(*Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)*

Alternatifbank A.Ş.

Unconsolidated Financial Statements

As of and For the Year Ended 31 December 2015

With Independent Auditors' Report Thereon

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

5 February 2016

This report includes "Independent Auditors' Report" comprising 3 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 98 pages.

Convenience Translation of the Independent Auditors' Report

Originally Prepared and Issued in Turkish to English

To the Board of Directors of Alternatifbank Anonim Şirketi,

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated financial statements of Alternatifbank Anonim Şirketi ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2015, and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of the Alternatifbank Anonim Şirketi as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2015, the Bank's bookkeeping activities are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Murat Alsan, SMMM
Partner
5 February 2016
İstanbul, Turkey

Additional paragraph for convenience translation to English

The accounting principles summarized in note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

THE UNCONSOLIDATED FINANCIAL REPORT OF
ALTERNATİFBANK A.Ş. AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015

Headquarters Address : Cumhuriyet cad. No:46 34367 Şişli/İstanbul
Telephone : 0 212 315 65 00
Fax : 0 212 225 76 15
Web site : www.abank.com.tr
E-mail : malikontrol@abank.com.tr

The unconsolidated financial report as of and for the year ended 31 December 2015 prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" as regulated by the Banking Regulation and Supervision Agency, comprises the following sections.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE CURRENT PERIOD
- INFORMATION ON THE FINANCIAL POSITION OF THE BANK
- DISCLOSURE AND FOOTNOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- DISCLOSURES RELATED TO INDEPENDENT AUDITORS' 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 Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited and presented as attached. Unless otherwise stated, the accompanying unconsolidated financial report presented in thousands of Turkish Lira (TL) and has been subjected to independent audit report as attached.

Tuncay Özilhan Chairman of the Board of Directors	Meriç Uluşahin Member of Board of Directors and General Manager	Müge Öner Deputy CEO, CFO	Kağan Gündüz Financial Control Group Head

Kemal Semerciler Member of Board of Directors and Head of Audit Committee	Nicholas Charles Coleman Member of Board of Directors and Member of Audit Committee	İpek Nezahat Özkan Member of Board of Directors and Member of Audit Committee

The authorized contact person for questions on this financial report:

Name-Surname / Title : Kağan Gündüz / Financial Control Group Head
Telephone Number : 0 212 315 65 00
Fax Number : 0 212 226 76 15

SECTION ONE
General Information About the Bank

I.	Explanations on Bank's establishment date, initial status, history including the changes in the former statute	1
II.	Explanation on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank's Risk Group	1
III.	Explanation on the Board of directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares in the Bank	2
IV.	Information on the Bank's Qualified Shareholders	3
V.	Summary information on the Bank's activities and services	3
VI.	Explanations on communique which organizes Bank's unconsolidated financial statements and Turkish Financial Reportıng Standarts related additions and comments	3
VII.	Existing or potential, actual or legal obstacles to immediate transfer of equity, or repayment of debt between the Bank and its subsidiaries	3

SECTION TWO
Unconsolidated Financial Statements

I.	Balance sheet (Statement of Financial Position)	4-5
II.	Off-balance sheet	6
III.	Income statement	7
IV.	Statement of comprehensive income	8
V.	Statement of changes in shareholders' equity	9-10
VI.	Statement of cash flows	11
VII.	Statement of profit distribution	12

SECTION THREE
Explanations on Accounting Policies

I.	Basis of presentation	13
II.	Strategy of using financial instruments and foreign currency transactions	13
III.	Investments in associates, subsidiaries and joint ventures	14
IV.	Forward transactions, options and derivative instruments	14
V.	Interest income and expense	15
VI.	Fee and commission income and expense	15
VII.	Financial assets	15-16
VIII.	Impairment of financial assets	17
IX.	Offsetting financial assets	17
X.	Sales and repurchase agreements and securities lending transactions	17
XI.	Assets held for sale and discontinued operations	18
XII.	Goodwill and other intangible assets	18
XIII.	Property and equipment	18
XIV.	Leasing transactions	19
XV.	Provisions, contingent commitments and contingent assets	19
XVI.	Obligations related to employee rights	19
XVII.	Taxation	19-20
XVIII.	Borrowings	20
XIX.	Share certificates and issuance of share certificates	20
XX.	Avalized drafts and acceptances	20
XXI.	Government grants	20
XXII.	Profit reserves and profit distribution	21
XXIII.	Earnings per share	21
XXIV.	Related parties	21
XXV.	Cash and cash equivalents	21
XXVI.	Operating segment	21-22

