



**Turkey has
a brand-new bank now.
It's Turkey's oldest
new bank.**



Ziraat Bank

More than a bank

2014 Annual Report

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Our Mission

To be a bank that understands customer needs and expectations, thereby offering them the best solutions and value proposition from the most appropriate channel; a bank that brings to every segment of society a wide range of products and services in the fastest, most effective way through its extensive network of branches and alternative distribution channels; a bank that operates with profitability and productivity at global standards by recognizing its ethical values and social responsibility; a bank that holds customer satisfaction to be more important than anything else.

Our Vision

To be a leading bank that is universal, respected and has high market value; a bank that provides extensive, reliable service everywhere in Turkey and the world at the same quality, and meets the needs of every segment; a bank that sees human resources as its most valuable asset; a bank that continuously makes a difference and creates value in a way that befits its deep-rooted past; a bank that promises more from a bank at every stage and serves as a model for its competitors.

As in the past, Ziraat Bank will unwaveringly continue to manage the change in the future.

Ziraat Bank, the founding bank of the Turkish banking sector and driving force of the Turkish economy, was established in 1863. The Bank offers the fastest and cheapest service to its customers with its widespread branch network and wide product range. Ziraat Bank has been the pioneer and leader of change for more than 150 years. The Bank sees change as a means of reaching a better position under all market conditions.

Ziraat Bank is capable of providing integrated financial services and the Bank commands the position of being a national and regional power. On the domestic side, Ziraat Bank commands high popularity amid wide groups from SMEs to big corporate companies, and individuals to pensioners. The Bank serves as a reference point and a driving force of sustainable growth and economic development in Turkey.

Ziraat Bank's strong correspondent cooperation opportunities play an important role in the Bank's position as an intermediary in most of Turkey's international trade. On the other hand, the Bank's international network, which provide service at 85 points in 16 countries, is a key factor in the Bank's status as the biggest Turkish Bank abroad.

Supported by the advantages listed below, Ziraat Bank provides an uninterrupted high quality service to its corporate, entrepreneurial and retail banking customers through its widespread branch network, effective distribution channels, experienced personnel and infrastructure which makes use of the latest technology.

- 1,682 service points in Turkey,
- 23,617 employees,
- 6,043 ATMs,
- internet banking with widespread utilization,
- Ziraat Mobile Phone Branch,
- call center.

According to figures for the end of 2014, Ziraat Bank's total assets exceeded TL 247 billion and the Bank commanded a 12% market share in the sector.

As in the past, Ziraat Bank will unwaveringly continue to manage the change and offer the most qualified products and services to its customers throughout Turkey in the future.





If Turkey had a brand-new bank...

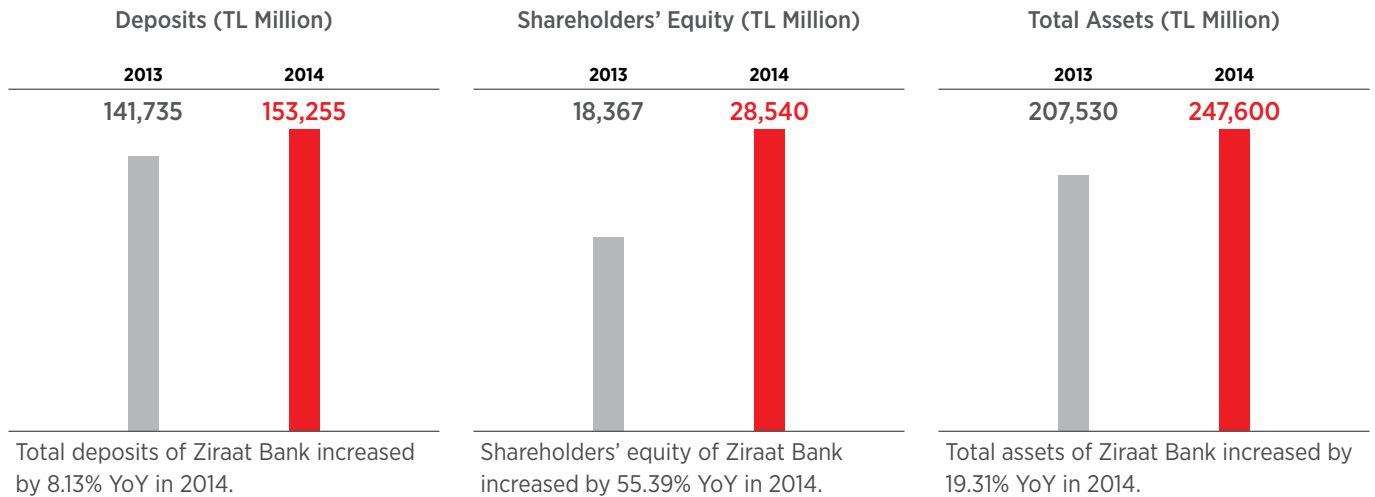
And it introduced a
brand-new attitude
to nearly 30 million
customers when it
opened its doors
tomorrow...

Wouldn't that be
great?



The main goal of Ziraat Bank is to continue to improve customer satisfaction and loyalty; providing products and services with high value proposition to customers through diversified distribution channels and at global competitiveness conditions.

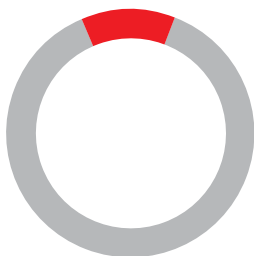
(TL Million)	2013	2014	Change (%)
Total Assets	207,530	247,600	19.31
Liquid Assets and Banks	29,067	32,340	11.26
Securities Portfolio	62,798	64,563	2.81
Loans	111,048	141,915	27.80
Deposits	141,735	153,255	8.13
Shareholders' Equity	18,367	28,540	55.39
Interest Income	14,370	18,165	26.41
Interest Expense	6,631	9,558	44.14
Pretax Profit	4,379	5,179	18.28
Net Profit/Loss	3,330	4,051	21.63



Ziraat Bank's Market Shares - 31 December 2014

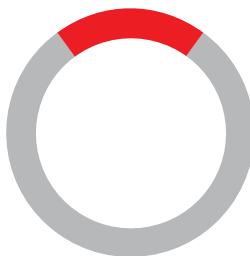
Total Assets (%)

12.4



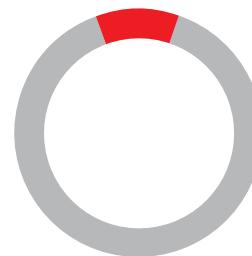
Securities Portfolio (%)

20.1



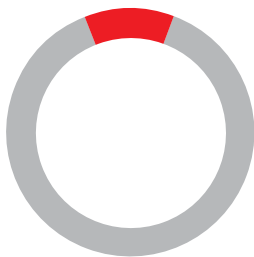
Loans (%)

11.1



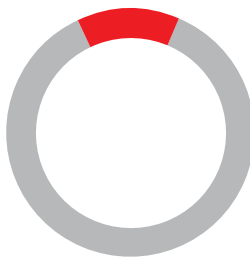
Retail Loans (%)

11.7



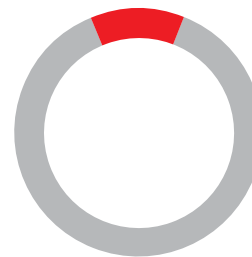
Deposits (%)

13.6



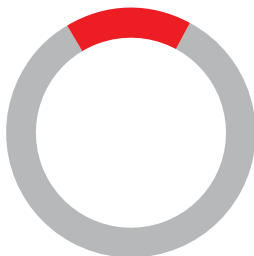
Shareholders' Equity (%)

12.3



Net Profit (%)

16.4



Ziraat Bank Shareholding Structure

The Undersecretariat of the Treasury of the Republic of Turkey is the sole owner of Ziraat Bank. The Chairman and Members of the Board of Directors, Members of the Board of Auditors, the General Manager and Assistant General Managers do not hold shares in the Bank.

In 2014, Ziraat Bank uninterruptedly carried out infrastructural and corporate development projects regarding the “Ziraat Customer Business Model”.

more efficiency in services

With the perception that change is a never ending journey, Ziraat Bank keeps changing and moving forward together with its employees and customers...

In 2014, Ziraat Bank uninterruptedly carried out infrastructural and corporate development projects regarding the “Ziraat Customer Business Model” which was designed to fulfil the financial needs of its customers through the right channels, at the right time, and with the right value propositions.

Ziraat Bank maintains its efforts to take its hard won gains through its transformation journey starting in 2012 to the future, and complete its global transformation projects. The aim of the transformation project is to bring the Ziraat Finance Group to the future in three main areas: Corporate Banking, Branch Banking and International Banking. Under this approach, the Bank has passionately continued to work and

create value within the scope of the 2014 Strategic Road Map which was established to help the Bank reach its strategic goals, and is followed by the Strategic Guide Committee.

1. Customer Relationship Management: “A sustainable relationship with customers”

Ziraat Bank effected improvement/ progress in all channels through which the Bank contacted customers throughout 2014, towards its aim of establishing a sustainable relationship with its customers.

In line with the goal of providing effective banking services to customers through all channels, Ziraat Bank unwaveringly pressed ahead in its projects to provide an effective service to customers in the Bank’s branch and non-branch channels with “channel optimization” activities.

strong risk management

faster operations

Within this scope, the following activities were carried out:

- The internet branch, which serves corporate customers, was renewed while the mobile banking application was developed.
- The Avans Bankkart (Advance Bankcard) feature was brought to Ziraat Bank's debit cards. This feature allows payment delay for all shopping in Turkey, abroad and online without charging any interest and without any workplace or amount limits. As of December 2014, the Combo Kart, which is both credit and debit card, was offered to the Bank's young customers.
- The Quick Başakkart product was launched to provide Başak cards to customers more rapidly.
- The Retail Internet Banking application was updated and the range of transactions was enhanced. The feature of confirming transactions without the need to enter a password was enabled under the mobile banking application.
- Efforts continued on adapting the mobile banking application to tablet devices and to enhance the range of transactions available. Ziraat Mobile ATMs were also launched in 2014.
- Marketing and sales functions were separated. Accordingly, the Head Office and Regional organizational structure were revised. Data analytics and monitor design efforts continue for the branches in order to better understand customers and provide appropriate services to them.
- With The Barrier-Free Banking project, design activities in the branches and non-branch channels were completed, improving disabled customers' access to financial services. Pilot activities continue in this area.
- Integration activities for the Bank's and Ziraat Hayat Emeklilik's IT systems were completed within the scope of Ziraat Finance Group's efforts to meet customers' financial needs through all of the Bank's financial partners.
- The Board of Directors approved the Sustainability Policy which includes Ziraat Bank's sustainability vision,

goals, approach and structuring as well as the Bank's dialogue with its stakeholders and its stance on the environment, society and its products and services. The sustainability report, which was the Bank's first sustainability report, received a grade A+ by the GRI.

- Ziraat Bank continued to establish more contact points for customers by expanding its branch network in 2014. Within this scope, 53 new branches were opened in 2014, with a total of 1,682 branches by the end of the year including 24 Corporate branches, 80 Entrepreneurial branches, 90 Entrepreneurial Dynamic branches, 1,486 bank branches and 2 mobile branches.

2. Corporate Business Processes: "Correct and fast credit evaluation, effective risk monitoring and efficient processes"

Ziraat Bank continued its development activities for current credit evaluation modules during 2014, with the purpose of improving credit evaluation ability and credit processes with the aim of rapid loan allocation and correct analysis. In line with Branch Banking strategy, the Small Enterprise Module was added to credit evaluation modules and was put into practice in October.

Credit monitoring and follow-up systems were developed for the effective monitoring and collection of credits. Within this scope, additional applications became effective for customers who are under non-performing and close monitoring classifications. In addition, development activities for report/warning monitors were continued for monitoring collection and the delay status of the loan portfolio.

Integration with the systems of corporations which have operations with Ziraat Bank is another important issue. Within this scope, integration work with the General Directorate of Land Registry and Cadastre was completed, including customers' land registration information in the Bank's system. Integration with

UYAP was also completed, thus ensuring effective management of the Bank's legal processes.

As part of the process management activities conducted to determine the Bank's processes on an end to end basis and to detect areas for improvement, training for process management methodology and software was transferred to the process-owner business units and process modelling activities were conducted. The "Ziraat Finance Group Quality Policy" will be based on the parameters of providing continuous development, systematically measuring the performance of the processes, carrying out process improvement activities in line with the Bank's strategic priorities and budget targets, and providing the same quality level of service not just for the Bank but also to its all partnerships.

3. Operational Excellence: "Rapid operations"

In 2014, Ziraat Bank continued its activities to transfer improvement and processes to the center; these activities are carried out to ease the operational workload on the branches, thus leaving the branches with time to concentrate on their customers and create appropriate value propositions for customers by appropriately determining their financial needs.

A proportion of the credit operations that had been carried in the branches and activities within the scope of Arbitration Committee for Consumers defence and decision papers were transferred to the head office.

Work on a system for the delivery of notices/warnings from the center approached completion and the system will be active in the first quarter of 2015. A pilot project for carrying out activities related to cancellation letters for Mortgages and sequestrations from the center continues. This will be made available for all branches in 2015.

The aim of the transformation project is to bring the Ziraat Finance Group to the future in three main areas: Corporate Banking, Branch Banking and International Banking.

customer focused

a bank which employees are proud to work in

Money counting machines were renewed and the number of multi-functional printers was increased with the purpose of speeding up operational processes in the branches.

The e-fax project, which was initiated to record sent and received faxes and cut paper waste, was completed and put into practice.

Ziraat Bank continues to establish operational efficiency by providing automation in activities carried out by the units in the branches, regions and headquarters which will leave the operational labor force free to carry out customer oriented operations. As a result of these activities between 2012 and 2014, 3,220 of the Bank's employees could instead focus on areas which can create value-added.

4. Objective and Transparent HR: "A bank which employees are proud to work in"

Ziraat Bank continued efforts to expand the scope of its performance management system, including units at the head office. The system aims to enhance the customer based business model, develop a marketing and effectiveness oriented work approach, enhance employee loyalty by motivating them and rewarding individual achievements in line with corporate goals.

The Bank maintains activities to develop its e-training and mobile training programs, aimed at spreading information to a large audience, cheaply and quickly. The method aims to ensure that employees have access to information at any time.

The Management Trainee Program was initiated to fulfil the Bank's need for managers. The managers of the future are trained through courses provided within the scope of this program.

An employee suggestion system was launched in order to involve employees in the decision making mechanism. Suggestions received through the employee suggestions system have been evaluated by related units simultaneously and are put into practice. Within this scope, 7,205 suggestions were transmitted to the system in 2014. Required actions were taken for the approved suggestions.

The Competence Evaluation System was introduced in 2014 in order to integrate employees' competences in their performance score in addition evaluating their goal-based performance. This system is planned to be brought into practice in the second quarter of 2015.

5. Effective IT: "Uninterrupted IT services"

IT infrastructure and IT transformation activities, which started to effectively deploy technology to conduct all operations without interruption and evaluate cost advantages, continue. The Bank also started activities to renew the data center in 2014.

The basic banking system screen infrastructure and document management system were renewed and enabled to ensure more effective working. Ziraat Bank unwaveringly

continues to carry out activities for monitoring simplification and information security.

6. Sound Balance Sheet: "Qualified magnitude with a customer based balance sheet"

The principle of balance sheet management in line with shareholders' equity was an important guide in strategic decisions in 2014.

Within the scope of activities to expand resource diversity, Ziraat Bank's syndication loan was renewed while the Bank continued to issue bills and bonds.

Ziraat Bank issued its first Eurobond in 2014. The Bank secured USD 750 million from international capital markets for its Eurobond issue, with a 5 year maturity.

Ziraat Bank completed a significant proportion of its work on the establishment of a corporate expense management module in order to boost the effectiveness of expense and inventory management, as well as for seeking cost advantages. This module will enter effect in January 2015.

right use of IT

quality balance sheet size



**If Turkey had a
brand-new bank...**

And it financed giant
projects that could
take our country into
the future...

Wouldn't that be
great?



Ziraat Bank is striving to build a sustainable future since 1863. Benefiting from the unrivaled knowledge and experience that it has built up in the course of its corporate history, the Bank is focused on making an increasingly bigger contribution to Turkey's sustainable development.

1863-1888

- On 20 November 1863, Mithat Paşa spearheads the establishment of Memleket Sandıkları (Homeland Funds) in the town of Piro. Providing state-guaranteed credit for farmers, these later served as the core from which Ziraat Bank grew.
- Turkey's first statutorily regulated credit system is launched.
- Mithat Paşa's Homeland Funds are reconstituted as Menafi Sandıkları (Benefit Funds). The agricultural credit funds are reorganized to make them stronger and more sustainable.
- Ziraat Bank's headquarters are opened in İstanbul.

1889-1913

- Ziraat Bank extends credit to the Imperial Treasury for the first time.
- Ziraat Bank supplies credit to supply grain to needy refugees and others in drought-stricken İzmit.
- A project to fund purchases of European agricultural equipment using Ziraat Bank's capital is studied.
- Ziraat Bank offices are opened in Kerek, İpek, Prizren, Timişoara, and Karacasu.
- Ziraat Bank provides drought-stricken Kosovo farmers with low-cost credit on convenient terms.
- Ziraat Bank opens a branch in Medina.
- Ziraat Bank branches open in Baghdad and Basra.
- Ziraat Bank branches provide earthquake-stricken farmers with loans.

1914-1938

- Ziraat Bank begins lending to commercial enterprises.
- The first seed-finance loans are provided.
- First general deferment is granted on agricultural loans.
- With the opening of the Grand National Assembly in Ankara, the city's Ziraat

Bank branch is made responsible for the administration and oversight of all bank branches and offices in localities controlled by the Nationalists.

- Control of Ziraat Bank's İzmir and İstanbul operations are given to Ankara.
- Under the Budget Act of Parliament, Ziraat Bank ceases to be a state-owned bank and is transformed into a joint-stock company.

1939-1963

- Work is completed on the set of operational regulations called for by Statute 3202. Consisting of 198 articles, the regulations governing the operations of Ziraat Bank go into effect.
- Ziraat Bank becomes a member of Confédération Internationale du Crédit Agricole (CICA), a non-profit worldwide association of banks and other entities interested and involved in rural financial processes.
- Under Statute 7052, Ziraat Bank is authorized to restructure agricultural loan repayments.

1964-1988

- Ziraat Bank's representative office opens in Hamburg.
- Ziraat Bank opens its Lefkoşe, Gazi Magosa, and Güzelyurt branches in the Turkish Republic of Northern Cyprus.
- Ziraat Bank's representative office in New York is transformed into a branch while new offices are opened in Duisburg, Berlin, Munich, Stuttgart, and Rotterdam.
- Under the Ziraat Bank 86 project, the first steps to adapt improvements in technology to banking services so as to deliver them faster, more efficiently, and at better quality are taken with the automation of a total of seven branches located in Ankara and İstanbul.
- Ziraat Bank ranks 452nd among the world's 500 biggest banks as measured by equity according to Euromoney, a magazine.

1989-2013

- The Ziraat Bank Banking School begins instruction in order to keep the Bank supplied with the qualified human resources that it needs.
- The first investment fund (Fund I) was established.
- Gold sales were initiated under the name of Ziraat Gold. The first consumer loan was issued, along with the first credit card. The Bingöl-Muş Rural Development Project was initiated.
- As well as ATM machines, foreign currency exchange machines were brought into service for the first time in Turkey, along with self-service information terminals, voice messaging systems and the Bingöl-Muş Rural Development Project, which included a branch not requiring human staffing, aiming to provide uninterrupted 24-hour service.
- Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank) and Uzbekistan Turkish Bank (UT Bank) were established and entered operation.
- Ziraat Bank was ranked 202nd in Euromoney's top 500 banks, 41st in terms of net profit, and the world's first in terms of its return on equity.

Moreover, the Bank ranked 12th in the "World's 50 most rapidly developing banks" listing.

- The Sofia Branch entered operation.
- The Stuttgart, Hannover, Frankfurt and Duisburg representative offices began to operate as branches. Newly-launched banking software makes it easier to create and offer new products and services.
- Turkish-Ziraat Bank Bosnia DD receives Visa and Europay International licenses and begins processing Visa acquiring and issuing transactions for the first time in Bosnia- Herzegovina in coordination with Ziraat Kart AŞ.
- The Law numbered 4603 passed on 25 November 2000 paved the way for Ziraat Bank to be transformed into a joint-stock company.
- The scope of the banking software centralization project (Fin@rt) is expanded.
- In Greece, the Athens and Komotini branches entered operation.
- The Bank announced TL 3.51 billion net profit, the highest profit ever announced by a Turkish company until 2009.
- Branches were opened in Baghdad, Erbil and Jeddah.
- Ziraat Bank purchases the rights to the Turkish Cup name.
- Ziraat Bank launches its "Together, to a Better Future" Change & Transformation Project.
- Ziraat Bank celebrates its first century and a half in business with its employees.

2014

- Ziraat Bank announced the Turkish banking sector's highest profit with a net profit of TL 4,051 million.
- On September 30th, 2014, the Board of Directors approved and announced the Sustainability Policy which summarizes Ziraat Bank's sustainability vision, goals and approach and defines the Bank's stance on the pillars of the environment, society and products and services.
- Ziraat Bank published its first sustainability report, which was GRI rated at A+ standards.

the Turkish banking sector's highest profit

sustainability policy



If Turkey had a brand-new bank...

And it shared the
enthusiasm of
courageous
entrepreneurs
through its thousands
of specialist customer
representatives...

Wouldn't that be
great?





Ziraat Bank, which supports the Turkish economy in every area, enhanced its leading position in the sector with the Bank's change and transformation.

Muharrem Karsli
Chairman of the Board of Directors

There was a considerable amount of divergence in economic growth performance between different regions and countries in 2014.

