1,297,098	513,600	606,743	2,417,441
Total	49,679,661	39,883,280	23,107,935	112,670,876
Specific Provisions of Impaired Loans (-)	790,772	488,903	343,228	1,622,903
Net Loan Amount	48,888,889	39,394,377	22,764,707	111,047,973

⁽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 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⁾					
Commercial Loans	294,997	29,157	24,078	9,199	357,431
Consumer Loans	43,878	13,806	6,384	247	64,315
Agricultural Loans	183,948	45,707	4,010	16,757	250,422
Total	522,823	88,670	34,472	26,203	672,168

⁽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 2,808,300

Prior Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	127,658	31,870	33,233	-	192,761
Consumer Loans	43,142	17,135	7,981	-	68,258
Agricultural Loans	402,836	227,563	19,096	-	649,495
Total	573,636	276,568	60,310	-	910,514

⁽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 Unconsolidated 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	10,009,309	15,650,708
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	10,009,309	15,650,708

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	10,021,056	15,660,350
Quoted in a Stock Exchange	10,009,309	15,650,708
Not Quoted in a Stock Exchange	11,747	9,642
Provision for Impairment (-)	-	-
Total	10,021,056	15,660,350

Notes to the Unconsolidated 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	15,660,350	27,254,825
Foreign Currency Differences on Monetary Assets	228,670	875,833
Purchases During the Year	182,093	253,278
Disposals through Sales and Redemptions	(6,050,057)	(12,723,586)
Provision for Impairment (-)	-	-
Period End Balance	10,021,056	15,660,350

Within the year 2008, the Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL23,630,115, EUR717,616 thousand and USD1,483,317 thousand to held-to-maturity portfolio with fair values of TL22,971,669, EUR702,950 thousand and USD1,562,742 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 EUR37,951 thousand and USD45,501 thousand to held-to-maturity portfolio with fair values of EUR37,178 thousand and USD62,311 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 the Public Oversight Accounting and Auditing Standards Authority ("POA").

Revaluation differences of reclassified available for sale securities before deferred tax are TL68,984, 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 USD12,935 thousand and EUR4,454 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR31,931 thousand and USD75,275 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 Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/TURKEY	12.50	17.98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/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	58,459	24,707	34,286	962	-	2,423	2,644	-
2	106,802	80,884	46,390	4,265	-	17,802	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 unaudited 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 Unconsolidated Financial Statements at 31 December 2014

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

b) 1) Explanation regarding consolidated associates:

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

	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	59,386	59,386
Movement During the Period	29,460	-
Additions		
Bonus Share Certificates	29,460	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer	-	-
Sales	-	-
Revaluation	-	-
Impairment Provision	-	-
Ending Balance	88,846	59,386
Capital Commitments	-	-
Period Ending Share of Capital Participation (%)	15.43	15.43

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	88,846	59,386
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 Unconsolidated 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 Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	İstanbul/TÜRKİYE	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	12,929	4,026	586	63	5,935	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 unaudited 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:

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 Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/TURKEY	100.00	100.00
2	Ziraat Sigorta A.Ş.	İstanbul/TURKEY	100.00	100.00
3	Ziraat Finansal Kiralama A.Ş.	İstanbul/TURKEY	100.00	100.00
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	100.00	99.60
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul/TURKEY	100.00	99.70
6	Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
7	Turkish Ziraat Bank Bosnia dd	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 Unconsolidated 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 unaudited 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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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

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):

The Bank has no finance lease receivables.

11. Information on derivative financial assets for hedging purposes:

The Bank has no derivative financial assets for hedging purposes.

12. Information on investment property:

None (31 December 2013: None).

Notes to the Unconsolidated 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:

Bank 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 Bank. Those immovables considered for sales are announced at the web site of the Bank.