SECTION FOUR
Information on the Financial Position of the Bank

I.	Information on capital adequacy ratio	23-29
II.	Explanations on credit risk	30-38
III.	Explanations on market risk	38-39
IV.	Explanations on operational risk	39-40
V.	Explanations on currency risk	40-42
VI.	Explanations on interest rate risk	42-47
VII.	Explanations on liquidity risk	47-56
VIII.	Explanations on leverage ratio	56
IX.	Explanations on the risk management objectives and policies	57
X.	Explanation regarding the presentation of financial assets and liabilities at their fair values	57-59
XI.	Explanation on hedge accounting	59-60
XII.	Explanation related to transactions carried out on behalf of other and transactions based on trust	60

SECTION FIVE
Explanations and Notes on the Unconsolidated Financial Statements

I.	Explanations and notes on assets	61-76
II.	Explanations and notes on liabilities	77-83
III.	Explanations and notes on off-balance sheet accounts	83-86
IV.	Explanations and notes on income statement	87-91
V.	Explanations and notes on statement of changes in the shareholders' equity	92
VI.	Explanations and notes on statement of cash flows	92-93
VII.	Explanations and notes on Bank's risk group	93-95
VIII.	Explanations and notes on domestic, foreign, off-shore branches and foreign representatives of the Bank	96
IX.	Explanations and notes on subsequent events	96

SECTION SIX
Other Explanations and Notes

I.	Other explanations related to Bank's operations	97

SECTION SEVEN
Disclosures on Independent Auditors' Report

I.	Explanations on independent auditors' report	98
II.	Explanations and footnotes prepared by independent auditor	98

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. Explanations on Establishment Date and Initial Status of the Bank, History Including the Changes in the Former Status

Alternatifbank A.Ş. ("the Bank") was established in Istanbul on 6 November 1991 and started banking activities on February 1992. The Bank's ordinary shares started to be traded in Istanbul Stock Exchange on 3 July 1995. The Bank is still a privately owned commercial bank status and provides banking services through 59 (31 December 2014:73) branches.

The sale of the shares of the Bank belonging to Anadolu Group companies to The Commercial Bank of Qatar ("CBQ") has been finalised on 18 July 2013 and the share transfer has been registered in accordance with the Board of Directors meeting at the same date.

The Bank made an application to Capital Market Board and Borsa İstanbul A.Ş. about to leave the partnership and delisting the stock-exchange quotation in accordance with clauses of Capital Market Board "Squeeze-out and Sell-out Rights Communiqué" on 11 July 2014. "Capital Issue Document" prepared for the capital increase allocated to controlling shareholder Commercial Bank of Qatar in the context of the process of squeeze-out and sell-out rights from the minority in accordance with "Squeeze-out and Sell-out Rights Communiqué" has been approved by Capital Market Board on 23 July 2015. As of this date, Alternatifbank A.Ş. delisted from the stock-exchange.