Esteemed stakeholders,

There was a considerable amount of divergence in economic growth performance between regions and countries in 2014. While the US economy grew strongly, the economic recovery in Europe remained fragile. Other leading economies such as China and Japan also faced an economic slowdown. There was a slowdown on the demand side with the global economy not yet attaining its desired performance and amidst increased geopolitical risks. These factors also precipitated declines in commodity prices, especially from the second half of the year.

The expansionary policies, which have been implemented to tackle the problems that have emerged since the global crisis broke out, continued. Key central banks, primarily the European Central Bank

and Japan's central bank, maintained their expansionary policies amid the slack levels of global growth in 2014. In contrast with other countries, however, the USA announced exit strategy from its Quantitative Easing program in response to an improvement in macro-economic indicators such as growth, employment and inflation. After the end of the Quantitative Easing, a lift-off is expected in the coming months with moderate hikes in interest rates. Developing countries, on the other hand, have been both positively and negatively affected by the movements in commodity prices, depending on the compositions of their economies.

While global markets were mainly watching the steps that will be taken by the USA, with risk perceptions focused on USA data, the growth performance of the global economy, market risk perceptions

also turned to geopolitical developments and commodity prices in 2014. A number of different factors started to affect volatility in the market.

A variety of measures needs to be taken and problems need to be tackled to put economies on the right track. While the European Central Bank maintains its efforts to revive the economy with methods such as negative interest rates on deposits and bond purchases, it also struggles with low inflation and high unemployment. Japanese and Chinese central banks have also taken expansionary steps. The forthcoming period will not be as easy as planned. The countries which create permanent solutions at right time will be the ones that emerge successfully.

The Turkish economy, as a part of the global economy, was sensitive to the

Fiscal discipline was maintained in 2014 in what was one of the crowning successes of the Turkish economy.

developments in the world. While growth was brisk at the beginning of the year, it started to diminish in the second half of the year. In contrast with the previous year, growth was mainly driven by foreign demand. The current account deficit narrowed, but inflation exceeded the expected levels. One development which supported Turkey, as an energy importer, was the plunge in oil prices during the year. Lower oil prices will help further lower the current account, bring down inflation and support growth by decreasing energy costs. It is thought that domestic and foreign demand conditions will become more balanced, setting the stage for healthier growth rates going forward.

On the other hand, inflation remained under pressure from the weakness of the Turkish Lira at the beginning of the year and its pass-through effect on inflation, and also lower agricultural yields due to

the drought in the winter season, and the resulting increase in food prices. The year 2014 was rounded off with an 8.17% rate of CPI inflation. The rate of inflation is expected to enter a declining trend again on the back of the base effect from the spike observed in 2014, which was temporary, the normalization in food prices and the decline in oil prices.

The current account deficit, which is one of the key structural problems facing Turkey, exhibited a downward trend in 2014. The decrease in domestic demand after the macro-prudential measures that were initiated at the beginning of the year and the resulting decrease in demand for imports had an impact on this situation. Another factor behind the improvement in the current account deficit was the increase in exports to Europe, which is Turkey's most important export market, as a result of the economic recovery seen at the beginning

of the year. However, factors such as the deceleration in global economic growth and geopolitical risks threaten this improvement. To this end, the decline in the energy import bill, which has come on the back of the slump in oil prices, will no doubt prove supportive. Maintaining the improvement in the current account balance is likely, assuming that oil prices remain near their current levels throughout 2015.

Fiscal discipline was maintained in 2014 in what was one of the crowning successes of the Turkish economy. There were no deviations from the targets despite two elections held during the year. The year was concluded in line with the targets set out in the Medium Term Program. There was no compromise in maintaining the fiscal policies that have been conducted for year.

Another important development in 2014 was the approval and announcement of Ziraat Bank's Sustainability Policy.

The Central Bank continues to implement a tight monetary policy. Price stability is now more crucial against a backdrop of inflation volatility. Following the hike in interest rates implemented in response to the volatility in the TL at the beginning of 2014, there was a limited reduction in interest rates in the second half of the year in response to some improvement in conditions. A further decline in interest rates is expected in 2015 on the back of a sharper decline in inflation, especially in the first half of the year.

The Turkish Banking sector enjoyed a positive performance in 2014, even though both global and domestic conditions deteriorated. The sector's balance sheet can be considered satisfactory, despite having grown at a slower rate than in the previous year. Profitability in the sector approached its 2013 level. As far as loans are concerned, while retail loan growth slowed,

corporate loan growth remained brisk, in an indication of continued support for the real sector.

Ziraat Bank, which supports the Turkish economy in every area, enhanced its leading position in the sector with the Bank's change and transformation. In 2014, the Bank took strong steps for the coming years with the help of a more effective and efficient balance sheet structure. The Bank's activities are always focused on its vision of always moving towards a better position.

Another important development in 2014 was the approval and announcement of Ziraat Bank's Sustainability Policy. Our first Sustainability Report, published during the year, represented an important step as it considers social and economic issues - which form the latest trends of global banking, as a whole and as it enables our stakeholders to evaluate our gains and aims.

On behalf of myself and our Board of Directors I would like to take this opportunity to thank everyone who has placed their trust in our customers, employees, business partners and our brand, and who has provided pecuniary and non-pecuniary contributions to the value that we generate.

Yours sincerely,



Muharrem Karsli

Chairman of the Board of Directors



Ziraat Bank achieved a higher rate of loan growth than the sector in 2014. The Bank's total assets expanded by 19% YoY to TL 247.6 billion.

Hüseyin Aydın

Member of the Board of Directors and
General Manager

Esteemed stakeholders,

Ziraat Bank successfully completed 2014, a year marked by economic and financial volatility across the globe as well as heightened geopolitical risks. In 2014, the Bank completed the main phases of its restructuring project. In doing so, Ziraat Bank became more equipped for the competition in the banking sector on behalf of its customers with its customer oriented business model.

The restructuring of all domestic and foreign branches was completed, a process undertaken to fulfil all of our customers' financial needs under the roof of the Ziraat Finance Group. The Bank maintained its support for the real sector by using its own resources without compromising its priorities of meeting the financial needs of agriculture sector.

Ziraat Bank achieved a higher rate of loan growth than the sector in 2014. The Bank's total assets expanded by 19% YoY to TL 247.6 billion. There was a 28% YoY expansion in loans which constitute 57% of the total asset size, while non-cash loans grew by 36%. Ziraat Bank enhanced its infrastructure operationally and financially, and the Bank used this power to contribute to the Turkish economy. Ziraat Bank's cash loans grew by 28% to TL 142 billion while the total volume of loans including non-cash loans, reached TL 183 billion.

Ziraat Bank is also a leader in agricultural loans. Ziraat Bank aims to be the main bank working effectively for its customers in all phases from agricultural production to final consumption, supporting producers in the industrial agriculture sector, while helping them attain competitive power on a world scale. The Bank also aims to contribute to industrial agriculture by evaluating all links in the

agricultural value chain together. Within the scope of this goal, the Bank had provided TL 27.8 billion of resources to agriculture as of 2014.

The Bank's total deposits had increased to TL 153 billion by the end of 2014, compared to the TL 142 billion at the end of 2013, maintaining a deposit structure spread to the base. Within the framework of increasing and diversifying the structure of its resources, the Bank renewed a syndication loan, with the renewed amount exceeding the renewal (USD 800 million), issued a USD 750 million Eurobond with a 5 year maturity - the first time a Eurobond was issued in the history of Ziraat Bank - while continued bond issuances for domestic investors. In addition, TL 14 billion of resources were obtained from international institutions and banks, of which TL 7 billion was obtained through the post finance method, conducted for the first time in the Bank.

Within the framework of its profitability and efficiency strategy, Ziraat Bank increased its net profit by 22% YoY to TL 4,051 million in 2014, up from the TL 3,330 million in 2013 which itself was up by 26% from the TL 2,650 million net profit written in 2012.

Within the framework of enhancing shareholders' equity, shareholders' equity reached TL 28.5 billion by the end of 2014, from the TL 18.3 billion at the end of 2013, as a result of the Bank's business model.

Enhancing its position in the sector, Ziraat Bank has the most widespread service network of any Turkish Bank in the international area with its branches, representative offices and affiliates at 85 points in 16 different countries. The Bank continues to open branches to increase

the effectiveness of its widespread branch network, while also restructuring the current branches under a customer oriented approach. As of the end of 2014, the number of domestic branches had increased to 1,682 while the number of ATMs had reached 6,043. The Bank's medium term goal is to exceed 2,000 branches and enable its customers to access financial services in an easy, rapid and qualified way with Ziraat Bank at all times.

Moreover, more branches are expected to have fewer employees, use more technology and be of a more boutique nature.

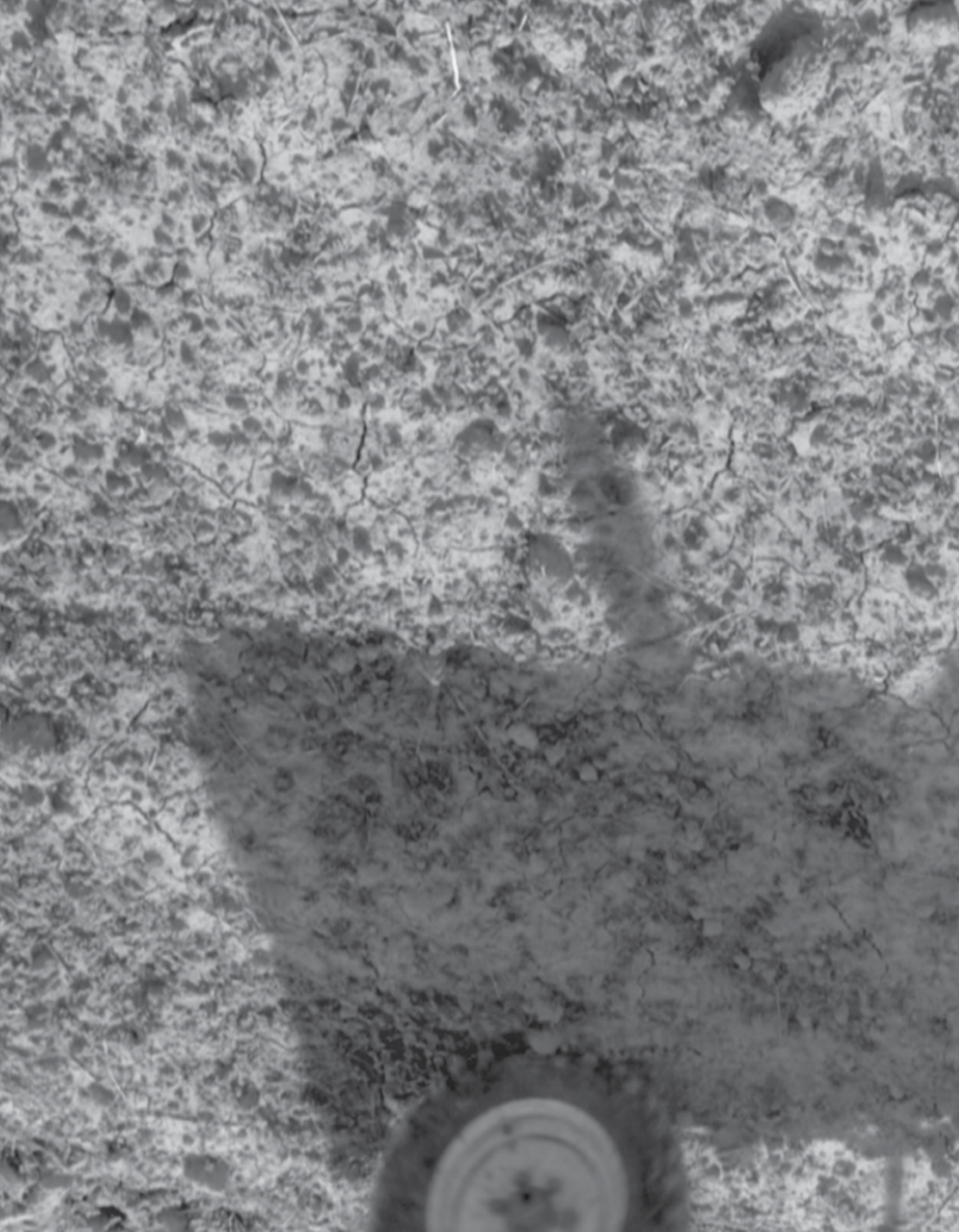
While Ziraat Bank manages its own balance sheet effectively with its renewed structure and customer oriented banking approach, it will maintain its contribution to Turkey's balance sheet and growth as one of the country's key assets.

Yours sincerely,



Hüseyin Aydın

Member of the Board of Directors and General Manager





**If Turkey had a
brand-new bank...**

And it always met the
needs of the farmers
who give life to the
soil...

Wouldn't that be
great?



In 2014, the US economy started to reap the benefits of its policies; however other economies such as those in Europe, Japan and China faced some slowdown in growth. Concerns over global growth came to the forefront in 2014.

USD 50

Oil prices plunged to USD 50/bbl in the second half of 2014.

growing geopolitics risks

Outlook for the World Economy

In 2014, the US economy started to reap the benefits of its policies; however other economies such as those in Europe, Japan and China faced some slowdown in growth. Concerns over global growth came to the forefront in 2014.

In what was a packed year in terms of the economic and geopolitical agenda, the year 2014 started with positive expectations for the future. Despite fluctuations in short term risk perceptions after the Fed started to taper its bond purchases, the general outlook was not significantly changed. However, general concerns started to mount, especially in the wake of the increased geopolitical risks in the first half of the year; at the same time, economic indicators in Europe did not bear out the expected improvement, and the rate of global growth decelerated. Oil prices plunged to USD 50/bbl in the second half of the year as supplies were not reduced in

response to the decline in demand. A combination of the progress achieved towards finding alternative technologies for energy resources, the shale gas boom and concerns for global growth were instrumental in this sudden and sustained drop in oil prices. Lower oil prices are, of course, positive for energy importers such as Turkey but have saddled an additional burden on some emerging economies which are dependent on oil exports, which have been hit hard by geopolitical developments.

The recovery in the rate of growth in the US economy and the rise in employment in 2014 enabled the country to roll out its plans for the normalization process. The monetary expansion policy, which had been applied by the Fed since the beginning of the global crisis, was wound down, and is expected to give way to the “lift-off” in the coming period where the Fed will start to gradually hike interest rates. Shifting expectations regarding the timing of these impending interest

rate hikes have sometimes resulted in market volatility while concerns such as the deceleration in global growth, geopolitical risks and problems in Europe remain under the spotlight. Although some central banks, notably the European Central Bank (ECB) and the Japanese Central Bank, have maintained their expansionary monetary policies, and a deterioration in global liquidity conditions is not expected, sensitivity to the US macro-economic data releases which will have an important bearing on the Fed's interest rate decisions continues. However, the economic recovery in a country which had been so seriously affected by the crisis could be considered as an important development on a global scale.

European economies completed the year 2014 with disappointment. While the weakness in growth continued, economies have struggled with credit mechanisms and problems related to inflation, which has gradually approached the deflation limit. Structural problems such as the high rate of unemployment and the levels of public debt remain issues which need to be resolved. After global concerns mounted toward the middle of the year and the steps taken previously did not have the desired impacts, ECB took another step and applied negative deposit interest rates. Since this action was not sufficiently effective, the ECB implemented new expansionary actions for the rest of the year and continued to take measures, in addition to those taken at the beginning of the year, announcing a monetary expansion program which went beyond expectations. The ECB cited the deceleration in growth as affecting Europe as well as the global economy, concerns of a further decrease in inflation due to the decline in oil prices as the reasons for this move. Clearly, more time is required before being able to conclude that the European economy is on a path to normalization.

Japan exited its deflationary period thanks to expansionary monetary and fiscal policies. However, the country faces recession risk as a result of economic inertia. High public debt stock and inflation's inclination to decrease are the issues for which precautions should be taken. The Government restored trust through elections held within the year and postponed its plan to raise sales taxes again. Efforts are in place to lead the Japanese economy through communication policies regarding the increasing the volume of monetary expansion and spending.

Developments in the global economy have a pronounced impact on developing countries. In contrast with previous years, there was a noticeable decoupling between these countries. Although geopolitical risks affect all developing countries, those countries geographically closer to the zones of tensions were affected more. Furthermore, while the plunge in oil prices was problematical for oil exporters such as Russia and Brazil, oil importing countries such as Turkey and India benefited from this development. Russia, in particular, paid a heavy toll due to its problems with Ukraine, the sanctions that were imposed on the country and the movements in oil prices. The Russian Rouble plummeted in value, the country's foreign exchange reserves declined, bond yields rose and the economy started to contract. The decoupling is expected to continue in the coming period. This environment is expected to provide a suitable backdrop for structural reforms, especially for energy importing countries which will benefit from an easing in problems such as the current account deficit.

China, providing the most significant contribution to global growth, was not immune to the problems in the global economy. The country's growth rate dipped to its long term trend rate to come in at 7.4% in 2014. The Chinese government has sought to stimulate

the economy by lowering policy rates and introducing measures aimed at promoting spending.

Outlook for the Turkish Economy

Along with other developing countries, Turkey was exposed to the impacts of global economic developments in 2014. The rate of growth in the Turkish economy declined as a result of the developments in surrounding countries, the macro-prudential measures which were introduced, tight fiscal conditions and weak global demand.

Turkish economy had grown on the back of rising domestic demand in 2013, leading to a widening in the current account deficit. As we enter 2014, domestic demand came under pressure with the macro-prudential policies taken to prevent this situation and an export driven growth trend started on the back of the improved external conditions. This manifested itself in the first quarter of the year in the form of a brisk pace of growth in corporate and entrepreneurial loans, despite a decline in the issue of retail loans and robust exports, especially to Europe and Middle East. In the second half of the year, though, a cocktail of problems including heightened geopolitical tensions, disappointment regarding the economic recovery in Europe and problems in Russia and the Middle East necessitated a downward revision in expectations. Another issue was the dashed hopes over inflation, due to the drought.

Uncertainty over global monetary topped the list of concerns at the beginning of 2014. Pricing of financial assets reached record high levels; however all countries responded to this by taking necessary measures through monetary policies. The Central Bank of the Republic of Turkey (CBRT) also took necessary steps and further tightened its monetary policy. The CBRT started the new year with interest rate hikes and could curbed volatility

The Turkish Central Bank continues its flexible but tight monetary policies in line with developments in the global economy.

8.17%

CPI in 2014

improvement in current account deficit

through liquidity implementation. In the second half of the year, CBRT cut interest rates to a limited extent on the back of the improvement in conditions. Although risk perceptions exhibited a more positive trend than in the previous year, the CPI was well above expectations due to the increased food prices inflation after the dry winter. After the sharp plunge in oil prices and a slow normalization in food prices, the rate of CPI inflation ended the year at 8.17%, which was in fact lower than the CBRT's own expectation of 8.9%.

The current account deficit tended to narrow in 2014, and approached the target set out in the Medium Term Program of USD 46 billion on the back of the slowdown in imports and the rise in exports, along with the windfall of falling energy costs, especially in the last quarter of the year. The general consensus of expectations is that oil prices will remain near their current levels for some time. With these expectations, a further improvement in the balance of payments is likely in 2015.

The elections held in 2014 did not lead to any deviation from the determined and disciplined implementation of fiscal policies, and the fiscal performance continued to improve. There are no concerns regarding the attainment of the target budget deficit to GDP ratio, which stands at 1.4% in the Medium Term Program for 2014. A more challenging budget deficit of 1.1% of GDP is targeted for 2015. This indicates that the steady fiscal management will be maintained going forward.

Central Bank continues its flexible but tight monetary policies in line with developments in the global economy. Central Bank has sought to achieve this by using multiple tools. The main monetary policy tools are the policy rate and the interest rate corridor. These two tools have ensured that the Central Bank has been able to maintain a tight monetary policy while decreasing interest rates. The impact of the 550 basis point interest rate hike, implemented in response to the volatility seen at the beginning of 2014, was effective in reducing the level of volatility.

An improvement in conditions later in the year set the stage for 175 basis points in rate cuts in the second half of the year. However, with inflation well above the targets, the Central Bank turned its focus to price stability in its policies and called a halt on its interest rate cuts. A fall in inflation expected is expected going forward, especially in the first half of 2015, following the decrease in energy prices, normalization of food prices and the contribution from the base effect, which will leave the Central Bank more comfortable. The CBRT already started gradual rate cuts without deviating from its tight monetary policy at the beginning of 2015.

The trend in oil prices, and the opportunities as well as the challenges that will arise from this deserve a special mention in an evaluation of 2014. Oil prices have been declining, especially in the last six-month period, due to a combination of factors, including the continuous increase in energy efficiency, weakness in demand as a result of weak global economic growth, no cuts in supply and producers' fears of losing market share. At this juncture, oil exporters will face problems such as reduced oil revenues and, consequently, a slowdown in growth rates. On the other hand, energy importers currently struggling with chronic problems such as current account deficits and inflation will reap the benefit of lower oil prices. Domestic demand is expected to recover in Turkey in 2015. While this may negatively affect the current account deficit, this will be offset by the decrease in the energy bill. Likewise, the windfall of lower oil prices will also be observed on inflation. With inflation already on a downtrend and helped by the base effect, it would not come as a surprise to see inflation decline to the CBRT's target of 5.5%, which is below the 6.3% target for 2015 set out in the Medium Term Program.

In short, the level of oil prices at the end of 2014 is a welcome development for Turkey. Clearly it will bring benefits

to Turkey's macro-economic indicators such as the current account deficit, inflation and growth. This creates an opportunity for Turkey to realize structural reforms. The expectations for 2015 are positive within a general framework. However, structural solutions should be implemented for gains to be permanent. Measures which are spread to a wide perspective are shared with the public through the "Preferential Transformation Program Action Plans" and the importance placed on this issue is frequently mentioned. The steps that have started to be taken will provide permanent, steady, sustainable growth and a macro framework which is compatible with this by creating permanent benefits in the medium and long term.