The Bank's immovables acquired amount to TL 175,260 consisting of TL 15,038 due to consumer loans, TL 126,506 on its commercial loans and TL 33,716 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL740. Total depreciation expense is TL 2,745 for these held for sale assets. (31 December 2013: The Bank's immovables acquired amount to TL 105,595 consisting of TL 11,209 due to consumer loans, TL 76,689 on its commercial loans and TL 17,797 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	1,437,178	3,648	44,556	483,699	1,969,081
Accumulated Depreciation (-)	634,590	413	30,093	254,333	919,429
Net Book Value	802,588	3,235	14,463	229,366	1,049,652
Current Period End:					
Net Book Value at the Beginning of the Period	802,588	3,235	14,463	229,366	1,049,652
Change During the Period (Net)	3,724,079	3,203	(6,917)	89,968	3,810,333
Depreciation – net (-)	122,656	683	(4,496)	53,788	172,631
Impairment (-)	3,740	-	-	-	3,740
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	5,157,517	6,851	37,639	573,667	5,775,674
Accumulated Depreciation at Period End (-)	757,246	1,096	25,597	308,121	1,092,060
Closing Net Book Value	4,400,271	5,755	12,042	265,546	4,683,614

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 Unconsolidated 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	144,560	74,926	69,634	107,073	47,523	59,550
Establishment Costs	2,074	965	1,109	2,464	910	1,554
Goodwill	-	-	-	-	-	-
Intangible Rights	171,521	57,198	114,323	107,154	33,330	73,824
Total	318,155	133,089	185,066	216,691	81,763	134,928

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 entity basis: Not applicable for the unconsolidated financial statements

i) Information on Goodwill: None.

Notes to the Unconsolidated 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	829,669	735,750
Deferred Tax Liabilities	608,846	402,234
Net Deferred Tax Assets	220,823	333,516
Net Deferred Tax Income/(Expense)	503,358	(377,930)
	Current Period	Prior Period
Reserve for Employment Termination Benefits	133,293	113,409
Short Term Employee Benefits	30,020	26,920
Financial Assets Valuation	(34,459)	124,368
Other	91,969	68,819
Net Deferred Tax Assets	220,823	333,516
	Current Period	Prior Period
As of 1 January	333,516	223,758
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax (Expense)/Income	503,358	(377,930)
Deferred Tax Expenses (Net)	503,358	(377,930)
Deferred Tax Recognized Under Shareholders' Equity	(615,597)	487,688
Deferred Tax Assets	220,823	333,516

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 Unconsolidated Financial Statements at 31 December 2014

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Days 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	48,839,380	3,673,378	787,318	643,760	5,053	68,124,585
Foreign Currency Deposits	7,483,733	-	4,111,868	14,169,966	3,513,131	2,285,406	9,946,464	380	41,510,948
Residents in Turkey	6,786,505	-	3,966,094	12,541,984	3,136,388	1,880,804	8,546,936	375	36,859,086
Residents Abroad	697,228	-	145,774	1,627,982	376,743	404,602	1,399,528	5	4,651,862
Public Sector Deposits	5,997,876	-	2,726,721	3,817,763	612,103	3,268,289	427,620	-	16,850,372
Commercial Inst. Deposits	3,459,392	-	4,550,777	3,975,324	79,367	58,430	6,357	-	12,129,647
Other Inst. Deposits	1,362,138	-	1,376,527	3,808,751	103,949	453,067	6,114	-	7,110,546
Precious Metals	1,553,092	-	42,462	213,553	17,807	8,436	9,928	-	1,845,278
Interbank Deposits	174,372	-	4,740,369	745,131	18,000	6,000	-	-	5,683,872
CBRT	3,824	-	-	-	-	-	-	-	3,824
Domestic Banks	15,294	-	4,319,857	299,942	18,000	6,000	-	-	4,659,093
Foreign Banks	46,786	-	420,512	445,189	-	-	-	-	912,487
Participation Banks	108,468	-	-	-	-	-	-	-	108,468
Other	-	-	-	-	-	-	-	-	-
Total	31,803,154	-	19,951,869	75,569,868	8,017,735	6,866,946	11,040,243	5,433	153,255,248