II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank's Risk Group

As of 31 December 2015, 75% of the shares of the Bank are owned by Commercial Bank of Qatar. Shareholder's structure of the Bank is as follows:

	31 December 2015		31 December 2014	
Name/Commercial Name	**Share Amount**	**Share Ratio**	**Share Amount**	**Share Ratio**
Commercial Bank of Qatar	465,000	75.00%	460,341	74.25%
Anadolu Endüstri Holding A.Ş.	106,683	17.21%	106,683	17.21%
Anadolu Aktif Teşebbus ve Makine Ticaret A.Ş.	48,317	7.79%	48,317	7.79%
Other	-	-	4,659	0.75%
Total	**620,000**	**100%**	**620,000**	**100%**

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. Explanation on the Board of Directors, Members of the Audit Committee, President and Executive Vice Presidents, Changes in These Matters (if any) and Shares in the Bank

Title	Name	Responsibility	Indirect Share Capital (%)
Chairman of Board of Directors	Tuncay Özilhan	-	3
Member of Board of Directors and General Manager	Meriç Uluşahin	Member of the Credit Committee, The Executive Committee of the Board	-
Member of Board of Directors	Ömer Hussain I H Al-Fardan	Vice Chairman, Chairman of the Executive Committee of the Board	-
	Fahad Abdulrahman Badar	Member of the Credit Committee	-
	Nicholas Charles Coleman	Member of the Audit Committee and Risk Committee	-
	Didem Çerçi	Chairman of the Remuneration Committee, Member of the Risk Committee and the Credit Committee	-
	İzzat Dajani	Chairman of the Corporate Governance Committee, Member of the Risk Committee	-
	Mohd İsmail M Mandani Al-Emadi	Chairman of the Risk Committee	-
	Bahattin Gürbüz	Chairman of the Credit Committee	-
	İpek Nezahat Özkan	Member of the Audit Committee, the Corporate Governance Committee and Executive Committee of the Board and Alternate Member of the Credit Committee	-
	Kemal Semerciler	Chairman of the Audit Committee, Member of the Corporate Governance Committee	-
	Andrew Charles Stevens	Member of the Remuneration Committee, the Credit Committee and the Executive Committee of the Board	-
	Mehmet Hurşit Zorlu	Member of the Risk Committee, the Remuneration Committee and the Executive Committee of the Board and Alternate Member of the Credit Committee	-
Executive Vice Presidents	Müge Öner	Deputy CEO - Chief Financial Officer	-
	Seher Demet Tanrıöver Çaldağ	Credit Risk Management-Chief Risk Officer	-
	Tanol Türkoğlu	Information Technologies and Operations-Chief Operating Officer	-
	Işıl Funda Öney Babacan	Information Technologies	-
	Suat Çetin	Operations- Consumer Relations Coordination Officer	-
	Sezin Erken	Retail Banking	-
	Mete Hakan Güner	Commercial Banking	-
	İzzet Metcan	Digital Banking	-
	Musa Kerim Mutluay	Restructuring and Legal Follow-up	-
	Murat Özer	Human Resources	-
	Muzaffer Gökhan Songül	Credit Allocation	-
	Şakir Sömek	Financial Institutions	-
	Aytay Tolga Şenefe	Treasury	-
	Ahmet Kağan Yıldırım	Corporate Banking	-
Chairman of Board of Inspectors	Mustafa Mutlu Çalışkan	Board of Inspectors	-

GENERAL INFORMATION ABOUT THE BANK (Continued)

IV. Information on the Bank's Qualified Shareholders

According to the Banking Act No: 5411 regarding definition of Qualified Shares and Bank Transactions that are subject to Permission and Indirect Shareholding Regulation's article 13, direct and indirect qualified shareholders of the Bank's Capital is as follows.

Name/Commercial Title	Share Amounts (Nominal)	Share Rates	Paid-in Capital (Nominal)	Unpaid Portion
Commercial Bank of Qatar	465,000	75.00%	465,000	-
Anadolu Endüstri Holding A.Ş.	106,683	17.21%	106,683	-

V. Summary Information on the Bank's Activities and Services

The Bank's operations are extending TL and foreign currency cash and non-cash loans, performing Capital market transactions, opening deposit and making other banking transactions according to regulation principles given by the Bank's Articles of Association.

As of 31 December 2015, the Bank has 59 branches (31 December 2014: 73 branches) and has 1,038 employees (31 December 2014: 1,231 employees).

VI. Explanations on Communique Which Organizes Bank's Unconsolidated Financial Statements and Turkish Financial Reporting Standarts, Related Additions and Comments

None.