Developments in the Banking Sector

The banking sector maintained its growth trend in 2014, significantly contributing to Turkey's economic growth.

The Turkish Banking Sector recorded a more moderate rate of growth due to the measures taken in the first half of 2014 by the BRSA and CBRT, which curbed domestic demand, along with the monetary policies implemented by the Fed and ECB, the devaluation of TL and uncertainties ahead of the election. In the second half of the year, domestic demand did exhibit some improvement in the wake of the CBRT's interest rate cuts and the easing in political uncertainties. The banking sector posted 15% growth in 2014.

Loans remained the most important item on the sector's balance sheet, increasing by 18% YoY. In particular, there was tough competition in the corporate segment; most of the growth was realized in this segment. Regulations aimed at bringing down the current account deficit set the stage for a healthier expansion in consumer loans.

The share of loans in the sector's total balance sheet increased by 2 percentage points when compared to the end of 2013 and the deposit/loan ratio approached 120%.

The sector's strong shareholder's equity structure was maintained and shareholders' equity grew by 20% in the space of one year. The capital adequacy ratio increased from 15.3% to 16.3%.

There was very little YoY change in the sector's profit in 2014, which came in at TL 24.7 billion. Despite a 14% YoY increase in net interest income, the sector's net profit did not increase, due to fall in net profit from capital market transactions and increases in provisions and operating expenses. The banking sector's return on equity deteriorated by 2 percentage points to 12.2% when compared to the previous year, while the return on asset decreased by 0.3 percentage points to 1.7%.

In 2015...

The Turkish Banking Sector operates under a healthy and objective regulation-supervision function. The sector is expected to maintain its contribution to economic activity and growth, sustaining its strength in terms of asset quality and sound capital structure, maintaining a broadly similar general risk profile. However, in a negative scenario, companies may struggle to pay their debts back in line with developments in external conjuncture and faltering economic growth. But the increase in non-performing loans is expected to remain within reasonable and manageable limits.

In 2015, the sector's total asset size is expected to grow by 15-16%, with loan volume growing by 16-20% and deposits posting growth of 12-14%. The weak trend in banks' profitability seen in 2014 is expected to continue, albeit at a slower pace, with the sector projected to post an increase of around 8-12% in its net profit.



If Turkey had a brand-new bank...

And it made our lives
easier with services
provided by thousands
of employees and
branches located
everywhere in the
country...

Wouldn't that be
great?



Ziraat Bank maintained its title as the sector's most profitable bank in 2014 with its net profit of TL 4,051 million.

TL 247.6 billion

Total assets (as end of 2014)

22%

Increase in net profit

28%

Increase in loans

In 2014, Ziraat Bank unwaveringly pressed ahead towards its meeting corporate goals which had been defined in its strategic road map.

Ziraat Bank, the leader of the Banking sector, continued to enhance its presence in the business lines which the Bank is focused on. The Bank created employment at an increasing rate and became a symbol of prestige and high value added in the eyes of all stakeholders.

Ziraat Bank determined its financial management strategy as follows:

- Optimization of sectorial distribution regarding the corporate customer portfolio,
- Managing credit quality proactively with more effective credit processes,
- Ensuring effective operation and expense management,
- Bringing the shareholders' equity balance in line with the size of balance sheet.

Ziraat Bank studiously applied the

strategies that it had set, and recorded successful results in the activity period.

Ziraat Bank enhanced its already strong, leading position thanks to its strong performance. Ziraat Bank's 2014 financial results positioned the Bank as "a sustainable success model in all dimensions" and confirmed the accuracy of its strategies again.

Ziraat Bank's recorded total assets of TL 247.6 billion as of the end of 2014. The Bank targets sustainable profitability, and maintained its title as the sector's most profitable bank in 2014. The Bank's net profit increased by 22% YoY to TL 4,051 million.

As of the end of 2014, Ziraat Bank's total loans had increased by 28% YoY to TL 141.9 billion. The share of loans in assets stood at 57%, while its NPL ratio decreased to 1.9%.

Ziraat Bank maintained its leading position with respect to total deposits in

2014, with its total deposits increasing to TL 153.2 billion as deposit resources were spread to the base. The share of deposits in liabilities came in at 61.9%, while non-deposit resources, including funds, comprised a 22.8% share.

A growing domestic service network

Ziraat Bank provides services at almost every point in Turkey. The Bank is able to fulfil its customers' banking needs from more than 400 points. Ziraat Bank expanded its widespread domestic branch networks through new service point purchases for its customers, opening 53 new branches in 2014.

Ziraat Bank's domestic service network was comprised of 1,682 points at the end of 2014, broken down into 24 Corporate Branches, 80 Entrepreneurial Branches, 90 Entrepreneurial Dynamic Branches, 1,486 branches and two Mobile Vehicles. The number of Ziraat Bank's ATMs increased by 12.89% to 6,043.

Small Enterprise Model (SEM) Evaluation Method put into practice

Ziraat Bank carried out a number of important activities and projects and put them into practice in 2014 to conduct effective risk management and speed up and ease the credit processes.

The Small Enterprise Model is one of these projects. This project was structured to meet the loan needs of micro enterprises in the entrepreneurial segment by quickly evaluating these demands through measuring their credit worthiness in a manner which is:

- in line with the Bank's corporate risk perception,
- free of subjectivity,
- done quickly and effectively.

The "Small Enterprise Model (SEM)" was developed within the Company Evaluation System (CES) which was designed with a modular structure in the Finart data processing system.

Corporate/Entrepreneurial Banking

Ziraat Bank has been playing an expanding role in Turkey's long term improvement and development process, thanks to the Bank's radical change and sustainable growth in recent years.

Ziraat Bank aims to diversify its resources and extend financing opportunities to its customers with the appropriate maturity and costs. Ziraat Bank is consistently expanding its product and service quality in line with the priority of "operating in line with the principles of profitability and efficiency".

Ziraat Bank unstintingly continued to apply its strategies in 2014, unwaveringly applying its credit policies based on supporting the real sector. Ziraat Bank aims to ensure that the products and services offered in the Corporate/Entrepreneurial Banking to be in a competitive position in the sector. The Bank also aims these products and services to fulfil its customers' needs exceedingly. The Bank maintained its activities for financing the real sector and expanding its customer portfolio in 2014.

A richness and diversity in banking products and services

Ziraat Bank continuously provides innovative products and services to its wide ranging customer mass which is comprised of large scaled, multinational and national firms as well as small and medium scaled enterprises, with the purposes of creating cheap financing opportunities and supporting Turkey's economic growth.

Ziraat Bank serves its customers with a modern banking approach through a new service model that was rolled out in all branches and a working approach that is focused on the customer. The Bank is a solution partner in meeting all of the financial needs of its customers in the corporate and entrepreneurial segment.

Ziraat Bank's most important competitive advantages in placement activities are its international brand power, its asset size, its shareholders' equity structure and its widespread organization abroad.

Banking which cares about customers' needs

Ziraat Bank supports the real sector in domestic and foreign projects without any sector limitation. The Bank places emphasis on offering cheaper and more appropriate maturities to help companies meet their working capital and investment loan needs.

Ziraat Bank supports a range of projects, especially those that will create add value for the Turkish economy and decrease dependence on foreign countries. The Bank is focused on financing the commercial segment in addition to agricultural production, agricultural industry and industrial production. Within this scope, the share of corporate/entrepreneurial customers in the customer composition is expected to be increased.

In 2014, Ziraat Bank completed pricing infrastructure for its Corporate/Entrepreneurial Banking products and services such that they could compete with the sector and reach a level which meets the needs of the Bank's customers. The Bank carried out activities and training programs to simplify the product, system and legislative processes.

World Bank loans for SMEs and Larger Enterprises

World Bank loans are among the financial solutions and sources of support which create value for Ziraat Bank's customers as these loans provide long term and low cost investment and operation financing opportunities with a flexible payment structure, including a grace period. The Bank continued to transfer these loans to customers in 2014.

Ziraat Bank signed an agreement with the World Bank amounting to USD 67 million in May 2013 to finance the investments in energy efficiency to be undertaken by SMEs' and larger size enterprises. Ziraat Bank entered an agreement with a consulting firm to provide technical support to the Bank's customers in energy efficiency investments with the grant resource provided from the

“My First Job, My First Bank” loan and “Young Enterprise” loan project, which supports newly established entrepreneurial firms and artisans who need guarantees and initial capital, had been completed by the end of 2014.

USD 300 million

World Bank-SMEs Access to Finance Project

Global Energy Fund within the scope of this loan. This loan started to be utilized in 2014.

Within the scope of the SMEs Access to Finance Project which was signed with the World Bank in August 2013, the third long term resource amounting to USD 300 million was transferred to Ziraat Bank to be allocated to SMEs through leasing companies and banks that are eligible for leasing transactions. The first allocations of this resource to leasing companies started during 2014. As a result, SMEs received support in financing their investments through leasing, while leasing sector was also supported by medium and long term financing opportunities.

EUR 100 million

14-year maturity IPARD loan to finance rural development projects

European Investment Bank Loans for SMEs and Bigger Size Enterprises

Ziraat Bank completed the transfer of whole resource amounting to EUR 100 million which was obtained by European Investment Bank (EIB) in 2012 for financing SMEs. By doing so, Ziraat Bank contributed SMEs to grow by increasing production, efficiency and employment. The Bank financed SMEs working capital needs and investments undertaken in Turkey to contribute to eliminating the discrepancies in development between regions.

A new EUR 200 million resource was approved for Ziraat Bank as a result of the success in the project. An agreement was signed for the first EUR 100 million part of this resource in September 2013. The transfer of this resource to SMEs and larger size enterprises was also completed in 2014. The second part of the resource, also amounting to EUR 100 million, was signed in July 2014. The Bank started to allocate this portion to finance SMEs and larger size enterprises in their investment and working capital needs.

Following these successful projects, Ziraat Bank signed the EUR 100 million, 14-year maturity IPARD loan with the EIB in September 2014. The loan is being used to finance rural development projects with the purpose of developing relations with the EIB in different areas. This loan will be utilized for projects which meet the conditions set out by the Agricultural and Rural Development Support Institution. This is the first IPARD loan provided by the EIB to a Turkish Bank and has the longest maturity among loans issued by the EIB to a Turkish bank. This resource will be utilized to micro enterprises, SMEs and larger size enterprises, with the aim of removing some of the difficulties experienced in accessing finance in urban areas.

“My First Job, My First Bank” loan and “Young Enterprise” loan, supported by the European Investment Fund Guarantee

This project was set up to create a guarantee for cash loans amounting to TL 300 million which was signed between European Investment Fund (EIF) and Ziraat Bank in 2011 in order to finance operations at attractive conditions without the worries related to additional guarantees. This project was successfully undertaken by the Bank and was increased to TL 1.3 billion in 2013 and TL 2.1 billion in 2014 within the framework of an additional agreement for TL 800 million. This project, which supports newly established entrepreneurial firms and artisans who need guarantees and initial capital, had been completed by the end of 2014.

SEP (Saudi Export Program) Loan

In 2014, Ziraat Bank successfully continued to allocate USD 50 million in resources which were obtained by the SEP in 2013 for the import of goods from Saudi Arabia. The Bank provided cheap financing opportunities with maturities of up to 3 years for customers who import goods, except crude oil, from Saudi Arabia.

German Development Bank (KfW) Loan

A loan agreement amounting to EUR 150 million with a maturity of 10 years was signed with the German Development Bank KfW in June 2014 to allocate loans to SMEs that are active in rural segment or agricultural value chain.

With this project, micro, small and medium size enterprises that are active in prioritized areas for development and other areas determined in the agreement will be provided with operation and investment loans. Accordingly, the Bank aims to contribute to leavening of the divergences in the level of development between regions and to provide medium and long term finance support to firms that are active in the agricultural value chain.

French Development Agency (AFD) Loan

Ziraat Bank aims to fulfil the financing needs of SMEs in animal food sector with EUR 100 million of resources with a maturity of 12 years which was signed with the French Development Agency in December 2014.

This project aims to provide financing to SMEs, which operate in the food sector's segments related to animal food which is not in primary production, modernization projects for compliance with EU hygiene and environmental standards, as well as with law 5996 in force in Turkey. Ziraat Bank will help provide consumers access to healthier and more reliable food with this project.

Council of Europe Development Bank (COEDB) Loan

Ziraat Bank signed a EUR 100 million, 7 year maturity loan agreement with the Council of Europe Development Bank (COEDB) in December 2014. A EUR 50 million portion of this resource will be allocated through Ziraat Leasing. With this resource, the Bank will provide financing to micro, small and medium size enterprises with the aim of increasing their capabilities for creating employment and maintaining their current levels of employment. Moreover, the Bank will also undertake social projects and offer support to the leasing sector.

Ziraat Bank is consistently stepping up its cooperation with international institutions to offer the right financial solutions that create value to customers within the scope of the Bank's customer oriented business model. The Bank maintains its services in this area by enriching its product range and helping its customers to gain a financial competitive advantage.

Retail Banking

Ziraat Bank conducts its retail banking activities through a wide distribution network including branches, ATMs, internet banking, mobile banking and the call center. The Bank aims to provide the most appropriate products and services to meet the requirements of various customer groups through the most accurate channels. Ziraat Bank remained the first choice of its customers with its innovative applications, competent personnel and widespread service network in 2014.

Ziraat Bank conducted customer oriented activities requirements and trends of different banking segments in the scope of retail banking structuring which was held within the year.

Highlights from the activities conducted in the Retail Banking segment in 2014 are mentioned below.

- Full compliance with following was achieved: Law 6502 on the protection of the consumer and the BRSA's Regulation for fees to be collected from financial consumers.
- The paid Military Service Loan product package was offered to customers who will benefit from the paid military service application.
- Housing loans grew by 36% YoY on the back of the regulations implemented in Project Housing Loan processes.
- New contracts were signed for 24 new projects within the scope of Housing Projects. Products are started to be offered accordingly.

Retail loans, forming an important part of Ziraat Bank's loan portfolio, continued to increase their sector share in 2014.

26,566

Retail loan allocation to 26,566 customers each week

5,396

Retail loan allocation to 5,396 customers each day

674

Retail loan allocation to 674 customers each hour

- New flexible payment plans were brought into action in line with operational cycles for real persons who carry out agricultural activities. Special housing loan products were offered for farmers.
- A loyalty program including various advantages was established for customers who receive their pensions from Ziraat Bank. Within this scope, discount campaigns were planned for retired customers by entering agreements with the Bank's affiliates (Ziraat Hayat ve Emeklilik, Ziraat Sigorta and Ziraat Yatırım).
- Continued rationalization activities for customers so they can receive services from the most appropriate branch, thus ensuring that the Bank provides the most effective service to customers and in order to increase customer satisfaction.
- Continued customer segmentation activities within the framework of the Analytical Banking approach.
- The Bank maintained its leading position in the Bancassurance generation in 2014. Ziraat Bank generated TL 1,621,334,389 of premiums related to loans and free insurance operations. Ziraat Bank recorded TL 203,463,259 of commission income.
- The PPS (Private Pension System) campaign, providing free personal accident insurance cover, was organized for teachers in cooperation between the Bank and Ziraat Hayat ve Emeklilik A.Ş. between November 5th, 2014 and December 31st, 2014.
- As a result of training programs organized in cooperation with Ziraat Hayat ve Emeklilik A.Ş., a total of 3,608 personnel had obtained the PPS Brokerage Licence by the end of 2014. These training programs will continue in 2015.
- In 2014, a total of 55,520 units of PPS generation were carried out by branch personnel who hold the PPS license.
- In pursuance with Article 29 and Article 38 of Law 6502 on the Protection of the Consumer, which was enacted on May 28th, 2014, life insurance policies related to loans started to be classified according to declining balance method.

Development in the volume of retail loans

Retail loans form an important part of Ziraat Bank's loan portfolio. Retail loans continued to increase their sector share in 2014. Ziraat Bank offers services to a wide mass of customers spread throughout the country. The Bank reaches its customers through electronic service channels as well as in the branches.

Ziraat Bank provided a total of 1,381,424 retail loans amounting to TL 20,020,184,619 in value in 2014, of which TL 6,246 million was allocated within housing finance while TL 13,961 million was within other retail loan products with payments in instalments.

Within the year, the Bank allocated:

- TL 385,003,550 to 26,566 customers each week,
- TL 78,203,846 to 5,396 customers each day,
- TL 9,775,480 to 674 customers each hour.
- The allocation Center evaluated retail loan applications amounting to TL 6,305,900,353 to 225,248 customers in 2014. This corresponds to;
- TL 121,267,314 to 4,332 customers each week,
- TL 24,632,423 to 880 customers each day.

Ziraat Bank restructured 6,669 retail loan products amounting to TL 98,485,446 in 2014 through arranging a new payment schedule and/or extending the maturity to ensure that the loans are paid back without customers experiencing problems.

Products and services specific to entrepreneurial micro enterprises

Entrepreneurs who are defined as SMEs constitute the backbone of the Turkish economy and their shares in total employment, value added, investment, tax, exports and loans have reached important levels. SMEs have a dynamic structure, accounting for 78% of employment, 55% of value added, 50% of investment and 59% of exports. Micro enterprises are viewed as the

driving force of the economy in Turkey as they are in the world. Cash loans allocated to micro enterprises from the banking sector increased by 22.79% YoY in 2014 to reach TL 333,283 billion. Ziraat Bank posted 32.58% YoY growth in the volume of loans extended to the micro and mass segments.

In view of the gradually increasing importance of SMEs in Turkey and in the world, the Ziraat Bank Entrepreneurial Micro Enterprise Marketing Department was established in the last quarter of 2014 to design and coordinate products and services specific to SMEs. Product and service standards are established within this scope. There is a target of offering professional approaches in Entrepreneurial-SME banking.

The Bank determines which product/product combination to which customer when and through which channel by modelling customer data with analytic customer relations management activities. Within this scope, the Bank carries out analytical works on the customers' needs for financial markets. The Bank reached the final phase in spreading "Product/Service Packages" that were prepared for some certain sectors.

Within the scope of the KGF guarantee, resources amounting to TL 5 million were extended over a period of 2 days to customers in the scope of KÖY with "Micro Loans to PGS micro SMEs" product.

Through its "Foreign Currency loan without Commitment" product, Ziraat Bank aims to provide foreign currency loans to customers who may not be able to provide a commitment for exports but have foreign currency income from other sources such as rent.

Electronic service channels

Ziraat Bank offers an effective and qualified service to its customers through electronic service channels in addition to the branch network. The Bank recorded successful results in this area in 2014.

Credit Cards

The number of Ziraat Bank's credit cards stood at 3,133,588 at the end of 2014, with the Bank commanding an annual market share of 2.99% in revenue terms.

Bankkart

The number of Ziraat Bank's debit cards stood at 23,377,408 at the end of 2014. The Bank maintained its leading position in the sector with a 17.54% share in annual shopping revenues.

TAF (Turkish Armed Forces) Smart Card Project

- A total of 415 troops were included in the TAF e-Wallet project. As of the end of 2014;
- The number of TAF Credit Cards was 49,014
- The number of TAF Chip Debit Cards was 1,214,678
- The number of TAF Temporary Cards was 978,537.

Youth Debit Card and Campus Card As of December 31st, 2014,

- The number of the Youth Debit Card stood at 1,333,434
- The number of Campus Cards was 214,908
- The number of active saving customers was 429,693.

Member Merchants and POS

As of the end of 2014, Ziraat Bank had a total of;

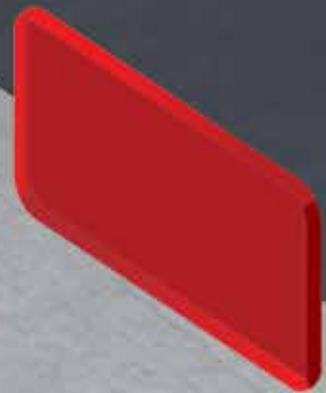
- 113,026 Member Merchants
- 123,291 POS
- TL 11,272,099,877 in annual member merchant revenues in 2014.



**If Turkey had a
brand-new bank...**

And it stood closer
than ever to millions
of pensioners...

Wouldn't that be
great?



Ziraat Bank carries out activities aimed at reducing the workload of the branches by increasing and standardizing operating efficiency.

113,026

Member merchants

TL 11.3 billion

Annual member merchant revenues in 2014

Measures to enhance operating efficiency

Ziraat Bank carries out activities aimed at reducing the workload of the branches by increasing and standardizing operating efficiency. Within this scope, the following measures were added to those undertaken in the Operations Center in 2014:

- Entrance/update activities for credit agreements
- EFT transfers that do not match
- Sending notices and urgency notices regarding retail loans
- Sending notes
- Mortgage cancellation operations
- Arbitration Committee for Consumers operations.

Export activities, import activities and security office activities were also integrated into the Operations Center business flow structure in order to reflect efficiency in business flow processes to other operations made in the Center.

In 2014, a total of 142,730,726 operations were made from the center. General centralization rate increased to 96%. The

Operations Center operates according to the increased productivity method and it is the third cheapest service channel after the Internet Banking and ATM channels.

Customer Communication Center (CCC)

The “Customer Communication Center” was moved to Maltepe in Istanbul in September 2014 and its seating capacity was increased.

Within the framework of strategy providing “Accessible, Qualified, Efficient” service in the call center, call centers with a capacity for 150 workers were opened in Bolu and Çorum during September 2014. In doing so, the Bank created new job opportunities for young people and provided a significant contribution to the economies of these cities.

The following applications were launched at the call center in 2014:

- Customers are addressed by their names when they call for information, having introduced themselves in the Voice Response System on the 444 00 00 number.
- The customization of the Voice Response System, depending on each customer, is provided by anticipating the reasons customers may be calling the 444 00 00 number.
- A different option was added to the Voice Response System for frequently received calls related to application results. Customers are made available to connect to a customer representative in a shorter period of time.

Within the scope of the “Receivable Collection and Monitoring System” project, the debt monitoring/collection of credit cards and loans were centralized. Within this framework, Ziraat Bank started to carry out customer oriented calls instead of product oriented calls. By doing so, operational burden that calling customers place on the branches was reduced.