Prior Period	Demand	7 Days 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	9,471,948	-	2,306,619	44,971,074	3,911,099	668,484	853,993	5,011	62,188,228
Foreign Currency Deposits	5,581,597	-	4,739,736	10,804,880	2,633,979	1,680,226	8,324,948	298	33,765,664
Residents in Turkey	5,065,423	-	4,579,296	9,696,394	2,392,136	1,435,177	7,281,986	294	30,450,706
Residents Abroad	516,174	-	160,440	1,108,486	241,843	245,049	1,042,962	4	3,314,958
Public Sector Deposits	7,211,067	-	1,572,787	6,612,879	333,679	481,242	168,811	-	16,380,465
Commercial Inst. Deposits	3,442,000	-	3,920,234	4,703,009	579,908	109,280	6,219	-	12,760,650
Other Inst. Deposits	1,273,597	-	1,010,923	3,629,298	151,800	412,311	5,208	-	6,483,137
Precious Metals	1,700,414	-	-	306,476	-	-	-	-	2,006,890
Interbank Deposits	155,346	-	5,892,146	675,214	1,081,863	268,250	77,293	-	8,150,112
CBRT	3,058	-	2,769	-	-	-	-	-	5,827
Domestic Banks	31,537	-	3,938,310	248,985	229,863	2,000	2,051	-	4,452,746
Foreign Banks	93,149	-	1,951,067	426,229	852,000	266,250	75,242	-	3,663,937
Participation Banks	27,602	-	-	-	-	-	-	-	27,602
Other	-	-	-	-	-	-	-	-	-
Total	28,835,969	-	19,442,445	71,702,830	8,692,328	3,619,793	9,436,472	5,309	141,735,146

Notes to the Unconsolidated 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 the 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 Bank whose head office is abroad, and reasons if it is covered in where the head office is located:

The Bank's head office is located in Turkey.

3) Amounts which are not covered by deposit insurance:

a) Saving deposits of real persons not covered by the deposit insurance fund:

	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 Families	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 Unconsolidated 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	372,605	7,188	36,144
Futures Transactions	-	-	-	-
Options	7	6	-	-
Other	-	-	-	-
Total	18,806	376,778	18,520	36,144

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	205,241	225,314	148,576	159,887
Foreign Banks, Institutions and Funds	944,016	13,233,136	933,386	7,317,480
Total	1,149,257	13,458,450	1,081,962	7,477,367

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	180,844	9,960,659	119,109	5,868,133
Medium and Long-Term	968,413	3,497,791	962,853	1,609,234
Total	1,149,257	13,458,450	1,081,962	7,477,367

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

61,90% of the Bank's liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

3. 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 Unconsolidated 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	1,563,102	783,430	2,404,051	-
Treasury Bills ⁽¹⁾	-	1,872,274	232,836	-
Total	1,563,102	2,655,704	2,636,887	-

Process of the five year bond issuance, paying 4.34% rate of return and 4.5% 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 Bank 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	1,424	1,388	958	940
Between 1-4 Years	1	1	1	1
More than 4 Years	-	-	-	-
Total	1,425	1,389	959	941

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	2,311,581	1,970,093
Allocated for Group-I Loans and Receivables	2,023,810	1,703,039
Additional Provision for Loans and Receivables with Extended Maturities	69,814	79,184
Allocated for Group-II Loans and Receivables	126,642	135,567
Additional Provision for Loans and Receivables with Extended Maturities	18,471	18,994
Allocated for Non-cash Loans	118,205	87,444
Other	42,924	44,043

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

There are no foreign exchange loss provisions 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)

d) Information on other provisions:**1) Information on free provisions for possible risks:**

These financial statements include a free provision which is not in accordance with BRSA principles 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. Moreover, the provision of TL 14,050 and other provision of TL 3 exist for cash transfers made by 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 Bank over TL 100 amounts 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 Bank 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 Bank's balance sheet amounts to TL 1,629,692. (31 December 2013: TL 1,286,559)

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

e) Liabilities on reserve for employee termination benefits:

1) Employment termination benefits and unused vacation rights

The Bank 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 150,100 (31 December 2013: TL 134,600), and employment termination amounted to TL 666,464 (31 December 2013: TL 567,043) 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

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 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 (2013: TL 1.371.944) as of 31 December 2014.

	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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

Plan assets are comprised as follows:

	Current Period	Prior Period
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

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 525,976 (31 December 2013: TL 162,414).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	525,976	162,414
Taxation on Income From Securities	155,999	103,823
Property Tax	1,847	1,428
Banking Insurance Transactions Tax (BITT)	85,838	66,744
Foreign Exchange Transactions Tax	20	22
Value Added Tax Payable	4,385	2,458
Other	50,438	45,111
Total	824,503	382,000

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	42	36
Social Security Premiums - Employer	58	50
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	9	6
Pension Fund Membership Fees and Provisions - Employer	26	21
Unemployment Insurance - Employee	420	375
Unemployment Insurance - Employer	843	751
Other	-	-
Total	1,833	1,625

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL 608,846 (31 December 2013: TL 402,234). However, this amount is netted off against the deferred tax asset and accordingly deferred tax asset amounting to TL 220,823 (31 December 2013: TL 333,516) is presented in the financial statements.