VII. Existing or Potential, Actual or Legal Obstacles to Immediate Transfer of Equity or Repayment of Debt between the Bank and Its Subsidiaries

None.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2015

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

I.	BALANCE SHEET (STETEMENT OF FINANCIAL POSITION)	Note (Section	31 December 2015			31 December 2014		
	ASSETS	Five)	TL	FC	Total	TL	FC	Total
I.	**CASH AND BALANCES WITH CENTRAL BANK**	**I-a**	**51,568**	**1,493,930**	**1,545,498**	**165,485**	**1,192,759**	**1,358,244**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)**	**I-b**	**22,625**	**5,037**	**27,662**	**20,917**	**14,520**	**35,437**
2.1	Financial Assets Held for Trading		22,625	5,037	27,662	20,917	14,520	35,437
2.1.1	Public Sector Debt Securities		1	421	422	256	355	611
2.1.2	Equity Securities		-	-	-	-	-	-
2.1.3	Derivative Financial Assets Held for Trading		22,624	4,616	27,240	20,661	14,165	34,826
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Equity Securities		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	**BANKS**	**I-c**	**289,598**	**321,844**	**611,442**	**71,385**	**31,366**	**102,751**
IV.	**MONEY MARKET PLACEMENTS**		**350,105**	**-**	**350,105**	**-**	**-**	**-**
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		50,017	-	50,017	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		300,088	-	300,088	-	-	-
V.	**FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)**	**I-d**	**353,778**	**462,164**	**815,942**	**791,575**	**104,371**	**895,946**
5.1	Share Certificates		4,721	-	4,721	1	-	1
5.2	Government Debt Securities		343,916	323,156	667,072	791,574	104,371	895,945
5.3	Other Marketable Securities		5,141	139,008	144,149	-	-	-
VI.	**LOANS**	**I-e**	**5,105,041**	**4,240,328**	**9,345,369**	**5,858,183**	**2,024,080**	**7,882,263**
6.1	Loans		4,884,144	4,240,328	9,124,472	5,703,830	2,024,080	7,727,910
6.1.1	Loans to the Bank's Risk Group		15,853	249,550	265,403	253	85,716	85,969
6.1.2	Public Sector Debt Securities					-	-	-
6.1.3	Other		4,868,291	3,990,778	8,859,069	5,703,577	1,938,364	7,641,941
6.2	Non Performing Loans		476,025	-	476,025	391,153	-	391,153
6.3	Specific Provisions (-)		255,128	-	255,128	236,800	-	236,800
VII.	**FACTORING RECEIVABLES**		**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**HELD-TO-MATURITY INVESTMENTS (Net)**	**I-f**	**-**	**-**	**-**	**-**	**-**	**-**
8.1	Public Sector Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	**INVESTMENTS IN ASSOCIATES (Net)**	**I-g**	**-**	**-**	**-**	**-**	**-**	**-**
9.1	Accounted for Under Equity Method		-	-	-	-	-	-
9.2	Unconsolidated Associates		-	-	-	-	-	-
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-financial Investments		-	-	-	-	-	-
X.	**INVESTMENT IN SUBSIDIARIES (Net)**	**I-h**	**166,380**	**-**	**166,380**	**145,923**	**-**	**145,923**
10.1	Unconsolidated Financial Subsidiaries		166,380	-	166,380	145,923	-	145,923
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	**ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)**	**I-i**	**-**	**-**	**-**	**-**	**-**	**-**
11.1	Consolidated Under Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	**LEASE RECEIVABLES (Net)**	**I-j**	**-**	**-**	**-**	**-**	**-**	**-**
12.1	Finance Lease Receivables		-	-	-	-	-	-
12.2	Operation Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	**HEDGING DERIVATIVE FINANCIAL ASSETS**	**I-k**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Fair Value Hedges		-	-	-	-	-	-
13.2	Cash Flow Hedges		-	-	-	-	-	-
13.3	Net Foreign Investment Hedges		-	-	-	-	-	-
XIV.	**TANGIBLE ASSETS (Net)**	**I-l**	**27,815**	**-**	**27,815**	**28,813**	**-**	**28,813**
XV.	**INTANGIBLE ASSETS (Net)**	**I-m**	**30,632**	**-**	**30,632**	**22,320**	**-**	**22,320**
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		30,632	-	30,632	22,320	-	22,320
XVI.	**INVESTMENT PROPERTY (Net)**	**I-n**	**-**	**-**	**-**	**-**	**-**	**-**
XVII.	**TAX ASSET**	**II-h**	**4,806**	**-**	**4,806**	**216**	**-**	**216**
17.1	Current Tax Asset		-	-	-	-	-	-
17.2	Deferred Tax Asset		4,806	-	4,806	216	-	216
XVIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	**I-o**	**-**	**-**	**-**	**-**	**-**	**-**
18.1	Assets Held for Sale		-	-	-	-	-	-
18.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIX.	**OTHER ASSETS**	**I-p**	**187,472**	**36,540**	**224,012**	**173,142**	**13,652**	**186,794**
	TOTAL ASSETS		**6,589,820**	**6,559,843**	**13,149,663**	**7,277,959**	**3,380,748**	**10,658,707**