Cash management solutions that increase customer effectiveness

Ziraat Bank offers qualified service and technology based products within the scope of cash management solutions for customers’ needs. These solutions allow improved effectiveness and efficiency for customers while also contributing to customer satisfaction and loyalty as well as the Bank’s profitability.

Through the Direct Lending System, whose effectiveness was improved with changes and innovations in product infrastructure, Ziraat Bank increased the number of firms included in the system during 2014. The Bank provides easy payment for its customers through ATM, Internet Banking, mobile banking and the automatic payment channels in addition to the branches. Moreover, the Bank also offers payment and electronic cheques/ notes collection solutions that are specific to customers’ needs, integration of

account activities, online transactions through the internet, pool account and cash collection.

Operational transactions at Ziraat Bank

Payment and Collections

EFT

20,696,910 payments amounting to a total of TL 2,423,119,882,869.27 were sent from the Bank to other banks.

The Bank received a total of 27,542,913 payments amounting to TL 2,778,995,938,405.58 from other banks.

Western Union

The Bank carried out 628,984 payment transactions amounting to USD 539,282,928.38 while it conducted 141,267 money sending transactions amounting to USD 88,990,785.03.

The Bank recorded commission income of USD 7,030,711.86.

Insolvent T. İmar Bankası T.A.Ş. Payments

Ziraat Bank transferred TL 1,941,737.58 to 133 persons while undertaking payments amounting to TL 2,735,957.92 to 231 persons within the scope of insolvent T. İmar Bankası T.A.Ş. payments between January 1st 2014 and December 31st, 2014.

TTH

A total of TL 148,900.05 in TTH payments were carried out to 199 persons.

KEY

Ziraat Bank undertook KEY payments amounting to TL 6,640,834.25 to 28,429 persons. The Bank generated TL 66,407.90 in commissions from these payments.

A total of 697 sequestering operations took place for sequestering warrants received from enforcement offices. A total of TL 67,408.18 was sent to the enforcement offices.

Agricultural Support

A total of TL 8,617,037,635.62 of support payments were provided in 4,413,082 transactions. The Bank generated TL 17,234,203.15 in commissions.

The netting off of TL 1,131,001,453.81 in lost income from loans that were allocated by the Bank and The Central Union of Turkish Agricultural Credit Cooperatives within the scope of enactments was carried out.

Social Security

Ziraat Bank undertook income/salary payments of TL 62,816,656,176.61 to a total of 54,974,079 customers and EUR 318,413,358.4 to 790,503 customers as well as other payments of TL 4,145,581,401 in 6,577,160 units.

Que Call System

The instalment of 1,301 units of a queueing call system had been provided to branches as of December 31st, 2014 thanks to the new generation queue call systems that were purchased by the Bank.

Other

- Transferring Customer Signature Samples to a Computer System
- A total of 1,677,052 customer signatures were transferred to the system between January 1st, 2014 and December 31st, 2014.
- Transferring Customer ID Document to Computer System via Scanning 3,425,806 ID documents were scanned between January 1st, 2014 and December 31st, 2014.

Ziraat Bank has been the biggest financier of the agriculture sector throughout its long corporate history in Turkey. The Bank has continuously played a role in the development and modernization of agricultural production.

6,043

Number of active ATMs

Ziraat Mobile

TL 27.8 billion

Loan to finance agriculture

Alternative Distribution Channels

In addition to its wide physical service network, Ziraat Bank extensively deploys alternative distribution channels in reaching larger customer masses.

In 2014, the Bank stepped up its work innovative applications that will ensure alternative distribution channels are as popular as the branch channel, and which will enhance the effective use of these channels.

The number of Ziraat Bank ATMs increased by 12.89% to 6,043, while the number of ATMs offering cash deposits had reached 3,706 as of the end of 2014.

Ziraat Bank completed template explanation additions such as rent and office rent to the internet branch application through ATM, SSI collection by credit cards, Ziraat Sigorta premium collection and money transfers through ATMs. Enabling customers whose money transfers was undertaken to transfer money deposit transactions and developments in the tuttur.com and nesine.com collections were completed.

The Turnkey ATM Installation application was introduced in order to follow ATM installation processes in a healthy manner.

The Regional Information System Application, which was designed within the framework of the ATM allocation criteria, was brought into use.

Bank ATMs are divided into segments and the SLA system started to be applied to intra-Bank units for ATM management.

The Ziraat Mobile application was launched for iOS and Android devices. Within the scope of the application, the following features were offered to customers:

- The opportunity for quick and easy operation with user friendly interfaces and simple transaction steps,
- A flexible structure that can be adjusted according to customer needs through a customizable home screen,
- A set of transactions which was expanded and detailed according to customer needs.

The level of security standards was increased with Ziraat Approval technology that has been downloaded as an integrated with Ziraat Mobile application. Thanks to Ziraat Approval Technology that can be used in internet banking and the Ziraat Mobile platform, transactions may be carried out securely with only one PIN.

Developments for other devices besides iOS and Android devices are planned to get underway in the first quarter of 2015.

Financing Agriculture Sector

Applications focused on the development of the agriculture sector

Ziraat Bank has been the biggest financier of the agriculture sector throughout its long corporate history in Turkey. The Bank has continuously played a role in the development and modernization of agricultural production.

Ziraat Bank determines prioritized goals are to enhance both agricultural producers and the industrial agriculture sector, and to provide them with competitive power on a global scale. Ziraat Bank supports its customers with modern financial tools at all stages from agricultural production to final consumption.

Ziraat Bank provides its customers with financing models that will provide standardization in production, decrease costs, increase efficiency, raise sustainability and will generate value added by creating an organic link between small and medium size enterprises and industrial corporations.

Extending finance to support the production of high value added products

In line with Turkey's agricultural policies, Ziraat Bank aims to maintain its financial support for the establishment and modernization of enterprises that are equipped with new technology and are of a scale which contributes to economies of scale. The Bank also aims to increase the share of high value added products in

total production by diversifying its range of agricultural finance products.

The Bank will continue to diversify its products for this goal, to renew its current products in line with needs, to be the first application point for customers which are active in agriculture.

TL 27.8 billion loan to finance agriculture

Ziraat Bank's loans for financing agriculture had reached TL 27.8 billion by the end of 2014.

Easy financing with Başakkart

Başakkart allows agricultural enterprises to obtain all agricultural inputs such as fuel oil, seeds, fertilizer, drugs, bait and veterinary medicine on credit basis with a maturity of up to 18 months and interest-free periods of up to 5 months.

The Başakkart has reduced the weight of financing in production processes.

Financial model support for cooperation between agriculture and industry

In 2014, Ziraat Bank signed a protocol with 18 companies that are active in the seeds, sugar beet and poultry sectors. The Bank provided the contracted producers of these companies with operational and investment loans with preferential terms.

Zero interest husbandry loans

Ziraat Bank offered zero interest husbandry loans to its customers in August 2010 to fulfil modernization and capacity increase needs of the current bovine, ovine and poultry breeding and fattening enterprises, and to support husbandry enterprises that will be newly established.

Treasury Management and International Banking

Ziraat Bank works to a loan based growth strategy for assets within the scope of Treasury Management and International Banking. The Bank's need for finance is fulfilled by considering the risk-reward balance, working especially to the principle of spreading deposits to the base but also ensuring other resources have a longer maturity than the deposits.

Ziraat Bank continues to provide its customers with deposit products that were diversified in line with the needs in order to contribute to the saving balance. In 2014, the Bank obtained cheap resources with long term maturities to finance the loans, provided mainly to the real sector. Ziraat Bank reduced its risks and successfully managed its costs by diversifying its resource structure and extending the maturity structure.

Ziraat Bank effectively carried out repo-reverse repo, swap, interbank deposit, loan products received and securities issuances to fulfil the required reserves and to satisfy or evaluate its liquidity needs or surpluses from the market within the framework of TL and foreign currency liquidity planning in the short and long term.

Ziraat Bank's main asset management strategy was designed to increase the share of loans, especially those extended to the real sector, in the balance sheet and to reduce the share of securities. Ziraat Bank's securities portfolio is managed by considering the risk-reward balance. While loans expanded within this framework, the Bank has been forming a more balanced asset structure.

The main liability strategy is based on diversification and deepening of non-deposit resources in addition to the expansion of the deposit base. Ziraat Bank carried out further TL bill and bond issuances within the framework of resource diversification and average maturity extension for funding. The Bank



**If Turkey had a
brand-new bank...**

And it stood closer
than ever to millions
of students...

Wouldn't that be
great?



Within the scope of resource diversification and long term borrowing strategy, Ziraat Bank issued a USD 750 million Eurobond with a 5 year maturity on June 30th, 2014.

TL 4.4 billion

Borrowing by TL bill and bond issuances

GMTN

Foreign resources obtained within the framework of the Global Medium Term Notes program amounting to USD 430.5 million.

26%

Increase in FX transactions volume

carried out borrowing activity amounting to TL 4.4 billion against TL 5.8 billion of redemptions in 2014.

The bills and bonds currently issued by Ziraat Bank in local markets, denominated in TL, amount to TL 1.6 billion, with issuances started in 2012.

Ziraat Bank obtained authorization from the Board of the Directors to carry out the following transactions:

- Issuing bills and/or bonds amounting to TL 15 billion with various types and maturities in the domestic market,
- Issuing bonds, bills or similar debt instruments of up to USD 4 billion or its equivalent in other foreign currency or in TL terms, which will be carried out in foreign countries through one or several issues,
- Establishing a bond issue program.

Within the scope of resource diversification and long term borrowing strategy, Ziraat Bank issued a USD 750 million Eurobond with a 5 year maturity on June 30th, 2014. The issue was priced with a coupon rate of 4.25% carrying a semi-annual coupon payment, a return rate of 4,341%, and a maturity date of July 3rd, 2019. The fact that the issue was five times oversubscribed, and at a low cost of debt when compared to the bonds of peer Turkish Banks traded in the secondary market, indicates the international markets' trust in Ziraat Bank.

Moreover, within the framework of the GMTN (Global Medium Term Notes) program which enables issues in various currencies and maturities, Ziraat Bank obtained foreign resources in the form of "private placement" amounting to USD 430.5 million with an average maturity of 270 days and an interest rate of 1.48% through 30 transactions carried out in the last quarter of 2014.

In line with Ziraat Bank's target of expanding its gold deposits, 1.5 tonnes of gold was brought into the banking sector through the Gold Time product, which transforms customers' physical gold into a savings product. Ziraat Bank maintains its activities aimed at increasing Turkey's savings with its diversified deposit products to meet the demands and needs of its customers. These include cumulative and loyal gold deposit accounts, as well as time gold deposits, drawing gold accounts and saving gold accounts.

Ziraat Bank is one of banks that are market markers for the Turkish Government Debt Securities market, which are determined by the Republic of Turkey Prime Ministry Undersecretaries of Treasury. The Bank successfully maintained its position of a market maker in 2014. In 2014, Ziraat Bank was ranked in 2nd place in the Borsa Istanbul Debt Securities Market in terms of transaction volume, while the Bank was ranked in 3rd place in 2013.

With the support of its widespread branch network and business model under the "Customer Relations Management" approach, Ziraat Bank's FX transactions volume increased by 26% YoY in 2014. One of the Bank's new products was "Option with Full Guarantee" transactions.

Increase in total volume of mutual funds

Ziraat Bank's investment funds, set up with the slogan of "a fund especially for you", to effectively fulfil the needs of customers who have different risk-return profiles continued to grow in 2014. The mutual funds sector grew by 16.8% YoY in 2014, while the total volume of Ziraat Bank's mutual funds increased by 76% YoY.

Growth of mutual fund sector in 2014 stands at 29.2% when private pension funds are also considered. Ziraat Finance Group, which includes Ziraat Yatırım Menkul Değerler and Ziraat Hayat ve Emeklilik, expanded the total size of their investment funds by 80.7% YoY.

Infrastructure for integration in the Turkey Electronic Fund Distribution Platform was completed to enable investors to gain access to the investments funds of other banks, brokerage houses, participation banks and asset management companies through accounts in Ziraat Bank. Customers of these institutions may also access Ziraat Bank's funds through this integration.

The authorization required to provide portfolio custody service to collective investment institutions of all corporations, in addition to the Ziraat Finance Group, was obtained from the Capital Markets Board.

Syndication enhancing Ziraat Bank's strong funding structure

Ziraat Bank diversifies and enhances its leadership position in deposits through funds that the Bank has obtained from international markets. Ziraat Bank aims to effectively support its customers in financing foreign trade with an expanded and diversified rate of financial products and services.

Ziraat Bank signed syndication loans amounting to USD 800 million, USD 211.5 million and EUR 430 million with a maturity of 1 year and cost of LIBOR + 90 bps and EURIBOR + 90 bps on April 1st, 2014. A total of 39 banks from 21 countries participated in this transaction. The Bank of America Securities Limited was the coordinator of this syndication transaction.

This was Ziraat Bank's second borrowing transaction from international markets under the syndication method.

Strong relationships in the international area

Ziraat Bank has established strong cooperation with international financial institutions on strong foundations. Ziraat Bank had correspondent relations with nearly 1,700 correspondent banks in almost 120 countries at the end of 2014. The bank's wide correspondent network is continuously changing and developing in line with the needs of customers as well as the conjuncture and trends in the world economy.

Ziraat Bank works in close cooperation with export insurance institutions, such as Hermes, Coface, Serv and Sace. The Bank signed a framework agreement with various correspondent banks for the intermediation of loans that Ziraat Bank will extend to its customers from export insurance institutions.

Ziraat Bank has medium and long term credit opportunities from banks such as US Exim, Taiwan Exim and the Islamic Development Bank within the scope of GSM program that was set up with the Commodity Credit Corporation of the US Department of Agriculture.

Global service points

With branches, representative offices and subsidiary banks in 85 locations in 16 countries, Ziraat Bank maintains its position as having the largest international service network of any Turkish bank.

The Bank's global points of service continue to work with the mission of delivering a higher quality of service through launching new products and projects in the countries they are present in. Ziraat Bank's global points of service are comprised of:

- The New York Branch in the USA,
- The London Branch in the UK,
- The Tbilisi Branch, and Batumi Sub-Branch in Georgia,
- The Sofia Branch, and the sub-branches

In parallel with the Ziraat Bank's international banking strategy and vision, global service points continue to increase their effectiveness in the regions of operation.

Batumi

The Batumi Sub-Branch, reporting to the Tbilisi Branch, commenced operations.

15.46 hours

During 2014, with an average of 15.46 hours of training provided per employee.

- in Plovdiv, Kardzhali and Varna in Bulgaria,
- The Athens, Komotini, Xanthi and Rhodes branches in Greece,
 - The Baghdad and Erbil branches in Iraq,
 - The Jeddah Branch in Saudi Arabia,
 - The Lefkoşa, Girne, Gazimağusa, Güzelyurt, Gönyeli, Akdoğan, Near East University, Karaoğlanoğlu, Karakum and İskele branches in the Turkish Republic of Northern Cyprus,
 - as well as 7 foreign banking subsidiaries and 59 points of service.

In parallel with the Bank's international banking strategy and vision, global service points continue to be restructured with the goal of increasing their effectiveness in the regions of operation, contributing to the development of trade and economic relationships between these countries and Turkey, playing an important role in the financing of external trade, commanding a high share in foreign trade, and providing fast, modern and high quality services to all customers, specifically to Turkish entrepreneurs and corporations.

Projects for effectiveness and expansion

Ziraat Bank continues its operations with the goal of being the strongest and most effective bank in Turkey and the region in coming periods by utilizing potential opportunities in all areas that the Bank has operations on the basis of dynamics shaped by developments in global and domestic markets. With this purpose, in drafting projections, Ziraat Bank always conducts studies and evaluations at every point especially in near regions which provide banking opportunities on the basis of their potential in developing commercial relations, in line with the goal of expanding operations in such regions.

Ziraat Bank continues feasibility activities in potential regions in addition to the establishment processes of two branches in Pristina and Prizren **in Kosovo** and a representative office in China.

In Bulgaria, within the scope of shifting to the Ziraat Customer Business Model, the Bulgaria Directorate started its operations offering services from one branch in Sofia and three sub-branches in Plovdiv, Kardzhali and Varna. The Bank

plans to expand its area of operations by offering credit cards and POS products in addition to debit cards, ATMs and internet banking by maintaining the development in non-branch banking and alternative distribution channels which it has achieved recently.

In Greece, Ziraat Bank serves its customers through four branches in Athens, Komotini, Xanthi and Rhodes.

The TRNC Directorate in Northern Cyprus was established within the scope of shifting to the Ziraat Customer Business model in the TRNC, where the Banks has been active since 1974. Accordingly, sub-branches were transformed into branches. The TRNC Directorate maintains its operations with 10 branches, widening product range and enhancing its service quality in line with the trend of steady development. The Bank attracted significant interest in agricultural loans that started to be extended in 2011. Agricultural loan volumes reached TL 65 million as of the end of 2014. Total loans, on the hand, increased to TL 736 million. TRNC branches provide all kinds of services offered in Turkey. Ziraat's branches are among the biggest and most profitable among those which have operations in the TRNC. The branches in the TRNC continue to significantly support the country's economy.

In Georgia, the Tbilisi Branch has been in operation since 2001. In addition, the Batumi Sub-Branch, reporting to the Tbilisi Branch, entered operation on 11 March 2013, in the framework of the Bank's strategy of boosting its presence in the region and expanding in the nearby geographical region. The Bank is in a steady growth trend and continues its operations with a customer and market oriented business model.

In Saudi Arabia, the Jeddah Branch started activities on 14 March 2011. The branch maintains its efforts to meet the needs of Turkish contracting companies for letters of guarantee, as well as meeting the banking needs of businessmen working in Saudi Arabia and Turkish citizens visiting Saudi Arabia for pilgrimages. The Bank also continues its

development and expansion activities by expanding its range of products and services.

In Iraq, having entered service delivery in Baghdad in 2008 under extraordinary conditions, Ziraat Bank became the first Turkish bank to open a branch in Erbil on 14 February 2011. The Bank continued to mediate in the letters of guarantee requested by Turkish contracting companies operating in the region and in the money transfers of Turkish firms and workers at an increasing rate throughout 2014.

Human Resources

Ziraat Bank has adopted a modern Human Resources Management System which will realize the Bank's mission in line with the principles of transparency, collaboration, efficiency and strategic vision. Ziraat Bank's most important asset is its human resources, which set the Bank apart from the competition.

Ziraat Bank was serving the Turkish Banking sector with 23,617 personnel as of December 31st, 2014 to fulfil the requirements of modern banking and international competition. The Bank's main mission in the area of human resources is to be the bank which the sector's best employees want to work for.

Ziraat Bank's main principle in career paths is to raise managerial staff within the Bank. To this end, Ziraat Bank carries out career planning based on objective criteria considering equality of opportunity. The Bank sets out human resources policies which encourage the long term working life for the personnel.

In the recruitment processes, Ziraat Bank seeks to employ young and dynamic candidates who are able to use technological infrastructure, can work in a team and have strong communication and analytical thinking skills. Within this framework, 406 personnel joined the Ziraat Bank family in 2014.

Training Activities

Ziraat Bank organizes continuous training programs for its employees to reach the competences required by their positions.

Training programs under the following main headings were organized in 2014:

- "Banking School and Orientation", which helps newly-hired personnel become acquainted with the Bank and to adapt to its corporate culture, while also providing them with basic and essential knowledge and skills,
- "Career Training" for personnel was given to provide the knowledge, skills and competence required for their positions,
- "YÖNAP (Management Trainee Program) Training" to prepare personnel who work as managers in the authorized assignment position for branch management,
- "Development Training" to fulfil the Bank's need for training in line with its goals and strategies or increasing new product/service/legislation knowledge,
- "Legal Obligation Training" to train employees of legislation,
- "Licence/Certificate Training" with the purpose of preparation for national and international licence/certificate examinations.

A total of 14,719 employees received training during 2014, with an average of 15.46 hours of training provided per employee.

Other Activities

Ziraat Bank provided training opportunities to 970 vocational high school students and 20 university students as well as 2,080 university students through internships in 2014.

The "Welcome to Ziraat" book was prepared and distributed to introduce the Bank and Bank culture to newly recruited personnel and to provide them with information that will ease their tasks. Moreover, support for the design, content, print and distribution of Effective and Quick Look at Operations Hand Book and Applications, Principles and Methods for Company Analysis was given to related units.



**If Turkey had a
brand-new bank...**

And it always stood
by artists and
athletes...

Wouldn't that be
great?



Ziraat Bank maintains its efforts in various fields with a special focus on education, sport, culture and the arts that will help advance individuals and society.



Ziraat Turkish Cup



Ziraat Bank believes that giving something back to society and humanity constitutes the basis of all kinds of economic activity. The Bank maintained its activities to contribute to society in 2014.

Ziraat Bank maintains its efforts in various fields with a special focus on education, sport, culture and the arts. Ziraat Bank supports projects that will contribute to the cultural accumulation of society and help advance individuals and society. Each year, Ziraat Bank takes new steps forward in its social responsibility mission.

Advertising Activities

As in the past 5 football seasons, Ziraat Bank sponsored the Turkish Football Cup in the 2014 / 2015 season. The organization was renamed the “Ziraat Turkish Cup”.

In the 2014-2015 season, Ziraat Bank continued its sponsorship of the sport club that has successfully represented the Bank in the Aroma Men’s Premier Volleyball League since the 2007-2008 season.

In this period, new versions of the Shadows and Football Machine advertising films were released.

Protecting Cultural Values

For 150 years, Ziraat Bank has contributed to culture and the arts in a spirit of sharing with the community. According to its values, the Bank extended support in its health, education, service and sports activities in 2014 as a part of social responsibility efforts.

34 exhibitions

There were a total of 34 exhibitions in art galleries of Ziraat Bank, which attracted more than 28,000 art lovers.