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

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

10. Explanations on subordinated debts:

The Bank does not have any subordinated debts.

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 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 Bank has no capital commitments.

f) Indicators of the 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 Bank follows its operations in line with the previous periods. The 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 Bank's performance and contributes to the profitability structure to be sustainable.

g) Information on preferred shares representing the capital:

The Bank has no preferred shares.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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	858,173	903,342	(860,836)	9,421
Revaluation Difference	1,216,142	903,342	(1,132,687)	9,421
Deferred Tax Effect	(357,969)	-	271,851	-
Foreign Exchange Difference	-	-	-	-
Total	1,060,245	1,117,888	(826,752)	184,807

III. EXPLANATIONS AND NOTES TO 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	2,737,371	2,513,009
Asset Purchase Commitments	4,525,136	4,466,898
Commitments for Credit Card Expenditure Limits	7,160,308	6,275,095
Loan Granting Commitments	2,266,952	1,145,256
Other Irrevocable Commitments	3,978,344	2,883,592
Subsidiaries and Associates Capital Contribution Commitments	-	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	17,011	13,049
Total	20,685,122	17,296,899

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

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	31,861,188	23,532,752
Bank Acceptances	3,587,084	2,428,838
Letter of Credits	5,589,227	4,253,464
Total	41,037,499	30,215,054

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

	Current Period	Prior Period
Letter of Temporary Guarantees	1,639,412	1,489,563
Letter of Certain Guarantees	21,454,330	15,038,291
Letters of Advance Guarantees	7,792,444	5,697,987
Letters of Guarantees given to Customs Offices	90,127	87,469
Other Letters of Guarantees	884,875	1,219,442
Total	31,861,188	23,532,752

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	864,826	1,035,278
With Original Maturity of One Year or Less	24,845	61,329
With Original Maturity of More than One Year	839,981	973,949
Other Non-Cash Loans	40,172,673	29,179,776
Total	41,037,499	30,215,054

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	25,231	0.18	30,930	0.11	20,404	0.19	16	-
Farming and Raising Livestock	181	-	-	-	297	-	-	-
Forestry	25,050	0.18	30,930	0.11	20,107	0.19	16	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	3,473,646	24.99	16,802,213	61.91	2,891,237	26.68	10,452,863	53.94
Mining and Quarrying	69,906	0.50	58,546	0.22	57,269	0.53	165,360	0.85
Production	2,356,142	16.95	14,300,126	52.69	1,707,501	15.76	8,277,717	42.71
Electric, Gas and Water	1,047,598	7.54	2,443,541	9.00	1,126,467	10.40	2,009,786	10.37
Construction	2,711,421	19.51	5,447,673	20.07	2,163,664	19.97	3,299,327	17.02
Services	6,906,484	49.69	3,351,537	12.35	5,135,025	47.39	4,404,024	22.72
Wholesale and Retail Trade	3,617,357	26.03	1,735,467	6.39	2,325,707	21.46	1,194,253	6.16
Hotel, Food and Beverage Services	69,376	0.50	147,233	0.54	38,498	0.36	45,035	0.23
Transportation and Telecommunication	614,638	4.42	595,634	2.19	432,696	3.99	238,391	1.23
Financial Institutions	1,901,946	13.68	276,025	1.02	1,817,424	16.77	378,578	1.95
Real Estate and Leasing Services	621,570	4.47	575,276	2.12	283,671	2.62	591,203	3.05
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	10.05
Other	781,445	5.62	1,506,919	5.55	624,877	5.77	1,223,617	6.31
Total	13,898,227	100.00	27,139,272	100.00	10,835,207	100.00	19,379,847	100.00

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

c) 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	13,773,904	27,122,835	124,325	16,435
Letters of Guarantee	13,687,988	18,032,440	124,325	16,435
Bank Acceptances	21,261	3,565,823	-	-
Letters of Credit	64,655	5,524,572	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

2. Explanations on derivative transactions:

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	46,039,145	22,795,493
Forward Transactions	1,923,961	720,364
Swap Transactions	44,077,422	22,075,129
Futures Transactions	-	-
Option Transactions	37,762	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	46,039,145	22,795,493
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)	46,039,145	22,795,493