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

I.	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section	31 December 2015			31 December 2014		
	LIABILITIES	Five)	TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**II-a**	**3,437,104**	**2,851,016**	**6,288,120**	**3,956,476**	**1,718,611**	**5,675,087**
1.1	Deposits from Bank's Risk Group		264,243	136,085	400,328	667,011	590,554	1,257,565
1.2	Other		3,172,861	2,714,931	5,887,792	3,289,465	1,128,057	4,417,522
II.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	**II-b**	**1,093**	**12,303**	**13,396**	**2,406**	**10,023**	**12,429**
III.	**FUNDS BORROWED**	**II-c**	**20,864**	**3,473,406**	**3,494,270**	**57,818**	**1,946,043**	**2,003,861**
IV.	**MONEY MARKET FUNDS**		**241,579**	**116,444**	**358,023**	**320,016**	**82,101**	**402,117**
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements		241,579	116,444	358,023	320,016	82,101	402,117
V.	**MARKETABLE SECURITIES ISSUED (Net)**		**-**	**735,736**	**735,736**	**187,397**	**586,742**	**774,139**
5.1	Bills		-	735,736	735,736	187,397	586,742	774,139
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	**FUNDS**		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	**MISCELLANEOUS PAYABLES**		**88,721**	**115,041**	**203,762**	**135,684**	**78,555**	**214,239**
VIII.	**OTHER LIABILITIES**	**II-d**	**122,741**	**2,666**	**125,407**	**140,726**	**2,276**	**143,002**
IX.	**FACTORING PAYABLES**		-	-	-	-	-	-
X.	**LEASE PAYABLES (Net)**	**II-e**	**-**	**-**	**-**	**-**	**-**	**-**
10.1	Finance Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI.	**DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES**	**II-f**	**113**	**-**	**113**	**8,578**	**-**	**8,578**
11.1	Fair Value Hedges		113	-	113	8,578	-	8,578
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Net Foreign Investment Hedge		-	-	-	-	-	-
XII.	**PROVISIONS**	**II-g**	**137,061**	**3**	**137,064**	**101,292**	**7**	**101,299**
12.1	General Loan Loss Provision		93,386	-	93,386	63,004	-	63,004
12.2	Provisions for Restructuring		-	-	-	-	-	-
12.3	Reserve for Employee Benefit		8,396	-	8,396	7,474	-	7,474
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		35,279	3	35,282	30,814	7	30,821
XIII.	**TAX LIABILITY**	**II-h**	**26,944**	**-**	**26,944**	**28,801**	**-**	**28,801**
13.1	Current Tax Liability		26,944	-	26,944	28,801	-	28,801
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	**PAYABLES FOR ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**		**-**	**2,660**	**2,660**	**2,393**	**3,479**	**5,872**
14.1	Held for Sale		-	2,660	2,660	2,393	3,479	5,872
14.2	Discontinued Operations		-	-	-	-	-	-
XV.	**SUBORDINATED LOANS**	**II-j**	**-**	**767,558**	**767,558**	**-**	**329,826**	**329,826**
XVI.	**SHAREHOLDERS' EQUITY**	**II-k**	**1,008,006**	**(11,396)**	**996,610**	**959,191**	**266**	**959,457**
16.1	Paid-in Capital		620,000	-	620,000	620,000	-	620,000
16.2	Capital Reserves		(17,462)	(11,396)	(28,858)	(6,766)	266	(6,500)
16.2.1	Share Premium		54	-	54	54	-	54
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		(16,041)	(11,396)	(27,437)	(6,820)	266	(6,554)
16.2.4	Tangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Reserves (Effective portion)		-	-	-	-	-	-
16.2.9	Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		(1,475)	-	(1,475)	-	-	-
16.3	Profit Reserves		339,861	-	339,861	215,420	-	215,420
16.3.1	Legal Reserves		22,993	-	22,993	16,771	-	16,771
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		316,868	-	316,868	198,649	-	198,649
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Profit or (Loss)		65,607	-	65,607	130,537	-	130,537
16.4.1	Prior Years' Profit or (Loss)		6,096	-	6,096	473	-	473
16.4.2	Current Year Profit or (Loss)		59,511	-	59,511	130,064	-	130,064
	TOTAL LIABILITIES		**5,084,226**	**8,065,437**	**13,149,663**	**5,900,778**	**4,757,929**	**10,658,707**