A Tradition of Supporting the Arts and Artists

Ziraat Bank has always attached the utmost importance to the arts and artists ever since its incorporation, as underlined by the slogan “In Art for Art”. The Bank added new links to the chain of support that has been extended to the arts since the 1990s, and opened the Kuğulu, Tünel and Kızıltan Ulukavak art galleries and the Ömer Nafi Güvenli Exhibition Hall for art lovers. There were a total of 34 exhibitions in art galleries in Ankara Kuğulu and İstanbul Tünel, which attracted more than 28,000 art lovers in 2014.

The founder of Turkey’s First Banking Museum

The Ziraat Bank Museum, housed in the Ceremonial Hall of the Bank’s Original Head Office building in Ankara’s Ulus district, was opened on 20 November, 1981. The museum is an exhibition of the Bank’s 150-year long history, which has borne witness to almost every phase of the Republic era, and is the first museum devoted to banking in Turkey. The Ziraat Bank Museum offers a view of the commercial, economic, political, cultural, artistic and educational transformations that the Turkish banking industry has undergone since its beginning right up to the present day. On display in this historic setting are numerous antique artefacts that reflect these characteristics.

A project is currently under way to restore Ziraat Bank’s historical buildings that are located in Ankara Kızılay, Adakale Street and İstanbul’s Cağaloğlu district that is owned by the Bank. When completed, this venerable structure will serve as the Ziraat Bank Museum of Painting and Sculpture.

Digital Platforms and Field Researches

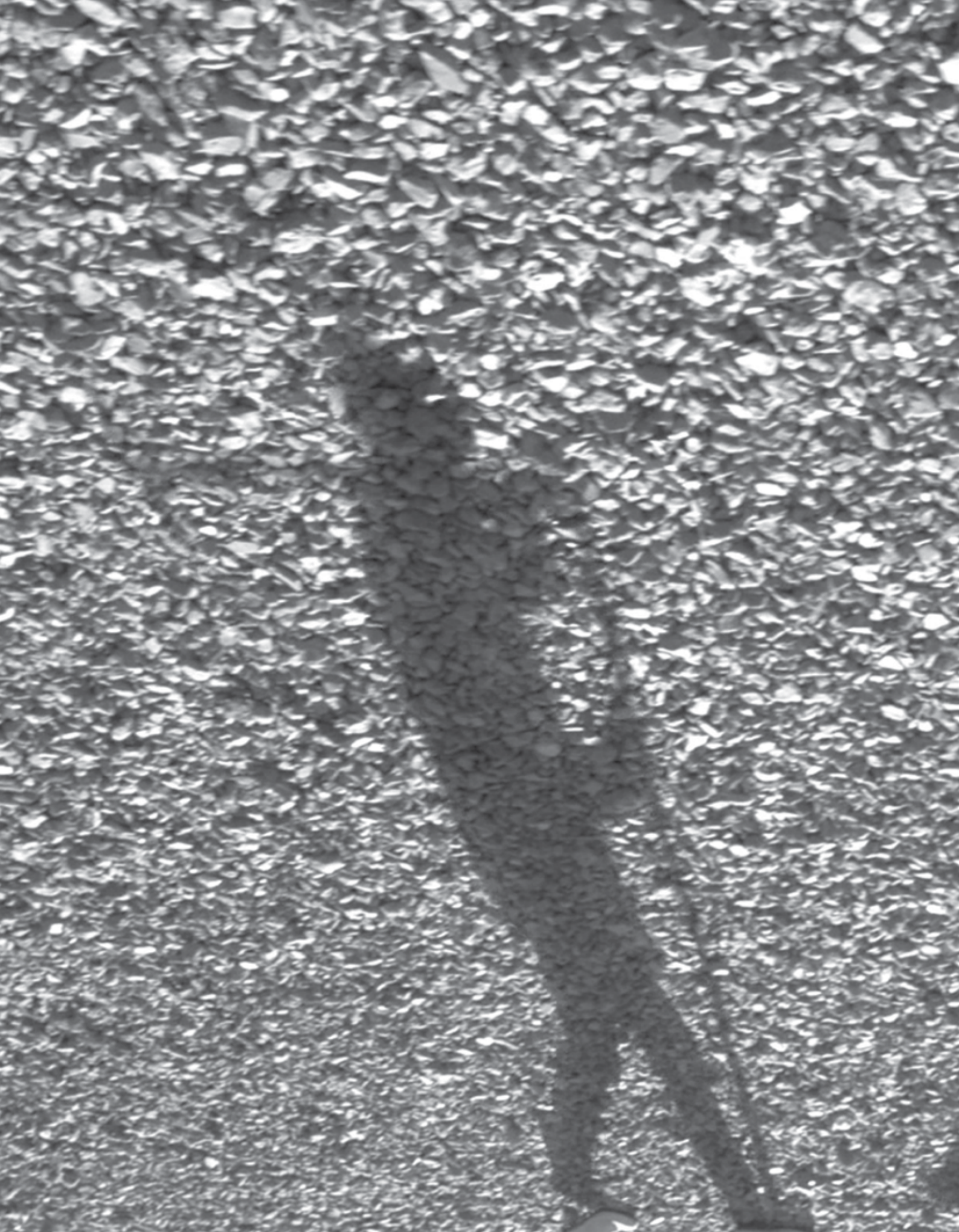
Visits were conducted to all branches in 2014 within the scope of Visual Identity Audit activities by using corporate identity in line with the Bank’s standards. The visits aimed to improve customers’ perception of Ziraat Bank to integrate the corporate identity standards in all related areas, and to prevent faulty applications.

Ziraat Bank aims to fulfil the demands and expectations of its customers in all platforms in the best manner and to maintain levels of customer satisfaction at the highest levels. The Bank actively utilizes social media channels for this purpose. The Bank’s Facebook page became one of the most effective pages in the sector, attracting 582,200 likes by the end of 2014, while its Twitter page had more than 52,700 followers. Ziraat Bank is constantly increasing its effectiveness in social media.

Other activities

Having sponsored a number of trade shows held in and out of Turkey during 2014, Ziraat Bank’s support contributed to the launch of projects that are important for our country.



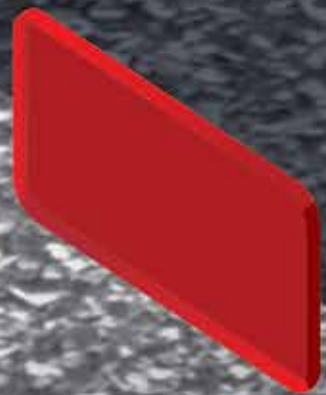




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And it stood closer
than ever to millions
of working people...

Wouldn't that be
great?



The Bank's main goal is for subsidiaries to have a 10% share Ziraat Finance Group's total assets and a 15% share in its profit within 5 years.

TL 2,027 million

Ziraat Bank's total investment in its subsidiaries as of the end of 2014

Montenegro

A permission was obtained from BRSA to establish a subsidiary bank in Montenegro, which would be 100% owned by Ziraat Bank.

Ziraat Bank's corporate subsidiary strategy is to enhance the synergies between domestic subsidiaries operating in various sectors and foreign subsidiaries spread over a wide region to the highest level, and to ensure that each partnership is popular among customers and corporations, and that they are the most profitable corporations in their sectors and achieve sustainable profitability and growth under the Ziraat Finance Group.

Within this framework, the Bank's primary goal is to command a pioneer subsidiary portfolio which has a high competitive power with a wide product range, channel diversity, competent human resources, easy processes and modern technological infrastructure in all operational sectors and regions, to fulfil all financial needs of Ziraat Group's customers with the most appropriate value proposition.

In line with these strategies and goals, the Bank always considers organic

and inorganic growth alternatives in all countries and sectors that the Bank sees potential based on profitability and efficiency.

The Bank's main goal is for subsidiaries to have a 10% share Ziraat Finance Group's total assets and a 15% share in its profit within 5 years.

Ziraat Bank stepped up its efforts to establish a new subsidiary in 2014 with this goal. Ziraat Bank obtained necessary permits from the authorities to establish a participation bank in Turkey with capital of TL equivalent of USD 300 million, and to establish a subsidiary bank in Azerbaijan with capital of Manat 50 million (around USD 64 million). The work on establishing these two banks is expected to be completed in the first half of 2015.

Ziraat Bank obtained permission from the Banking Regulation and Supervision Authority to establish a subsidiary bank

in Montenegro, which would be 100% owned by Ziraat Bank. The Bank applied to the Central Bank of Montenegro for a banking licence.

As of the end of 2014, Ziraat Bank's total investment in its subsidiaries had reached TL 2,027 million, of which TL 708 million had been invested in domestic subsidiaries and TL 1,319 million in foreign subsidiaries.

Capital increases to enhance the capital structures of the Group's subsidiaries had amounted to TL 131.9 million for domestic subsidiaries and USD 2.3 million for foreign subsidiaries during 2014.

Foreign Subsidiaries

Ziraat Bank International AG

Ziraat Bank International AG has been operating in Germany for 50 years with 134 employees. The Bank has 9 branches in Berlin, Duisburg, Frankfurt, Hamburg, Hannover, Köln, Munich, Nurnberg and Stuttgart. The Bank also has one representative office in Istanbul. The Bank provides services to corporate and retail customers.

At the end of 2014, Ziraat Bank International AG's paid-in capital stood at EUR 130 million, with shareholders' equity of EUR 170 million, total assets of EUR 1,327 million, loans of EUR 1,280 million and deposits of EUR 1,133 million. Loans grew by 57% YoY and the Bank's net profit came in at EUR 9.4 million.

Ziraat Bank BH d.d.

Ziraat Bank BH d.d. started operations in 1997. The Bank is the first bank in Bosnia Herzegovina to be fully owned by foreign capital.

The Bank provides an entire suite of banking products and services to its corporate and retail banking customers through 28 service units, 37 ATMs, 18,000 credit cards, 16,000 debit cards, and 843 POS devices throughout the country. The Bank had 247 employees at the end of 2014.

As of the end of 2014, Ziraat Bank Bosnia d.d.'s total assets amounted to USD 342 million, with loans of USD 232 million, deposits of USD 215 million and shareholders' equity of USD 48 million. The Bank wrote a net profit of USD 2.4 million for the year.

Ziraat Bank (Moscow) CJSC

Ziraat Bank (Moscow) CJSC entered operation in Moscow in 1993.

The Bank's operations are mainly based on corporate banking activities. In 2014, the Bank achieved 17% growth in total assets, 21% in cash loans, 60% in non-cash loans and 125% in its pre-tax profit in Rouble basis.

The Bank commanded USD 60 million in total assets with USD 25 million of loans and a USD 2 million of profit.

Kazakhstan Ziraat International Bank (KZI Bank)

The Kazakhstan-Ziraat International Bank was established in 1993. The Bank was incorporated as the first foreign capital-owned bank in Kazakhstan. Based in Almaaty, the Bank continues to offer services in corporate and retail banking through three branches located in Almaaty, Astana and Shymkent. The Bank plans to open a sub-branch in Almaaty in 2014 and other branches in the cities of Karaganda and Ataru, increasing its number of branches to 7.

As of the end of 2014, the Bank's total assets amounted to USD 179 million, with shareholders' equity of USD 103 million and a net profit of USD 9 million for the period. Its return on equity increased from 6% to 9%. The Bank's loan book was worth USD 125 million in 2014, representing a 17% YoY surge. The value of the Bank's deposits was realized at USD 74 million.

Turkmen Turkish JSC Bank

The Bank was established in 1993 with the equal participation of Turkmen Turkish Joint Stock Commercial Bank, Ziraat Bank and Dayhan Bank.

The Bank's branch network was expanded in 2014 to cover all cities in Turkmenistan. The Bank had reached an asset size of USD 138.2 million as of the end of 2014. In this period, the Bank achieved 76% growth in its asset size, 48% in its loan volume, 107% in its deposits and 41% in its net profit.

Uzbekistan-Turkish Bank (UTBANK)

The Uzbekistan Turkish Bank (UTBANK) was founded in 1993 in Tashkent by Ziraat Bank and Agrobank (Uzbekistan), with each controlling an equal stake.

Serving its customers in all business segments of banking, UTBANK's total assets stood at USD 66.6 million at the end of 2014. The Bank's deposits amounted to USD 19.2 million with shareholders' equity of USD 26.4 million, while it recorded a net profit of USD 2.1 million in the year.

Ziraat Bank's domestic subsidiaries operate in the fields of insurance, life insurance and pension, leasing, investment banking, asset management and IT.

TL 703 million

Ziraat Sigorta increased premium generation by 24% YoY in 2014.

18.48%

Ziraat Hayat ve Emeklilik had a market share of 18.48% in 2014.

Domestic Subsidiaries

Ziraat Sigorta A.Ş.

Ziraat Sigorta was founded on May 11th, 2009, and initiated insurance operations in 2010. The Company succeeded in being a role model in the sector by maintaining its sustainable growth and profitability.

Ziraat Sigorta completed fifth year of activity and maintained its steady development in 2014. Ziraat Sigorta increased premium generation by 24% YoY to TL 703 million.

As of the end of 2014, the Company commanded an asset size of TL 468 million and shareholders' equity of TL 150 million. The Company's net profit increased by 18% YoY to TL 65 million.

Ziraat Hayat ve Emeklilik A.Ş.

Ziraat Emeklilik was authorized for incorporation on 2009 and entered operation in the life insurance and personal accident insurance branches at the beginning of 2010. The Company has maintained its leadership position in premium generation for life insurance policies since its foundation. It reached market share of 18.48% and generated premium of TL 606 million as of the end of 2014.

Ziraat Emeklilik has been present in the Private Pension System since July 2011. The Company's fund size increased by 109% YoY and its number of participants increased by 99% YoY in 2014. Funds reached TL 731 million with 248,000 participants. The Company had TL 2.1 billion in assets and shareholders' equity of TL 272 million as of the end of 2014.

Ziraat Finansal Kiralama A.Ş.

Ziraat Leasing, which was established in 1991, continued its growth by outperforming the sector in asset size and net leasing receivables in 2014.

As of the end of 2014, the Company had TL 1.9 billion in assets and shareholders' equity of TL 200 million.

Ziraat Yatırım Menkul Değerler A.Ş.

Ziraat Yatırım entered operation in 1997. The Company continues its operations with four branches, 16 investment centers and one communication office.

The Company recorded transaction volumes of TL 22.2 billion on the Borsa Istanbul Equity Market, TL 6.9 billion in the Derivatives Market, TL 73.6 billion in the Repo-Reverse Repo Market and TL 8.3 billion in the Bonds and Bills Market Outright Purchase and Sale Market during 2014. The Company intermediated in TL 4.7 billion of private sector bond and bill issues as part of its corporate finance services.

As of the end of 2014, the Company had TL 98 million in assets and TL 78 million in shareholders' equity.

Ziraat Portföy Yönetimi A.Ş.

Ziraat Portföy, established in 2002, manages individual and corporate portfolios in addition to ten mutual funds owned by Ziraat Bank, four mutual funds owned by Ziraat Yatırım and ten private pension funds.

The Company realized a number of innovations in 2014. Ziraat Portföy received a licence and increased the standard of its technology security. The company grew by 100% with the investments it undertook in human resources.

In 2014, the Company's assets under management grew by 117% YoY from TL 1.8 billion to TL 3.9 billion. The Company jumped from 8th to 5th position among 48 asset management companies.

Ziraat Teknoloji A.Ş.

Staffed by around 500 competent and dynamic employees, Ziraat Teknoloji provides IT services to Ziraat Bank and its foreign/domestic partnerships in the fields of application development, system management, support-operations and technical consultancy since its foundation in 2001.

Ziraat Teknoloji moved to the Teknopark in Yıldız Technical University in April 2013. The Company has played an important role in Ziraat Finance Group's transformation project with the products that it developed in line with the ISO 9001 and ISO 27001 standards.

TL 1.9 billion

Ziraat Leasing increased its asset size to TL 1.9 billion in 2014 by outperforming the sector.

TL 22.2 billion

Ziraat Yatırım recorded transaction volumes of TL 22.2 billion on the Borsa Istanbul Equity Market in 2014.

117%

Ziraat Portföy's assets under management grew by 117% YoY and reached TL 3.9 billion.

500

Ziraat Teknoloji, staffed by around 500 competent and dynamic employees, provides IT services.

The Report on Compliance of Annual Report



CONVENIENCE TRANSLATION OF THE REPORT ON COMPLIANCE OF ANNUAL REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

To the General Assembly of Shareholders of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") and its consolidated subsidiaries as of 31 December 2014 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the unconsolidated financial statements subject to independent auditor's report dated 10 February 2015, and consolidated financial statements subject to independent auditor's report dated 27 February 2015.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Law No.5411 and independent auditing principles that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and Article 397 of Turkish Commercial Code ("TCC") No. 6102. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated subsidiaries at 31 December 2014 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

Other Responsibilities Arising From Regulatory Requirements

Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated subsidiaries to continue its operations for the foreseeable future.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalçın, SMMM
Partner

Istanbul, 27 February 2015

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Ziraat Bank Board of Directors



FAHRETTİN ÖZDEMİR
Member of the Board

METİN ÖZDEMİR
Member of the Board

FEYZİ ÇUTUR
Member of the Board
Audit Committee
Member

SALİM ALKAN
Member of the Board

HÜSEYİN AYDIN
General Manager and
Member of the Board



MUHARREM KARSLI
Chairman and Member of the
Audit Committee

YUSUF DAĞCAN
Deputy Chairman

MUSTAFA ÇETİN
Member of the Board

CEMALETTİN BAŞLI
Member of the Board

GÖKHAN KARASU
Audit Board Member

Ziraat Bank Board of Directors

MUHARREM KARSLI

Chairman and Member of the Audit Committee

Muharrem Karslı graduated from İstanbul University (Faculty of Economics, Department of Business Administration and Finance) in 1959, where he later completed a master's degree in money and banking. As he worked as an assistant inspector and inspector at İşbank from 1965 until 1974, he also pursued one-year research studies in banking in the UK and France. Based on his research studies, he introduced ATM devices to Turkey for the first time in 1972. In 1974, he set up the Securities Department at the same bank, a first in the Turkish banking industry, and continued to lead this process for 11 years until 1985. In 1985, he assumed the duty of establishing İstanbul Stock Exchange and served as its chairman for 5 years. He subsequently established his own brokerage firm, which he transferred 10 years later in 2001. On 03 November 2002, he was elected as a member of the Parliament representing İstanbul during the 22nd government of the republic. During his employment at İşbank, he served as a board member with Tofaş Türk Otomobil Fabrikaları A.Ş., the bank's subsidiary, for 5 years and for Dışbank A.Ş. (Fortis Bank) for 1 ½ years, and as a statutory auditor for T. Şişe ve Cam Fabrikaları A.Ş. and Takasbank. During his term of office as a member of Parliament, he served as a member on the Turkey-EU Joint Parliamentary Commission for 2½ years and on the NATO Parliamentary Assembly for 2½ years. Mr. Karslı has been serving as the Chairman of the Bank since May 2010. His published work includes a book entitled "Sermaye Piyasası Borsa Menkul Kıymetler" (Capital Markets, Stock Exchange and Securities), which is used as a textbook at universities.

YUSUF DAĞCAN

Deputy Chairman

Yusuf Dağcan graduated from Eskişehir Academy of Economic and Commercial Sciences. He worked as an assistant inspector, inspector and branch manager at Vakıfbank from 1977 through 2001. He held a seat on the Board of Directors of TAIB Yatırım Bank A.Ş. from 05 September 2007 until 30 June 2008. After assuming responsibility as a member of the Audit Committee at Halkbank from 27 March 2003 until 18 April 2012, Mr. Dağcan was also the chairman of the Board of Directors of Halk Leasing, a Board member of Halk Banka A.D., Skopje operating in Macedonia, and Deputy Chairman of the Arab Turkish Bank. Serving as a member on our Bank's Board of Directors since April 2012, Mr. Dağcan is also a member of both the Bank's Credit Committee and the supervisory board of the Ziraat Bank Bosnia d.d.

HÜSEYİN AYDIN

General Manager and Member of the Board

Hüseyin Aydın graduated from the Ankara Academy of Economics and Commercial Sciences (Faculty of Economics) in 1981. He began his career as an Assistant Inspector at Ziraat Bank and served as a director in various departments at Ziraat Bank until 27 March 2003. After working as an Executive Board member at Halkbank, as a Board member at Pamukbank and as Deputy Chairman at Ziraat Bank, Mr. Aydın worked as the General Manager and Board member at Halkbank between 31 May 2005 and 14 July 2011. Having joined Ziraat Bank as the General Manager on 15 July 2011, Mr. Aydın also serves as the Chairman of the Banks Association of Turkey.

FAHRETTİN ÖZDEMİRCİ

Member of the Board

He graduated from Ankara University, Faculty of Political Sciences, Business Administration Department in 1996. He got his MA at Ankara University, Faculty of Political Sciences, and Business Administration Department in 2006. After passing the entrance exam, he was appointed as an Assistant Accountant in 1997 and after succeeding the proficiency exam he was appointed as an Account Expert in 2001. He had been a Vice-President of Provincial Treasury of Antalya between 29.07.2003 and 01.09.2005 and he had been the Group Director of Revenue Administration of Antalya Directorate of Tax Administration between 01.09.2005 and 15.03.2006 by proxy. He was appointed as the Chief Account Expert in 12.03.2008. He worked as a Group Leader in Revenue Administration, Application and Data Management Department between 28.07.2008 and 31.12.2010. He worked as the Head of The Department in Revenue Administration between 01.01.2011 and 31.12.2011. He worked as the Group Leader of Major Taxpayers in Tax Inspection Board of İstanbul between 01.01.2012 and 03.02.2014. He has been working as head of provincial treasury of İstanbul as of 03.02.2014. Mr. Özdemirci, who has been selected to be a Member of the Board of Directors of our bank since April 2nd 2013, is also a member of Corporate Governance Committee.