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

The 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	(304,957)	(4,486)	40,590	172,072	-	(96,781)
- Inflow	19,783,659	877,181	767,912	1,542,430	-	22,971,182
- Outflow	(20,088,616)	(881,667)	(727,322)	(1,370,358)	-	(23,067,963)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	19,783,659	877,181	767,912	1,542,430	-	22,971,182
Total Outflow	(20,088,616)	(881,667)	(727,322)	(1,370,358)	-	(23,067,963)

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	128,364	14,502	138,478	17,035	-	298,379
- Inflow	7,743,608	2,171,329	1,084,408	547,591	-	11,546,936
- Outflow	(7,615,244)	(2,156,827)	(945,930)	(530,556)	-	(11,248,557)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	7,743,608	2,171,329	1,084,408	547,591	-	11,546,936
Total Outflow	(7,615,244)	(2,156,827)	(945,930)	(530,556)	-	(11,248,557)

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

The Bank's liability resulting from the cheques given to its customers amounts to TL 2,737,371 (31 December 2013: TL 2,513,009).

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 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 Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	11,446,173	1,308,674	8,814,448	694,054
Short Term Loans	4,008,280	99,141	2,617,514	75,810
Medium and Long Term Loans	7,293,084	1,209,505	6,058,391	618,226
Interest on Non-Performing Loans	144,809	28	138,543	18
Premiums from Resource Utilization Support Fund	-	-	-	-

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

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	32,043	2,849	11,380	1,271
Foreign Banks	2,032	21,481	939	20,701
Head Office and Branches	-	-	-	-
Total	34,075	24,330	12,319	21,972

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	1,760	643	943	421
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	3,949,988	349,254	2,741,363	257,857
From Held-to-maturity Investments	705,883	325,496	1,499,694	313,744
Total	4,657,631	675,393	4,242,000	572,022

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	27,273	6,898

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	91,058	179,405	67,853	76,008
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	10,872	3,583	6,757	2,284
Foreign Banks	80,186	175,822	61,096	73,724
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	91,058	179,405	67,853	76,008

⁽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	15,042	24,868

c) Information on interest given on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	158,355	39,527	166,417	-

Notes to the Unconsolidated 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	-	338,151	-	-	-	-	-	338,151
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	420,926	24,518	12,384	440	-	713,023
Other Deposit	194	73,470	325,496	11,470	37,608	384	-	448,622
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	539	1,008,968	5,055,452	420,318	275,015	74,811	1,407	6,836,510
FC								
Foreign Currency Deposit	612	68,852	229,746	68,106	43,423	212,705	9	623,453
Bank Deposit	48,891	-	-	-	-	-	-	48,891
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	178	2,968	112	62	69	-	3,389
Total	49,503	69,030	232,714	68,218	43,485	212,774	9	675,733
Grand Total	50,042	1,077,998	5,288,166	488,536	318,500	287,585	1,416	7,512,243

3. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	2,284	9,035
Other ⁽¹⁾	189,556	311,946
Total	191,840	320,981

⁽¹⁾ Shows the Bank'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	19,017,451	10,620,089
Profit from the Capital Market Transactions	73,226	72,615
Profit on Derivative Financial Instruments	1,932,978	1,958,052
Foreign Exchange Gains	17,011,247	8,589,422
Loss (-)	19,087,411	10,818,028
Loss from the Capital Market Transactions	1,744	2,669
Loss on Derivative Financial Instruments	3,524,680	1,550,614
Foreign Exchange Loss	15,560,987	9,264,745

Notes to the Unconsolidated 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	(1,412,000)	243,090
Effect of the change in interest rates on profit/loss	(179,702)	164,348
Total	(1,591,702)	407,438

6. Information on other operating income:

Information on factors covering the recent developments which has significant effect on the 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 Bank's income. Main component of the 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⁾	740,633	673,373
Group III Loans and Receivables	94,852	77,716
Group IV Loans and Receivables	412,776	333,127
Group V Loans and Receivables	233,005	262,530
General Provision Expenses ⁽²⁾	343,414	762,739
Provision Expenses for the Possible Losses	271,600	385,900
Marketable Securities Impairment Expense	23	615
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	23	615
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Business Partners)	-	-
Investment Securities Held to Maturity	-	-
Other	87,524	5,856
Total	1,443,194	1,828,483

⁽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 Unconsolidated 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	1,820,293	1,763,184
Reserve for Employee Termination Benefits	48,598	50,594
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	205,878	84,527
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	51,531	41,552
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	862,760	939,335
Operational Leasing Expenses	146,208	114,688
Maintenance Expenses	65,663	69,772
Advertisement Expenses	53,806	77,931
Other Expenses	597,083	676,944
Loss on Sales of Assets	1,095	883
Other ⁽¹⁾	1,102,653	780,739
Total	4,094,964	3,661,367

⁽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.

Information on profit/loss before tax from continuing and discontinuing operations:

The Bank 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	8,606,846	7,738,798
Net Fees and Commissions Income	1,077,115	958,779
Dividend Income	191,840	320,981
Trading Income/Expense (Net)	(69,960)	(197,939)
Other Operating Income	911,050	1,047,754
Provision for Loan or Other Receivables Losses (-)	1,443,194	1,828,483
Other Operating Expenses (-)	4,094,964	3,661,367
Profit/(Loss) From Continuing Operations	5,178,733	4,378,523

10. Information on tax provision for continuing and discontinuing operations

As of 31 December 2014, TL 1,128,224 (31 December 2013: TL 1,048,449) of the Bank's total tax provision expense amounting to TL 1,631,582 (31 December 2013: TL 670,519), consists of current tax expense while remaining balances amounting to TL 503,358 (31 December 2013: TL 377,930 expense) consists of deferred tax income.

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

The Bank's net operating income after tax amounts to TL 4,050,509 (31 December 2013: TL 3,330,074),

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 Bank in the current period:

The 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 Bank's other fee and commission income amounting to TL 1,190,317 (31 December 2013: TL 1,061,859) 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 603,581 (31 December 2013: TL 567,534) of money order, account management fee and other commission income.

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN 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".

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.

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 Bank's intention to hold the previously classified as available for sale securities to maturity the 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 15,527,658, legal reserves amount to TL 2,725,124, extraordinary reserves amount to TL 11,880,556 and other profit reserves amount to TL 921,978.

VI. EXPLANATIONS AND NOTES RELATED TO 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 2,543,466 is composed mainly from interest received from loans and securities amounting to TL 15,376,342 and interest paid to deposit and money market operations which is amounting to TL 9,429,187. 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 101,353 as of 31 December 2014 (31 December 2013: TL (408,178)).

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	1,756,313	1,437,326
Central Bank of the Republic of Turkey and Other Banks	4,913,264	6,322,525
Money Market Operations	-	-
Total Cash and Cash Equivalents	6,669,577	7,759,851
Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,783,890	1,756,313
Central Bank of the Republic of Turkey and Other Banks	3,082,482	4,913,264
Money Market Operations	-	-
Total Cash and Cash Equivalents	4,866,372	6,669,577

Notes to the Unconsolidated 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 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 Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the 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	2,819,175	907,299	-	-	-	-
Closing Balance	3,320,000	1,612,751	-	-	-	-
Interest and Commissions Income	27,273	-	-	-	-	-

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

⁽²⁾ Placements to foreign banks in the risk group amounting to TL 940,591 are included in the cash loans.

b) Prior Period:

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	
	Cash ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	2,267,916	445,849	-	-	-	-
Closing Balance	2,819,175	907,299	-	-	-	-
Interest and Commissions Income	6,898	-	-	-	-	-

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

⁽²⁾ Placements to foreign banks in the risk group amounting to TL 853,794 are included in the cash loans.

c) 1) Deposits held by the 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	261,957	932,442	-	-	-	-
Closing Balance	411,176	261,957	-	-	-	-
Interest Expense on Deposits	15,042	24,868	-	-	-	-

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

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		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
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	(322)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

Fees paid to the Bank's key management amount to TL 23,985 (31 December 2013: TL 19,625).

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. The cash fund attained from the capital increase will be used for the capital commitment of the new participation bank to be established as our subsidiary.

2. 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 USA 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 USA 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.

3. In line with the Bank's Board of Director's decision numbered 40/42 dated November 4, 2014, 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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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

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

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1,682	23,525			
			Country of Incorporation		
Foreign Representative Office	1	1	1- Iran		
				Total Assets	Statutory Share Capital
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.

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 and Fitch Ratings are as follows:

Moody's Investor Services: December 2014

Outlook	Negative
Bank Financial Strength	D+
Base Credit Note	ba1

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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 INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

As of 31 December 2014, unconsolidated 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 10 February 2015 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.