FEYZİ ÇUTUR

Member of the Board
Audit Committee Member

Feyzi Çutur graduated from Gazi University (Faculty of Economics and Administrative Sciences, Department of Banking) in 1983. After working as accounting and finance manager at various private sector companies from 1977 until 1990, he functioned as General Accounting Manager at Bayındır Menkul Değerler A.Ş. (1990-1998), as Finance and Operations Directors, Assistant General Manager, Acting General Manager and General Manager at Eti Yatırım A.Ş. (1998-2010). He served as the Fund Board member and Fund Board Chairman at Eti Yatırım and various Mutual Funds owned by Etibank, and held a seat on the Board of Directors of İktisat Yatırım A.Ş. in 2006. From July 2011 until March 2012, he was a Board member representing the Savings Deposit Insurance Fund (SDIF) at Arab Turkish Bank and its subsidiary A&T Leasing. Being a member of the Bank's Board of Directors since April 2012, Mr. Çutur is a member of the Bank's Audit Committee and Remuneration Committee, and an alternate member of the Credit Committee.

METİN ÖZDEMİR

Member of the Board

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He is currently pursuing his graduate studies in the Department of Economics at Marmara University, Institute of Middle East Studies. He started his career at Kuveyt-Türk Finans Kurumu A.Ş. in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004-2014. Being a member of the Bank's Board of Directors since April 2012, Mr. Özdemir is also a member of the Bank's Remuneration Committee and an alternate member of the Credit Committee.

MUSTAFA ÇETİN

Member of the Board

Mustafa Çetin graduated from Ankara University (Faculty of Law) in 1974. He served as a Governor and Mayor in the Hadım, Akçakale and Pasinler districts between 1979 and 1985. Then he went on to work as a Chief Civil Inspector, Vice Chairman of the Board of Inspectors, Minister's Advisor and General Secretary at the Ministry of Internal Affairs between 1985 and 1996. He worked as the Governor of Gümüşhane between 1996 and 1999, as a Chairman of the Committee of Research, Planning and Coordination at the Ministry of Internal Affairs from 1999 to 2000, a Central Governor from 2000 to 2002, and Prime Ministry Deputy Undersecretary from 2002 to 2007. While he was serving as the Prime Ministry Deputy Undersecretary, he was a member of the General Assembly of the Press and Publication Agency and a member of the board of Anadolu Agency. He also served as a member of parliament representing the province of Uşak between 2007 and 2011. Mr. Mustafa Çetin has been serving as a member of the board of Ziraat Bank since July 2011.

CEMALETTİN BAŞLI

Member of the Board

Cemalettin Başlı graduated from Hacettepe University Department of Business Administration in 1981. He got a start in business as Air Traffic Controller at General Directorate of State Airports Authority. Mr. Başlı who worked as Assistant to Financial analyst at Vakıfbank between 1984 - 1985, as Auditor and Credit Foreign Exchange Director at Garanti Bank between 1985 - 1991, as Branch Manager at Albaraka Türk Inc. between 1991 - 1998, as Credits and Central Branch Manager at Faisal / Family Finance Inc. between 1998 - 2002, as Deputy General Manager at Haliç Financial Leasing Inc. between 2004 - 2006, as Deputy General Manager at Ziraat Bank - Moscow between 2009 - 2012, as Member of the Board and General Manager at Kıbrıs Faisal İşlem Bank between 2012 - 2014 serves as a Member of the Board of our Bank since June 2014.

SALİM ALKAN

Member of the Board

Salim Alkan graduated from Ankara University (Faculty of Political Sciences, Department of Business Administration). He worked as an inspector, branch and department manager and assistant general manager at various banks from 1971. After functioning as Vice President of the Savings Deposit Insurance Fund (SDIF), Advisor to the Chairman of the SDIF, and general manager, board member and chairman of various banks taken over by the SDIF from 2005 to 2010, he held a seat on the Board of Directors of Halkbank from 24 May 2010 until 18 April 2012, as well as on the boards of Halk Real Estate Investment Trust, and Halk Yatırım Menkul Değerler A.Ş. Serving as a member of the Bank's Board of Directors. He started to serve as member of the board in our bank, starting from April 2012, also he is Vice Chairman of the Supervisory Board in Ziraat Bank BH d. Mr. Alkan is also a member of the Bank's Credit Committee.

DAVUT KARATAŞ

Audit Board Member

Davut Karataş graduated from İstanbul University Faculty of Political Science, Public Administration Department. Currently serving as the General Director for Laws and Resolutions at the Prime Ministry, Mr. Karataş has been a member of the Bank's Board of Auditors since March 2013.

GÖKHAN KARASU

Audit Board Member

Gökhan Karasu graduated from İstanbul University (Faculty of Law). Currently functioning as a division head in the Directorate General of Insurance at the Turkish Treasury, Mr. Karasu has been serving as a member of the Bank's Audit Board since September 2012.

Ziraat Bank Senior Management



YÜKSEL CESUR
Assistant General Manager
for Internal Systems

BÜLENT SUER
Assistant General
Manager for Operational
Transactions

ALPASLAN ÇAKAR
Assistant General
Manager for Retail Banking

BİLGEHAN KURU
Assistant General Manager
for Treasury and International
Banking

ÖMER M. BAKTİR
Assistant General
Manager for Marketing



MUSA ARDA
Assistant General Manager
for Loan Allocation and
Management

M. CENGİZ GÖĞEBAKAN
Assistant General
Manager for Loan Policies

OSMAN ARSLAN
Assistant General Manager
for Information Technologies
Management

PEYAMI ÖMER ÖZDİŞEK
Assistant General
Manager for Human
Resources

CEM İNAL
Assistant General Manager
for Financial Coordination

Ziraat Bank Senior Management

ÖMER M. BAKTİR

Assistant General Manager for Marketing

Ömer Muzaffer Baktır graduated from İstanbul Technical University (Department for Mining Engineering). He joined Pamukbank in 1990, where he worked as an assistant inspector, inspector, service director and as a departmental manager. Having joined Halkbank in December 2004, Mr. Baktır was appointed as an Assistant General Manager on 14 June 2005 and he was responsible for Corporate Commercial Marketing, Corporate and SME Marketing, and Credit Allocation and Management respectively until March 2010. He then joined Cengiz Holding in March 2010 where he served as a CFO and Member of the Executive Committee until October 2011. Mr. Baktır has been serving at Ziraat Bank as Assistant General Manager for Marketing since November 2011.

MUSA ARDA

Assistant General Manager for
Credit Allocation and Management

Musa Arda graduated from Çukurova University (Faculty of Economics and Administrative Sciences). He began his career at Pamukbank in 1994 as a financial analyst. He worked at the same bank as an analyst, a service manager in various units at the headquarters and a marketing director at Güneşli Corporate Branch between 1994 and 2004. He joined Halkbank in 2005 as a division manager at the Commercial Marketing Department before working as the head of the Financial Analysis Department, the head of the Department of Credit Policies and Project Evaluation, the head of the Department of Commercial Loans and, most recently, as the coordinator responsible for the İstanbul 2nd Region. He has been serving at Ziraat Bank as Assistant General Manager for Loan Allocation and Management since November 2011.

ALPASLAN ÇAKAR

Assistant General Manager for Retail
Banking

Alpaslan Çakar graduated from Ankara University (Department of Public Administration, Faculty of Economics and Administrative Sciences). He joined Ziraat Bank in 1996 as an assistant inspector and later served as an inspector and branch manager. Mr. Çakar was appointed as the regional head manager in 2005. Promoted to the position of department head in August 2007, Mr. Çakar has served as the Assistant General Manager for Retail Banking and Assistant General Manager for Operational Transactions respectively. He has been serving as Assistant General Manager for Retail Banking since August 2014.

M. CENGİZ GÖĞEBAKAN

Assistant General Manager for Loan Policies

Mehmet Cengiz Göğebakan graduated from Ankara University (Department of Economics, Faculty of Political Sciences) in 1987. He began his career at Pamukbank as an assistant inspector in the same year. He served at the same bank between 1994 and 2004 as a manager of the Department of Firm Evaluation, Department of Credit Monitoring, Department of Credit Allocation, Department of Administrative Follow-up and Department of Credit Policies. He joined Halkbank on 17 November 2004 where he worked as an executive responsible for Retail Loans; he was promoted to the post of assistant general manager responsible for risk liquidation on 9 June 2005. He served as an assistant general manager for credit policies from 2007 to 2010 at the same bank. He worked at Anadolubank as an assistant general manager responsible for loans from May 2010 to October 2011. Mr. Göğebakan has been serving at Ziraat Bank as Assistant General Manager for Loan Policies since November 2011.

BİLGEHAN KURU

Assistant General Manager for Treasury and
International Banking

Bilgehan Kuru graduated from the Middle East Technical University (Department of Mining Engineering). He studied for a master degree in finance at the Institute of Physical Sciences of the same university. He began his career as a foreign exchange clerk at Halkbank, where he worked from 1986 to 1988. He joined Pamukbank in 1988 as an assistant specialist before serving as a service director and manager of the Treasury Department at the same bank. He was appointed as the Head of the Department of Foreign Exchange and Money Markets at Halkbank in November 2004. Having held the position of Assistant General Manager for Retail Banking at Halkbank from June 2007 until July 2011, Mr. Kuru was appointed as Assistant General Manager for Treasury and Strategy Management at our Bank in July 2011 and he has been working as Assistant General Manager for Treasury and International Banking since August 2014.

OSMAN ARSLAN

Assistant General Manager for Information Technologies Management

Osman Arslan graduated from the Middle East Technical University (Faculty of Arts and Sciences, Department of Statistics) in 1995. He completed his MBA degree in the Faculty of Economic and Administrative Sciences at the same university from 2006 to 2008. Having worked at the Bank's Banking School in 1995 and 1996, he functioned as a specialist at our Bank (1996-1998), as an assistant inspector at Sümerbank (1998-2000), as an inspector and assistant manager at Asya Katılım Bankası A.Ş. (2000-2004), as section head, division head and assistant general manager at Halkbank and as General Manager at Arab Turkish Bank (2004-2012). Currently holding the responsibility of the Chairman of the Board at A&T Bank, Mr. Arslan has begun to work for our Bank in March 2012 as Assistant General Manager for Financial Management. He has been serving as Assistant General Manager for International Banking and Joint Ventures since January 2013. Mr. Arslan has been serving as Assistant General Manager for Information Technologies Management since August 2014.

PEYAMİ ÖMER ÖZDİLEK

Assistant General Manager for Human Resources

Mr. Özdilek graduated from the Middle East Technical University, Department of Political Science and Public Administration. He has begun to work in our Bank in 1996 as the an assistant inspector, after working at the various positions of the staff, he has served respectively as London, Gayrettepe Branch Manager and Head of the Human Resources Department. Mr. Özdilek has been carrying out his office as Assistant General Manager for Human Resources since September 2013.

BÜLENT SUER

Assistant General Manager for Operational Transactions

Mr. Suer graduated from Ankara University, Faculty of Political Sciences, Department of the Labor Economy. He has begun to work in our Bank in 1991 as the Assistant Inspector at the Board of Inspectors. Thereafter having performed his offices as the Inspector, Branch Manager, Head of Department and Regional Head Manager, Mr. Suer has been proceeding his service as the Assistant General Manager for Operational Transactions since September 2013.

CEM İNAL

Assistant General Manager for Financial Coordination

Cem İnal graduated from Ankara University (Department of Finance, Faculty of Political Sciences). He joined Ziraat Bank in 1992 as an assistant inspector and served in a number of posts, as an inspector, branch manager, regional head manager and a departmental manager. Appointed as Assistant General Manager for Retail Banking in November 2011, Mr. İnal has been serving as Assistant General Manager for Financial Coordination since January 2013.

YÜKSEL CESUR

Assistant General Manager for Internal Systems

Yüksel Cesur graduated from Boğaziçi University, Faculty of Economics & Administrative Sciences. He has begun to work in our Bank in 1996 as an Assistant Inspector, and later on he has been appointed as the Inspector. He has performed his duty as the Head of Department of Training Section since 2005. Mr. Cesur who was appointed to the Department of Treasury Operations in 2007 has served thereafter as the Head of Agricultural Marketing Group. Mr. Cesur has been serving as Assistant General Manager for Internal Systems since April 2014.

Ziraat Bank enhanced its organizational infrastructure through the transformation process that started in 2012. The Bank continued to lead the banking sector in 2014 with Ziraat Customer Business Model projects and continued to provide strategic solutions to international markets, domestic markets and customers with its deeply rooted experience and more than 150 years of experience. The principle of balance sheet management in line with equity was an important guide in 2014. In 2014, long term and low cost resources were obtained to finance credits allocated mainly to the real sector. By doing so, the Bank decreased the risk by diversifying its resources and extending maturity structure. In addition, Ziraat Bank also carried out cost management by this way.

For improving credit evaluation capability, Ziraat Bank continued its efforts to improve credit processes for current credit evaluation modules to accurately analyze and allocate credit rapidly in 2014. In line with the Branch Banking strategy, the Small Enterprise Module was added to the credit evaluation modules and it started to be active in October.

Efforts to decrease branches' operational work-load continued in 2014. The Bank aims to create appropriate value propositions to customers, identifying their needs in a more effective way by ensuring customers have more qualified time in branches by decreasing the operational workload of the branches.

Within the framework of the strategy of being a bank that supports real sector under all circumstances, Ziraat Bank has

increased the share of loans in assets and fulfils the requirements of customer based balance sheet. In 2014, total loan amount increased by 28% to TL141.9 billion by stimulating the country's producing power within the scope of bank strategy. Share of loans in assets increased from 54% to 57%.

The Bank's total assets increased by 19.3% YoY to TL 247.6 billion in 2014. The securities portfolio stood at TL 64.5 billion and its share in assets decreased to 26%.

Ziraat Bank increased its deposits to TL 153.2 billion after expanding deposits to the base in 2014. Total deposits maintained their weight in Ziraat Bank's liabilities. In addition to deposits that are expanded to base, Ziraat Bank attached importance to non-deposit resources. The Bank achieved important progress in credits received from international institutions and banks, post-finance loans, bank bond issuances.

Ziraat Bank continued its efforts to provide a service that sets itself apart in the branches and non-branch channels through "channel optimization" efforts in line with the Bank's goal of providing effective banking service to customers via all channels. Additionally, Ziraat Bank also supported its customers in 2014 with financial solutions that have long/term maturities, grace periods, flexible repayment schedules and low costs.

Ziraat Bank's main mission is to support the agricultural sector. The Bank aims to be its customers' main and effective bank in all phases of agricultural production.

The Bank also aims to support industrial agriculture by considering all links in the agricultural value chain as a combined in financing agriculture. Ziraat Bank diversified its product range in 2014 in line with this aim. The Bank also renewed current products in line with customers' needs.

As of the end of 2014, Ziraat Bank's equity stood at TL 28.5 billion with an 11.5% share in total liabilities. The Bank's capital adequacy ratio was realized at 18.22%. Ziraat Bank, which was the most profitable bank in 2013, maintained this title in 2014. Ziraat Bank increased its profit to TL 4,051 million in the 2014 full year.

In 2014, Ziraat Bank created more access points that will provide customers with greater ease by expanding the Bank's branch network. Within this scope, number of branches increased to 1,682 with 53 new branch openings. The breakdown of branches was as follows: 24 Corporate branches, 80 Entrepreneurial branches, 90 Entrepreneurial Dynamic branches, 1,486 standard branches and 2 mobile branches. The Number of ATMs grew by 12.89% YoY to reach 6,043 by the end of 2014. The number of deposit friendly ATMs reached 3,706.

Ziraat Bank grows with sustainable profitability and efficiency. With its aim of customer based structuring with a sound balance sheet, the Bank continues to operate with the awareness of its responsibilities derived from being more than just a bank, to provide the best services to its customers and our country.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.



Hüseyin AYDIN
General Manager and Member
of the Board



Muharrem KARSLI
Chairman and Member of the
Audit Committee

Activities in 2014

Our Bank is operating in a highly competitive sector, which includes international capital. Our Bank carries forward its position of being the strongest national bank. Our Bank maintained its civilized human resources policies in 2014, with the awareness of its success, including its unique position in the sector, unrivalled market knowledge, ability to serve its customers at the right time, through the right channel and with the right value propositions.

Within the scope of Competency Based Performance Management activities, the Bank almost completed followings as of 2014 year-end: competency definitions on the basis of duty position and unit; design and software of evaluations system.

The Bank switched to the systematic application for remuneration in 2014. Within this scope, the following activities have been carried out:

- Notifications regarding overtime can be performed through the system thanks to Working after Office Hours Notification/Reporting application which was started to be used in April. This application also enabled the Bank to transiently check the reasons why personnel work overtime. By doing so, actions to minimize working overtime are taken. Within this scope, share of personnel who work overtime in total staff decreased to 1.6% in 2014.
- Daily Allowance module was created on Finart system to finalize daily allowance transactions quickly and in a standard manner. This module was made available to all personnel in June. By doing so, standardization was provided

without making manual operations and payments are carried out to personnel automatically without any delay.

- An E-payroll system was opened in July 2014. Employees may monitor their payroll details with their passwords through this system. Thanks to this system, salaries are calculated automatically without the need for manual intervention and legal notifications can easily be made.
- Within the framework of transformation activities for increasing synergy in the Ziraat Finance Group and to increase the effectiveness of units located abroad, following activities were almost completed in 2014: personnel-position matching, salary system and revising other personal regarding units that are located abroad. Activities for updating HR legislation are planned to continue in 2015.

Negotiations between the Bank and the Öz Finans – İş Trade Union which was founded on 23 August 2013 and which was authorized to make Collective Labor Agreement with the Bank on 9 September 2014 were finalized as of 31 December 2014. The Collective Labor Agreement was signed for the first time in the history of Ziraat Bank.

Ziraat Bank Personal Performance Bonus System

A new bonus system which was implemented in 2013 in accordance with the Bank's new organizational structure and strategy which is focused on marketing and sales was designed in line with the increasing gain principle, which rewards increasing performance and efficiency, providing higher compensation for those with a higher performance. Through personal performance evaluations, bonus payments were made in accordance with performance with the aim of strengthening the customer focused business model, deepening the marketing and efficiency focused work approach by motivating employees, increasing their corporate loyalty and rewarding personal success.

In the scope of this implementation, considering our Bank's profitability and operational results in 2014, the bonus budget was determined not to extend 8% of total monthly wage payments. These payments were determined according to substantial and numerically measurable criteria, and paid to the employees pertaining to three month periods beginning from February, May, August, and November. Bonus payments were designed to provide additional payments to those who had achieved a higher performance on a marketing basis and on the basis of:

- Branch segment and scale group,
- Ordering according to performance ration cards, as a result of measurable performances at the end of three months period,
- Performance bonuses were distributed according to coefficients.

Different coefficients are applied in the calculation of bonuses according to branch segment, scale, and personal performance ordering and duty position. Premium which differentiates in line with performance notes at each pie is calculated for marketing staff with new amendment made as of 3rd quarter of 2014. As of the 4th quarter of 2014 The Bank started to calculate premium to counter staff through the performance of the counter that she/he is responsible.

As in other banks, a performance bonus system was designed for rewarding higher performance and increasing the efficiency of sales employees. In addition, employees working in the operations departments of the branches and the general directorate could benefit from this implementation.

2015 Projections

Besides to modern work conditions, Ziraat Bank will maintain offer career opportunities that fit position in 2015.

In addition to promotions regarding title, our Bank enriches career opportunities through promotion. In this scope, implementation of the “Competence Evaluation System” has been planned in order to evaluate our employees’ performance in terms of their competence in their duties.

Within the scope of Management Trainee Program, personnel who are in Authorized position and who will be successful as a result of programs that will be held in 2015 will continue to be assigned to Branch Management/ Management within the limits of needs.

Within the scope of activities for receiving demand and opinions regarding “Personnel Position and Location Change”, Ziraat Bank will continue to evaluate personnel’ transfer demand as of June-July and December-January periods.

Ziraat Bank plans to update HR legislation and revise processes regarding the applications that affect Human Resources processes with Collective Labor Agreement that was signed with Öz Finans – İş Trade Union on 31 December 2014.

Information on the Activities of the Committees

Information on the Activities of the Credit Committee

Chairman

Hüseyin AYDIN,
General Manager and Member of the Board

Members

Yusuf DAĞCAN,
Deputy Chairman of the Board

Salim ALKAN,
Member of the Board

Alternate Members

Feyzi ÇUTUR,
Member of the Board

Metin ÖZDEMİR,
Member of the Board

Credit Committee fulfils the duties and powers specified in the Banking Law, the Bank's articles of association, and other legislation issued by BRSA. Within the framework of the authority delegated by the Board of Directors, the Committee makes decisions on loan extensions and restructuring issues such as extending maturity, increase, and change in terms. Credit Committee performs other duties related to lending assigned to it by the Board of Directors.

Credit Committee met 45 times during 2014 and passed 715 decisions.

Information on the Activities of the Audit Committee

Members

Muharrem KARSLI,
Chairman of the Board

Feyzi ÇUTUR,
Member of the Board

Pursuant to the Bank's "Regulation on Organizational Structuring", the Audit Committee is obliged to satisfy the duties, powers and responsibilities set out by the Banking Law and the Banking Regulation and Supervision Agency (BRSA). The Committee is responsible for the execution of the Compliance Program that will be formed pursuant to the "Regulation on Compliance Program concerning Prevention of Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism" issued in relation to the enforcement of the Law on the Prevention of Legalization (Laundering) of Proceeds from Crime, and fulfills the duties, powers and responsibilities set out in the legislation issued concerning these matters.

Information on the Activities of the Corporate Governance Committee

Members

Muharrem KARSLI,
Chairman of the Board

Mustafa ÇETİN,
Member of the Board

Corporate Governance Committee monitors and audits the Bank's compliance with corporate governance principles. The Committee suggests proposals to the Board of Directors and works to ensure improvements. The Committee keeps reports of its activities in written form.

Information on the Activities of the Remuneration Committee

Members

Feyzi ÇUTUR,
Member of the Board

Metin ÖZDEMİR,
Member of the Board

The Remuneration Committee is responsible for overseeing and supervising the remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank's ethical values and strategic goals, and submits its recommendations to the Board of Directors.

Attendance by Members of the Board of Directors and of the Audit Committee in Meetings Held During the Reporting Period

Board of Directors

The Board of Directors meets regularly at least once a month upon summons by the chairman, deputy chairman or any member of the Board. The Board met 42 times during 2014 and passed 731 resolutions.

Audit Committee

The Audit Committee meets regularly at least once a month with the attendance of all members. The committee met 23 times during 2014 and passed 53 resolutions.

Related Party Transactions

In accordance with article 49 of the Banking Law no 5411 and because the Bank's capital belongs entirely to the Turkish Treasury, the risk group of which Ziraat Bank is a member consists of itself and the companies over which it exercises control over, either directly or indirectly.

Relations between the Bank and the members of the risk group in which it controls a stake consist of banking transactions conducted in compliance with the Banking Law within the framework of normal bank-customer relationships carried out at arm's length, and consist primarily of borrowing and lending and of accepting and extending deposits.

Details of the amounts of the transactions that Ziraat Bank engaged in with members of its own risk group in 2014 and their reasons are presented in Footnote VII of section five of the yearend financial report that is included in this annual report.

Companies from which Support Services are Obtained

The services obtained by our Bank within the scope of the "Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services", and the companies providing these services are presented below.

1. Ziraat Teknoloji A.Ş.; information technologies infrastructure and its integration, system management, support-operation, application development and technical consultancy,
2. Bileşim A.Ş.; card printing service,
3. Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.; software, applications and development for card-based payment systems,

4. Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizmetleri Tic. A.Ş.; internet banking software and applications development,
5. Smart Soft Kartek Kart ve Bilişim Teknolojileri Tic. Ltd. Şti.; TSK (Turkish Armed Forces) smart card software, application, development,
6. Güzel Sanatlar Çek Basım Ltd. Şti.; printing of cheques,
7. Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş.; security services,
8. KRL Özel Güvenlik Koruma ve Eğitim Hizmetleri Ltd. Şti.; security services,
9. Başkent Güvenlik Hizmetleri Ltd. Şti; security services,

10. Ekol Grup Güvenlik Koruma ve Eğt. Hizm. Ltd. Şti.; security services,

11. Gram Altın Pazarlama Sanayi ve Ticaret A.Ş.; expertise services,

12. UZ Gayrimenkul Yatırım Danışmanlık A.Ş.; support services for the creation and registration of mortgages,

13. Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş.; support services for the creation and registration of mortgages,

14. Fu Gayrimenkul Yatırım Danışmanlık A.Ş.; support services for the creation and registration of mortgages,

15. Plaza Peyzaj Taahhüt ve İnşaat San. Tic. A.Ş.; outsources personnel.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control and Compliance, and Risk Management Systems

The internal audit, internal control and risk management activities at Ziraat Bank are carried out by the Board of Auditors and Internal Control and Risk Management Group, which have segregated duties and responsibilities, are organizationally independent from each other, but work under the coordination of Internal Systems Assistant General Manager Office.

Set up to cover all units, branches and the Bank's subsidiaries subject to audit, the organization aims to ensure complete and secure pursuance of banking activities, realization of long-term profit targets, reliable financial and administrative reporting, and minimization of unexpected risks that might negatively affect the Bank's reputation and financial stability.

Operation of the Internal Audit System

The Board of Auditors adopts a risk-focused approach to auditing and monitors the compliance of the activities carried out by all of the Bank's head office units, domestic and international branches, and subsidiaries under its control with the law and other applicable legislation, as well as the Bank's internal strategy, policy, principles and targets. The Board of Auditors keeps the Bank's Senior Management informed and pursues its efforts in a manner to contribute to the decision-making processes of the Senior Management.

Having 184 members and working in line with the international internal audit standards, in 2014 the Board of Auditors audited and evaluated the effectiveness and efficiency of transaction steps that make up the primary processes, and the secondary processes, besides auditing the compliance of the Bank's activities with the processes that they are governed under. In addition, the Bank's IT Inspectors audited the processes set out in the Regulation on Bank Information Systems and Banking Processes published by the Banking Regulation and Supervision Agency (BRSA) in line with the Bank's implementations.

- The Centralized Audit Team, which operates under the Board of Auditors and plays a key role by applying various scenario analyses to identify realized irregularities and by producing a dissuasive effect on possible irregularities in order to prevent them continued its activities in 2014.
- R&D team carried out activities for revising processes and legislation by closely monitoring business processes of Board of Auditors and the Bank's all other units. Completed audit reports were analyzed and shared with related units if necessary. Laws, BRSA decisions, and changes that are proposed by the Bank's senior management and Head Office units were closely monitored and audit points are kept updated by doing so.
- Scenario Team was formed in order to produce scenarios and offer quick and effective solution for the Bank by applying these scenarios in line with detecting deficiencies in the Bank's processes, improving processes and increasing efficiency. This team carried out very important projects in 2014. Their works are offered to use of the Bank's units and were helpful in taking several important actions.
- Central Audit Team which was formed to increase audit frequency of certain branch groups by monitoring them from the center continuously and which was formed to increase efficiency started its operations. In 2014, 244 branches were audited in line with the same principles that are applied to on-site audit.
- Management Declaration which was prepared to offer guarantee about effectiveness, adequacy and compliance of internal audit on information systems and banking processes; which was prepared for the first time in 2011 was offered to independent audit firm in January. With Management Declaration application, offering a guarantee regarding current situation and activities that are carried out is aimed by enabling Board of Directors to evaluate effectiveness, adequacy and compliance of the Bank's internal audit on information systems and banking processes from the perspective of Information Systems Audit period.
- Information Systems and Banking Processes Audit Guide is prepared in line with Regulation on Bank Information Systems and Banking Processes Audit that will be Carried Out by Independent Auditors which was published on Official Gazette numbered 27461 and dated 13 January 2010.
- Risk points of branches are determined by giving weights- in certain periods- to each criteria that were set as a result of the Committee's works. Risky branches were determined as a result of this work. These branches were prioritized in audit planning. (Branch Risk Work)

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control and Compliance, and Risk Management Systems

- Within the scope of Virtual Archive project, inspectors were provided with e-signatures. Reports are started to be signed with e-signatures and wet signature process was terminated.

The inspectors have the opportunity to conduct audit in different units periodically and thereby constantly build on their professional knowledge and experience; they were also given training at certain intervals to support their personal and professional development in 2014.

Inspectors are encouraged to take on administrative duties, thus continuing to supply qualified human resources to the Bank's administrative personnel. In addition, 54 assistant inspectors who were hired in 2014 started to work.

As a result of The Board of Inspectors' evaluation of organizational changes at the Bank, the modules introduced in lending decisions, and the systematic differences arising from the launch of centralized allocation structure, New Auditing Model that includes all business processes is started to be used. Results of the audit were presented to the all units of the Bank.

With Finding Follow-Up Mechanism, a consciousness of fulfilling/correcting deficiencies that are subject to findings within certain period is started to be created without satisfying only reporting these findings that were obtained during audit.

In the coming period, the Board of Auditors will continue to be guided by a high sense of responsibility and duty in the execution of the internal audit plan to be devised in line with the targets and policies determined by the Bank's Senior Management and within the framework of the modern approach to auditing; in the reporting of their outcomes to the Board of Directors through the Audit Committee and in monitoring the precautions to be adopted based on audit reports.

Operation of the Internal Control and Compliance System

Internal control activities are organized in such a way to cover the activities of the Bank's domestic and international branches and head office units under the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process and are constantly revised in line with the Bank's requirements.

The scope and implementation of the approach are in line with the Bank's main goals and strategies. After the change in risk perceptions and a new service model implementation, a proactive structure is adopted in accordance with the changes in the strategy and circumstances. Within this scope, the Bank made efforts for New Control mode and started to use this model. Thanks to this adopted proactive structure, the Bank's operations are performed at higher standards than the sector norms in accordance with both domestic and international codes and competitive conditions.

Domestic branch controls are carried out on-site and from the center within the framework of program that is prepared each period according to risk status.

Internal control activities at all of our international branches are conducted in accordance with the annual control plans that are approved by our Committee.

The control intervals at head office units are determined in view of the units' functions and risk exposure, their job descriptions and their impact on the Bank's balance sheet, and are revised in line with the Bank's needs.

The findings contained in the reports prepared following these activities are categorized under certain headings, and are shared with relevant units and the Senior Management.

In 2014, on-site Internal Controllers continued to conduct examinations regarding matters established during the control activities and which were deemed to require further examination. The necessary action to be taken by the Bank based on the preliminary examination reports was taken and transactions which were suspected of being subject to abuse were shared with the Board of Auditors in order to ensure that the necessary examinations/investigations were undertaken.

In addition to the above, compliance control activities are also carried out by the internal control function within the framework of Article 18 of the Regulation on the Banks' Internal Systems and Internal Capital Adequacy Assessment Process. Accordingly, all past or planned activities of the Bank, as well as new products and transactions are checked for compliance with the Law and other applicable legislation, internal policies and guidelines, and established banking practices. Furthermore, regulations that are issued or modified by the Bank are also reviewed within the scope of compliance controls and resulting opinions are shared with the related units.

Besides control activities, recommendation reports continued to be issued, which are aimed at improving the processes related to the activities carried out at the Bank by Internal Controllers and at prevention of possible risks. The objectives of this implementation are to prevent risks by identifying them in advance, improving processes so as to achieve alignment with the competitive environment and customer satisfaction, and taking cost saving measures.

Internal Controllers are encouraged to take on administrative duties, thus continuing to supply qualified human resources to the Bank's administrative personnel.

Operation of the Risk Management System

The fundamental approach to risk management activities carried out at the Bank is to achieve the best possible practices in risk management functions by inculcating a culture of risk-awareness throughout the Bank and by continuously improving both the system and the human resources according to Regulation on the Banks' Internal Systems and Internal Capital Adequacy Assessment Process.

The utmost attention is taken towards ensuring that the risk management activities undertaken are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk. Risk management activities cover the main headings of credit risk, market risk, operational risk and balance sheet risks (interest rate risk arising from banking accounts and liquidity risk), and have the ultimate objective of achieving compliance with international best practices.

Under credit risk management activities, work is undertaken to define, measure, monitor and report credit risk, employing methods that are in alignment with Basel II. In this context, legal reporting process started using the Basel II Standardized Method from 1 July 2012. The amount of credit risk is reported to the BRSA each month on a solo basis and quarterly on a consolidated basis.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control and Compliance, and Risk Management Systems

Efforts are ongoing at the Bank to measure the creditworthiness in connection with advanced measurement methods. Accordingly, work is being carried out on the outcomes of scoring models used for different loan portfolios. Validation is carried out using statistical methods to measure the accuracy and performance of these scoring models. Furthermore, credit risk limits that are approved by the Board of Directors are monitored, and work is in progress to conduct scenario analyses and stress testing for the non-performing loans ratio. Methods that are in alignment with Basel III have been prepared and will be implemented in the new operational year.

Under the operational risk management activities, operational risks are defined, classified, measured and analyzed. These analyses are supported with stress tests. Moreover, operational risk limits that are approved by the Board of Directors are followed periodically. The operational risk loss database in the Finart environment allows incidents of operational risk to be tracked. Risks arising from information technology and actions taken are followed up. An Operational Risk Map is being prepared for use in the Internal Control audit program for the purpose of establishing the risk levels of the Bank's branches. In addition, risk exposure assessments are conducted for companies providing outsourced support services within the framework of the BRSA's regulations in force.

Within the scope of market and balance sheet risk management activities, market risk, liquidity risk, and interest rate risk arising from banking accounts are measured, analyzed, limited, reported and monitored, and the analyses conducted are supported through stress tests. In addition, market and liquidity risk limits which are approved by Board of Directors are followed periodically. In line with Basel III regulations, Liquidity Coverage Ratio was started to be calculated pursuant to BRSA regulation. Within the scope of market risk, backward test analyses are carried out for internal models that are used.

To determine the amount of shareholders' equity that is aligned with the loss our Bank may sustain due to its risk exposure, a capital adequacy assessment is conducted using the economic capital approach and the results are reported to the senior management.

The results of the analyses conducted under risk management activities and the risk indicators are reported to the Board of Directors and our Committee at six month intervals and to the executive units and internal system units at monthly, weekly and daily intervals.

The new operating period will be marked by continued activities under all risk categories on the basis of internationally accepted advanced risk management techniques, as well as execution of these activities as an integral part of the Bank's strategic decision making processes.



Feyzi ÇUTUR
Member of the Audit Committee



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

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

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

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

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

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, Karaöğlanoğlu, 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
II. 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
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
XVIII. 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		-	-	-	-	-	-	
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17,388	-	17,388	17,388	-	17,388	
16.2.7 Hedging Funds (Effective Portion)		-	-	-	-	-	-	
16.2.8 Value Increase on Assets Held for Sale		-	-	-	-	-	-	
16.2.9 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 (SectionFive 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		Current Period (31/12/2014)	Prior Period (31/12/2013)
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
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.

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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 Canc. 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		-	-	-	-	-
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	6,669,577	7,759,851
VII.	Cash and Cash Equivalents at the End of the Period	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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

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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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

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(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.

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(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.

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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 (CRMRR)	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+CRMRR+CROR)*12.5)*100	18.22	13.21
Tier 1 Capital/((CRCR+CRMRR+CROR)*12.5)*100	17.18	-
Common Equity Tier 1 Capital/((CRCR+CRMRR+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	-

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(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 I 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

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	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.).

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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:

	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications					
Conditional and unconditional exposures to central governments or central banks	6,101,431	2,777,877	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

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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

	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 complexness 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.

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(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.

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(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

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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.

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(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	-

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

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. Creditabilities 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 complexity.

b) Structure and Organization of Risk Management

Risk Management Operations are conducted in accordance with the Regulation for Banks' Internal Systems and Internal Capital Adequacy of Banks, issued in the Official Gazette numbered 29057 and dated 11 July 2014 by Banking Regulation and 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.

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(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.

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(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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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

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(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 rediscounts 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

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Notes to the Unconsolidated Financial Statements at 31 December 2014

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

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.

Ziraat Bank sets its goals as steady growth, sustainable profitability and efficiency within the scope of enhancing financial structure. The Bank enhanced its balance sheet structure which is in line with equity through asset-liability management strategies in 2014. The Bank maintained positive trend in capital adequacy, profitability and efficiency.

Ziraat Bank's total assets and equity increased to TL 247.6 billion and TL 28.5 billion, respectively as at 2014 year-end. Share of equity increased to 11.5% this period from 8.9% in 2013 year-end as a result of the Bank's balance sheet structure in line with its equity.

Ziraat Bank aims sustainable profitability which is an important issue in equity management. The Bank increased its net profit by 22% to TL 4,051 million. Return on equity and asset came in at 16.4% and 1.8%, respectively as at 2014 year-end. Ziraat Bank's capital adequacy ratio realized at 18.22 which is above the sector average.

Within the framework of transformation from securities to loans in balance sheet, Ziraat Bank gave weight to loan activities. As a result, total loans increased by 28% to TL 141.9 billion as of 2014 year-end. Share of loans in assets stood at 57%. Share of securities which was 30% in 2013 decreased to 26%. Ziraat Bank will continue its efforts to decrease share of securities to sector average. Ziraat Bank's NPL ratio decreased to 1.9%. The fact that the Bank has a NPL ratio which is below sector average without carrying out any asset sale indicates that the Bank has a good asset quality.

Ziraat Bank's total deposits increased to TL 153.2 billion in line with the Bank's approach aiming to support the country's saving balance and the Bank's target of obtaining cheap resource which is expanded to base. Ziraat Bank maintained its leadership in the sector in total deposits. Share of deposits and share of non-deposit resources including funds in liability was 61.9% and 22.8%, respectively. In 2014, Ziraat Bank continued to diversify resource structure with credits obtained from international institutions and banks, post finance credits, bank bond issuances within the framework of resource diversification and depth based management approach.

The most important income item in 2014 was interest income amounting to TL 18.1 billion in 2014. As a result of loan activities that were held within the year, share of interest received from loans in total interest income increased to 70% from 66%. The Bank continued its efforts regarding improvements in net interest margin. Net interest income increased by 11% in 2014. As a result of activities for increasing the Bank's non-interest income, net fee and commission income increased by 12% in 2014.

%	2014	2013
CAPITAL		
Capital Adequacy Ratio	18.2	13.2
Shareholders' Equity/Total Assets	11.5	8.9
Shareholders' Equity/(Total Assets+Non-cash Loans)	9.9	7.7
Shareholders' Equity/(Deposits+Non-Deposit Resources)	13.6	10.1
ASSET QUALITY		
Total Loans/Total Assets	57.3	53.5
NPL (Gross)/Cash Loans	1.9	2.1
NPL (Gross)/(Non-cash Loans+Cash Loans)	1.5	1.7
FC Assets/FC Liabilities	95.2	95.4
LIQUIDITY		
Liquid Assets/Total Assets	13.1	14.0
Liquid Assets/(Deposits+Non-Deposit Resources)	15.4	16.0
PROFITABILITY		
Net Profit (Loss)/Average Total Assets	1.8	1.8
Net Profit (Loss)/Average Shareholders' Equity	16.4	18.5
Net Profit (Loss)/Average Paid-in Capital	162.0	133.2
COST-INCOME STRUCTURE		
Interest Income/Interest Expenses	190.0	216.7
Non-Interest Income/Non-Interest Expenses	41.1	41.0
Total Income/Total Expenses	133.7	135.5
Interest Income/Total Income	88.4	86.0
Non-Interest Income/Total Income	11.6	14.0
Interest Expenses/Total Expenses	62.2	53.8
Non-Interest Expenses/Total Expenses	37.8	46.2

The fundamental approach to risk management is to achieve the best possible practices in risk management functions by instilling a culture of risk-awareness throughout the Bank and by continuously improving both the system and the Bank's human resources.

Risk management activities cover the primary headings of credit risk, market risk, operational risk and balance sheet risk. Policy and implementation principles concerning the management of these risks are carried out in accordance with the regulations on the basis of each type of risk, which are approved by the Board of Directors. The utmost attention is taken to ensure that the risk management activities which take place are conducted with the coordinated participation of all units that are involved in every activity associated with the risk categories.

In order to establish a system to determine the capital level and the need for capital against the risks that the Bank is exposed to (or will be exposed to), an Internal Capital Adequacy Evaluation Process is established in our Bank, in line with strategic goals, within the framework of the "Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of the Banks", The analyses, which are in compliance with the implementation guidelines of the BRSA, are supported with stress testing and scenario analyses on a risk basis.

Under the scope of "Regulation on Measurement and Evaluation of Leverage Level of Banks" and "Regulation on Capital Maintenance and Cyclical Capital Buffer", which were enacted in 2013, studies are conducted in alignment with Basel III Regulations.

In accordance with the Basel-III liquidity implementations, Liquidity Adequacy Report is started to be submitted to BRSA in line with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks" which was published by the BRSA. Additionally, studies related to the Liquidity Coverage Ratio and Net Stable Funding Rate are delivered to the Basel Committee in 6-month periods through the BRSA.

Credit Risk

Credit risk management involves regulating the Bank's credit risk exposure and defining, measuring, monitoring, controlling and reporting these risks.

Statutory reports are prepared by using standard approach method within the framework of Regulation on Measuring and Assessing Banks Capital Adequacy. Within this scope, the amount of credit risk which is calculated is reported to the BRSA monthly on a solo basis and quarterly on a consolidated basis. Leverage ratio is submitted to BRSA and CBRT periodically.

The Bank established the Company Assessment Model so that related units are able to determine the creditworthiness of customers in the Commercial, Corporate and Entrepreneurial segments, and the Scoring Model for establishing the creditworthiness of its customers in the Retail segment. Validation is carried out to measure the accuracy and performance of these models using statistical methods. In order to also allow the use of advanced measurement methods to calculate the amount of credit risk, work is carried out on the results of the said scoring models.

Within the scope of Internal Rating Notification Circular which is enacted as of January 2014, Internal Rating Notifications are reported to the Banks Association of Turkey's Risk Center on a monthly basis. Several projects are planned to enable to calculate amount of credit risk with advanced measurement techniques.

Following credit risk limits and signal values that are approved by the Board of Directors are detected: credit risk limits and signal values on the basis of customers and counterparty credit risk stemmed from banking accounts on the basis of portfolio and counterparty credit risk limit and signal values stemmed from trading accounts. These limits and values are followed monthly. The Bank's risk weighted assets that it can carry on the bases of segment and portfolio are restrained with these limits.

Market Risk

With a view to revealing the market risks that the Bank may be exposed to, risk measuring and monitoring are carried out, the results of which are taken into consideration in the Bank's strategic decision-making process.

In the market risk control process, the market developments that affect the current values of "portfolios subject to market risk", which is determined in line with the Bank's trading strategy, are monitored at least on a daily basis, and the impact of ordinary or extraordinary downward and upward moves in the markets on the portfolio is analyzed.

In an attempt to prevent the Bank's financial strength from being significantly affected by increased volatility in the markets in the course of its day-to-day activities, signal values in the early warning system are monitored and risk levels are restricted within limits.

The amount of market risk to be included in the legal capital adequacy ratio is calculated and reported by using the standardized method. The market risk is measured on a daily basis using the VaR-based internal method employed in addition to the standardized method, which has been assessed and endorsed for suitability within the framework of international best practices by an independent consultancy firm. Moreover, in order to measure the effectiveness of models that are used, backward test analyses have been conducted.

Operational Risk

Operational risks incurred throughout the Bank are tracked by means of the Operational Risk Loss Data Base. The amount of capital required to cover operational risks is calculated according to the Basic Indicator Approach.

Our Bank carries out works to set up the integrated risk mainframe. A database of Information Technology risks was set up, through which the risks that were found and the actions taken to tackle them are monitored.

Within the scope of our Bank's Business Continuity, a "Business Impact Analysis" was conducted which evaluated probable risks that could be caused by potential interruptions in operations and their potential impacts.

To ensure a continuity of services obtained from companies to which support services are outsourced, the Bank started assessing the risks that might arise from service procurement within the scope of the Regulation on the Outsourcing of Support Services by Banks published by the BRSA.

Balance Sheet Risks

To reveal the liquidity risk and the interest rate risks arising from banking accounts that the Bank may be exposed to, risk measurement and monitoring are carried out, the results of which are taken into consideration in the Bank's strategic decision making process within the scope of balance sheet risks management.

Compliance with statutorily-mandated ratios pertaining to the interest rate risk incurred on liquidity and banking institutional accounts is monitored. In addition, following items are monitored in liquidity risk control: maturity mismatch between funds and placements, behavioral maturities of assets and liabilities besides their contractual maturities, primary liquid reserve levels that will allow the Bank to pursue its normal day-to-day activities as well as CBRT liquidity facilities that can be used to fulfill unexpected liquidity needs and secondary reserves that have the potential to be liquidated with low price risk. In addition, scenario and sensitivity analyses are carried out within this framework.

In interest rate risk control of banking accounts, analyses and monitoring are carried out on ratio and maturity mismatches between fixed and variable interest rate funds and placements, as well as in behavioral maturities and contractual maturities of assets and liabilities, and into the effects that probable downward or upward changes in interest rates, either ordinary or extraordinary, will have on the current value of the assets or liabilities. Turkish lira and foreign currency interest margins are also watched closely.

In order to prevent our financial strength from being significantly affected by increased volatility in the markets and potential mismatches in cash inflows and outflows during the course of our day-to-day activities, signal values in the early warning system are monitored and risk levels are restricted within limits.

31 December 2010 - 31 December 2014
Summary Balance Sheet and Income Statement

(TL million)

ASSETS	2010	2011	2012	2013	2014
Liquid Assets	14,907	15,593	22,647	29,067	32,340
Securities Portfolio	76,352	70,766	65,469	62,798	64,563
Loans	57,443	71,430	71,426	111,048	141,915
Associates and Subsidiaries	731	810	1,034	1,298	1,631
Fixed Assets	826	930	931	1,050	4,684
Other Assets	901	1,152	1,360	2,269	2,468
TOTAL	151,160	160,681	162,868	207,530	247,600

LIABILITIES					
Deposits	125,796	113,067	118,966	141,735	153,255
Money Markets	5,003	25,788	11,162	24,571	31,781
Loans Borrowed	99	553	3,072	8,559	14,608
Marketable Securities Issued	0	0	1,944	2,637	4,219
Funds	3,525	3,871	4,292	4,036	5,426
Provisions	1,228	1,892	3,002	3,958	4,758
Other Liabilities	2,051	2,332	3,261	3,666	5,013
Shareholders' Equity	13,458	13,177	17,167	18,367	28,540
TOTAL	151,160	160,681	162,868	207,530	247,600

STATEMENT OF INCOME					
Interest Income	12,392	13,706	14,811	14,370	18,165
Interest Expense	7,036	8,465	7,910	6,631	9,558
Net Interest Income	5,356	5,242	6,901	7,739	8,607
Fees and Commissions Income (net)	511	626	752	959	1,077
Dividend Income	34	32	98	321	192
Trading Profit/Loss (Net)	-13	-61	-52	-198	-70
Other Operating Income	977	372	429	1,048	911
Total Operating Income	6,864	6,210	8,128	9,868	10,717
Provisions for Loans and Other Receivables	145	808	1,795	1,828	1,443
Other Operating Expenses	2,250	2,622	2,828	3,661	4,095
Pretax Profit	4,469	2,780	3,505	4,379	5,179
Tax Provision	757	679	854	1,048	1,128
Net Profit/Loss for the Period	3,713	2,101	2,650	3,330	4,051

Ziraat Bank's performance is rated by Fitch Ratings, Moody's and JCR Eurasia Ratings. In annual meetings held with these agencies, the Bank provides detailed and transparent information on its brand positioning, progress achieved in core lines of business, its funding ability and capital structure.

Credit ratings assigned to the Bank as of 31 December 2014 are presented below:

Rating Agency	Category	Rating	Date
Fitch Ratings ¹	Foreign Currency Long-Term	BBB-	November 2014
	Outlook	Stable	
	Foreign Currency Short-Term	F3	
	Local Currency Long-Term	BBB	
	Outlook	Stable	
	Local Currency Short-Term	F3	
	National Long-Term	AAA (tur)	
	Outlook	Stable	
	Support Rating	2	
	Support Rating Floor	BBB-	
	Financial Viability Rating	bbb-	
Moody's ²	Long-Term Foreign Currency Deposits	Baa3	December 2014
	Outlook	Negative	
	Short-Term Foreign Currency Deposits	P-3	
	Long-Term Local Currency Deposits	Baa3	
	Outlook	Negative	
	Short-Term Local Currency Deposits	P-3	
	Financial Strength	D+	
	Outlook	Negative	
	Baseline Credit Assessment	ba1	
JCR Eurasia ³	Long-Term Foreign Currency Rating	BBB -	November 2014
	Outlook	Stable	
	Long-Term International Local Currency Rating	BBB -	
	Outlook	Stable	
	Long-Term National Rating	AAA (Trk)	
	Outlook	Stable	
	Short-Term International Foreign Currency Rating	A - 3	
	Outlook	Stable	
	Short-Term International Local Currency Rating	A - 3	
	Outlook	Stable	
	Short-Term National Rating	A-1+ (Trk)	
	Sponsored Support	1	
	Stand-Alone Rating	A	

¹ Fitch Ratings confirmed and did not change Ziraat Bank's ratings on 24 November 2014.

² Moody's decreased the Bank's Short and Long Term Local Currency Deposit Rating from Baa2/Prime 2 to Baa3/Prime3 on 3 June 2014. Moody's confirmed the Bank's other ratings and transformed all rating outlook to negative. On 1 December 2014, Moody's confirmed and did not change the Bank's ratings.

³ JCR Eurasia Rating confirmed the Bank's ratings on 10 November 2014 and considered the Bank under the category of investible at highest level.

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

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

Independent Auditor's Report

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

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

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Basis for the qualified opinion:

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

Independent Auditor's Opinion:

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

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

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

Additional Paragraph for Convenience Translation:

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

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

a member of
PricewaterhouseCoopers



Haluk Yalçın, SMMM
Partner

Istanbul, 27 February 2015

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

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

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

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

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



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



Hüseyin AYDIN
Member of the Board of Directors,
General Manager



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



Cem İNAL
Financial Coordination
Assistant General Manager



Atakan BEKTAŞ
Head of Financial Statements and
Reporting Management

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

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

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

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

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

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

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

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

Notes to the Consolidated 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 MANAGERS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

The sole shareholder of the Parent Bank is the Treasury.

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

All other subsidiaries are fully consolidated.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

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

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

[illegible]

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

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

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

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

Consolidated Statement of Cash Flows as of 31 December 2014

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

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

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

Consolidated Statement of Profit Appropriation as of 31 December 2014

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

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

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

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

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

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

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

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

a. Consolidation principles applied:

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

1. Consolidation principles for subsidiaries:

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

2. Consolidation principles of associates and joint ventures:

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

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

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

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

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

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

None.

4. Transactions with minority shareholders:

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

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

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

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

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

b. Held-to-maturity financial assets:

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

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

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

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

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

c. Loans and receivables:

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

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

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

d. Available-for-sale financial assets:

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

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

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

The Parent Bank has no discontinued operations.

Notes to the Consolidated Financial Statements at 31 December 2014

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

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

a. Accounting of leasing transactions for the lessee:

Financial Lease

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

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

Operational Lease

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

b. Accounting of leasing transactions for lessor:

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

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XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

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

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

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

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

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

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

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

b. Pension Rights

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

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

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

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

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

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

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

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

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

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

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

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

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

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

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

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

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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

b. Deferred tax

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

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

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

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

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

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

XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES**Technical Reserves**

Reserve for unearned premiums:

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

Unexpired risk provision:

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

Reserve for outstanding claims:

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

Offset provision:

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

Mathematical provisions:

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

XIX. EXPLANATIONS ON BORROWINGS

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

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

The Group has issued no convertible bonds.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXIII. CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

XXV. EXPLANATIONS ON OTHER MATTERS

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

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO

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

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

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

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

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

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

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

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

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

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Information related to capital adequacy ratio:

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

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

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

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

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Summary information about the capital adequacy standard ratio:

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

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

Information related to the components of consolidated shareholders' equity:

	Current Period
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	3,043,482
Share Premium	-
Share Cancellation Profits	-
Reserves	15,654,752
Income recognized under equity in accordance with TAS	5,475,703
Profit	4,495,841
Current Period's Profit	4,110,255
Prior Period's Profit	385,586
Free Provisions for Possible Risks	1,334,053
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17,388
Minority Shares	177
Common Equity Tier 1 Capital Before Deductions	30,021,396
Deductions from Common Equity Tier 1 Capital	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS (-)	71,114
Leasehold Improvements on Operational Leases (-)	71,490
Goodwill and intangible asset and the related deferred tax liability (-)	24,365
Net Deferred Tax Asset/Liability (-)	-
Excess amount expressed in the law (Article 56 4th paragraph) (-)	-
Bank's direct or indirect investments on its own Tier 1 Capital (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Amounts related to mortgage servicing rights (-)	-
Excess amount of deferred tax assets from temporary differences (-)	-
Other Items Determined by BRSA (-)	-
The amount to be deducted from common equity tier 1 capital (-)	-
Total Deductions from Common Equity Tier 1 Capital	166,969
Total Common Equity Tier 1 Capital	29,854,427
Additional Tier 1 Capital	
Premiums that are not included in Common Equity Tier 1 Capital	-
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Shares of third parties in Additional Tier I Capital	-

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

Details on subordinated liabilities:

None.

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

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

Therefore, in the Parent Bank,

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term Receivables from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	Total
	12,875,452	563,668	22,268,982	-	-	-	62,681	14,292,888	265,467,192
	4,392	472	8,793	-	-	-	-	-	15,092,333
	-	-	-	-	-	-	-	-	398,993
	-	-	-	-	-	-	-	-	-
	-	-	53	-	-	-	-	-	384,326
	475	17,687	4,643	-	-	-	-	-	2,209,746
	-	-	-	-	-	-	-	-	1,045,668
	-	-	-	-	-	-	-	-	-
	12,880,319	581,827	22,282,471	-	-	-	62,681	14,292,888	284,598,258
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term Receivables from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	Total
	7,823,179	546,355	20,743,276	-	-	-	52,987	8,922,339	224,902,597
	-	68	9	-	-	-	-	226,349	15,136,980
	-	-	-	-	-	-	-	-	466,618
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	2,479,744
	2,260	5,573	10,069	-	-	-	-	28,863	3,365,519
	-	-	-	-	-	-	-	-	30,890
	-	-	-	-	-	-	-	-	-
	7,825,439	551,996	20,753,354	-	-	-	52,987	9,177,551	246,382,348

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

Analysis of maturity-bearing exposures according to remaining maturities:

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

Rating scores are used in the following risk classes:

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

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

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

Exposures by Risk Weights:

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

Prepared with the numbers after conversion rate to credit.

Notes to the Consolidated Financial Statements at 31 December 2014

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

Information in Terms of Major Sectors and Type of Counterparties:

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

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

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

Information about Value Adjustment and Change in Provisions:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

Information about Credit Quality per Class of Financial Assets

	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	2,767,811	-	2,767,811	3,005,253	-	3,005,253
Financial Assets at Fair Value Through Profit or Loss	329,994	-	329,994	464,789	-	464,789
Loans Given:	141,237,816	3,482,664	144,720,480	109,200,104	3,357,296	112,557,400
Corporate/Entrepreneurial Loans	69,971,122	1,086,530	71,057,652	49,852,726	690,996	50,543,722
Consumer Loans	43,420,080	1,379,139	44,799,219	37,725,793	1,786,696	39,512,489
Specialized Loans	27,846,614	1,016,995	28,863,609	21,621,585	879,604	22,501,189
Available-for-Sale Financial Assets	54,430,243	-	54,430,243	46,892,961	-	46,892,961
Held-to-Maturity Investments	10,239,816	-	10,239,816	15,799,338	-	15,799,338

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

III. EXPLANATIONS ON THE CONSOLIDATED MARKET RISK

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

Information Related to Group's Market Risk:

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

Quantitative Information on Counterparty Risk:

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

IV. EXPLANATIONS ON THE CONSOLIDATED OPERATIONAL RISK

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

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

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

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

b) The Parent Bank does not apply standard method.

Notes to the Consolidated Financial Statements at 31 December 2014

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

V. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

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

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

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

None.

c) Management policy for foreign currency risk:

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

Information on the foreign currency risk of the Group:

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

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

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

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

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

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

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

VI. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

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

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

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

Notes to the Consolidated 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 (Represents the values belong to the Parent Bank):

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

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

⁽²⁾ Credit card loan balances are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

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

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

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

⁽²⁾ Credit card loan balances are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

Notes to the Consolidated Financial Statements at 31 December 2014

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

Interest rate risk on banking accounts:

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

VII. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

Presentation of liabilities according to their remaining maturities:

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

Presentation of liabilities according to their remaining maturities:

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

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

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

There is no securitization of non-performing loans.

e) Credit Risk Mitigation Techniques:

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

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

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

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

The Parent Bank has no position about credit derivatives.

Notes to the Consolidated 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 collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	62,682	3,855	-	-
Other receivables	13,990,150	-	-	-
Total	279,242,341	41,038,780	-	376,826

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

VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management:

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

b) Structure and Organization of Risk Management

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

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

c) Risk Reporting and Measurement Systems' Scope and Qualification

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

Liquidity Risk

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

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

Interest Rate Risk on Banking Accounts:

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

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

Market Risk

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

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

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

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

Operational Risks

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

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

Credit Risk

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

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

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

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

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

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

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

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

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

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

IX. EXPLANATIONS ON OPERATING SEGMENTS

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

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

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

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

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

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

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

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

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

Table for Segment Reporting:

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

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

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

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

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

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

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

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

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X. EXPLANATIONS RELATED TO PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

a) Information regarding the fair value of financial assets and liabilities:

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

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

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

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

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

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

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

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

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

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

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

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XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of the Parent Bank on behalf of Third Parties:

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

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

The Parent Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

a) Information on Cash and Balances with Central Bank of the Republic of Turkey:

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

1.a.1) Information on Required Reserves:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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b) Information on foreign banks accounts:

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

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

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

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

b) Information on financial assets available for sale:

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

5. Information related to loans:

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

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

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

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

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

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

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

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

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

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

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

c) Loans according to maturity structure:

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

⁽¹⁾ Rediscounts are not included.⁽²⁾ Agricultural loans originated from funds are shown under Specialized Lending.

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

f) Loans according to types of borrowers:

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

g) Breakdown of domestic and international loans:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

h) Loans granted to subsidiaries and associates:

None (31 December 2013: None).

i) Specific provisions provided against loans:

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

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

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

3) Information on foreign currency non-performing loans:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

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

l) Explanations on write-off policy:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

m) Other explanations and disclosures:

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

6. Information on held-to-maturity investments:

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

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

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

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

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

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

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

c) Information on held-to-maturity investments:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

d) Movements of held-to-maturity investments:

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

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

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

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

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

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

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

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

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

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

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

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

b) 1) Explanation regarding consolidated associates:

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

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

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

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

2) Information about consolidated associates:

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

3) Sector information about consolidated associates:

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

4) Consolidated associates quoted to a stock exchange:

None (31 December 2013: None).

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

8. Information on subsidiaries (net):

a) 1) Information about unconsolidated subsidiaries:

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

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

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

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

b) 1) Information about consolidated subsidiaries:

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

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

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

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

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

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

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

2) Information about consolidated subsidiaries:

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

c) Subsidiaries which are quoted on a stock exchange:

None (31 December 2013: None).

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

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

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

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

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

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

10. Information on finance lease receivables (net):

Information on finance lease receivables are as below.

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

11. Information on derivative financial assets for hedging purposes:

The Group has no derivative financial assets for hedging purposes.

12. Information on investment property:

None (31 December 2013: None).

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

14. Explanations on property and equipment:

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

15. Explanations on intangible assets:

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

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

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

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

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

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

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

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

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

i) Information on Goodwill: None.

Notes to the Consolidated Financial Statements at 31 December 2014

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

16. Information on deferred tax asset:

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

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

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

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

17. Information on other assets:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

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

1) For deposit banks:

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

b) Information on saving deposits:

1) Amounts exceeding the deposit insurance limit:

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

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

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

⁽²⁾ Related deposit balances do not include foreign branches

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

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

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

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

3) Amounts which are not covered by deposit insurance:

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

2. Information on derivative financial liabilities held for trading:

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

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

3. Information on banks and other financial institutions:

a) General information on banks and other financial institutions:

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

b) Maturity structure of funds borrowed:

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

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

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

d) Information on funds supplied from repurchase agreements:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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e) Information on securities issued:

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

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

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

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

5. Information on finance lease payables (net):

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

Information on finance lease payables:

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

6. Information on derivative financial liabilities for hedging purposes:

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

7. Explanations on provisions:

a) Information on general provisions:

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

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

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

c) Specific provisions for unindemnified non-cash loans:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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d) Information on other provisions:

1) Information on free provisions for possible risks:

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

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

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

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

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

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

e) Liabilities on reserve for employee termination benefits:

1) Employment termination benefits and unused vacation rights

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

Movement of employment termination benefits liability in the balance sheet:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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2) Pension Rights

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

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

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

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

The principal actuarial assumptions used are as follows:

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

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

Plan assets are comprised as follows:

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

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8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

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

2) Information on current taxes payable:

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

3) Information on premiums:

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

b) Information on deferred tax liabilities, if any:

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

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

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

10. Explanations on subordinated debts:

The Group does not have any subordinated debts.

Notes to the Consolidated Financial Statements at 31 December 2014

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

11. Information on shareholders' equity:

a) Presentation on paid-in capital:

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

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

The Parent Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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

There is no increase from capital reserves.

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

The Parent Bank has no capital commitments.

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

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

g) Information on preferred shares representing the capital:

The Parent Bank has no preferred shares.

h) Information on marketable securities value increase fund:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

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

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

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

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

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

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

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

c) 1) Total non-cash loans:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

2. Explanations on derivative transactions:

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

3. Explanations on contingent assets and liabilities:

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

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

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

4. Explanations on services in the name of others:

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

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

1. a) Information on interest income from loans:

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

b) Information on interest received from the banks:

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

c) Information on interest income on marketable securities:

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

d) Information on interest income from subsidiaries and associates:

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

2. a) Information on interest expense on borrowings:

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

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

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

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

c) Information on interest given on securities issued:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

3. Explanations on dividend income:

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

6. Information on other operating income:

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

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

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

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

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

8. a) Information on other operating expenses:

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

⁽¹⁾ TL 323,833 (31 December 2013: TL 301,092) of other item consists of Saving Deposit Insurance Fund accrual expense while

TL 320,741 (31 December 2013: TL 304,600) consists of taxes, duties and charges expense.

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

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

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

10. Information on tax provision for continued and discontinued operations

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

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

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

12. Information on net profit/loss:**a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Parent Bank in the current period:**

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

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

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

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

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

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section:****a) Explanations on inflation adjustment differences for equity items:**

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

b) Explanations on profit distribution:

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

c) Explanations on Available For Sale Financial Assets:

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

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

d) Profit Reserves:

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

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

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

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

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

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

Period opening and end cash and cash equivalents balance:

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

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

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

a) Current Period:

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

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

b) Prior Period:

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

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

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

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

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

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

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

None (31 December 2013: None.).

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

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

Notes to the Consolidated Financial Statements at 31 December 2014

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

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

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

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

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

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

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

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

	Number	Number of Employees			
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.

Notes to the Consolidated Financial Statements at 31 December 2014

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

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody's Investor Services, Fitch Ratings and JCR Eurasia are as follows:

Moody's Investor Services: December 2014

Outlook	Negative
Bank Financial Strength	D+
Base Credit Note	ba1

Fitch Ratings: November 2014

Foreign Currency Commitments	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Local Currency Commitments	
Long Term	BBB
Short Term	F3
Outlook	Stable
National	AAA (tur)
Outlook	Stable
Viability Rating	bbb-
Support Rating	2

JCR Eurasia: November 2014

Foreign Currency Commitments	
Long Term	BBB-
Short Term	A-3
Outlook	Stable
Local Currency Commitments	
Long Term	BBB-
Short Term	A-3
Outlook	Stable
National	AAA (trk)
Outlook	Stable
Support rating	2
Independence from partnership rate	A

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

II. EXPLANATIONS ON OTHER MATTERS

The Bank's Board of Directors has decided to establish a bank to operate in Azerbaijan in partnership with TC Ziraat Bank A.Ş. with 99,98% share, and Ziraat Sigorta A.Ş. and Ziraat Yatırım ve Menkul Değerler A.Ş. with 0.01% share of each. Azerbaijan Central Bank has decided to issue a banking licence for "Ziraat Bank Azerbaijan" to start its operations with the minimum capital amount of US Dollar which is equal to 50 million Azerbaijan Manat.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

As of 31 December 2014, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor's Report dated 27 February 2015 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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We said "new" but we also now
that millions of working and
retired folks will feel they already
know us very well.

We take as much pride in standing
by our country's artists and
athletes as we do the farmers who
give life to its soil...

Tomorrow we'll be sharing in
the enthusiasm of courageous
entrepreneurs through the
thousands of our specialist
customer representatives. We'll
be putting our signature to giant
projects that will take our country
into the future. With our 1,682
branches, 24,000 employees, and

more than a century and a half of
knowledge and experience, we'll
be striving for much, much more.

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