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2015

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

II.	OFF- BALANCE SHEET ITEMS	Note (Section Five)	31 December 2015			31 December 2014		
			TL	FC	Total	TL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS (I+II+III)**		**5,103,282**	**9,704,545**	**14,807,827**	**3,792,422**	**3,649,214**	**7,441,636**
I.	**GUARANTEES AND WARRANTIES**	**III-a-3.1**	**1,215,593**	**1,946,450**	**3,162,043**	**1,285,477**	**986,173**	**2,271,650**
1.1	Letters of Guarantee	III-a-2.2	1,215,593	1,013,426	2,229,019	1,285,477	567,250	1,852,727
1.1.1	Guarantees Subject to State Tender Law		26,863	10,339	37,202	37,089	13,923	51,012
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		1,188,730	1,003,087	2,191,817	1,248,388	553,327	1,801,715
1.2	Bank Acceptances	III-a-2.1	-	35,849	35,849	-	43,905	43,905
1.2.1	Import Letter of Acceptance		-	35,849	35,849	-	43,905	43,905
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit	III-a-2.1	-	345,843	345,843	-	362,242	362,242
1.3.1	Documentary Letters of Credit		-	345,843	345,843	-	362,242	362,242
1.3.2	Other Letters of Credit		-	-	-	-	-	-
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	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	551,332	551,332	-	12,776	12,776
1.9	Other Warrantees		-	-	-	-	-	-
II.	**COMMITMENTS**		**642,462**	**282,755**	**925,217**	**912,954**	**29,007**	**941,961**
2.1	Irrevocable Commitments		642,462	282,755	925,217	912,954	29,007	941,961
2.1.1	Asset Purchase and Sales Commitments		7,151	78,176	85,327	19,715	29,007	48,722
2.1.2	Deposit Purchase and Sales Commitments		-	204,579	204,579	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits	III-a-1	228,546	-	228,546	237,190	-	237,190
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		234,499	-	234,499	311,229	-	311,229
2.1.8	Tax and Fund Liabilities from Export Commitments		3,738	-	3,738	3,738	-	3,738
2.1.9	Commitments for Credit Card Limits		125,780	-	125,780	161,841	-	161,841
2.1.10	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
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		42,748	-	42,748	179,241	-	179,241
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**III-b**	**3,245,227**	**7,475,340**	**10,720,567**	**1,593,991**	**2,634,034**	**4,228,025**
3.1	Hedging Derivative Financial Instruments		220,000	-	220,000	220,000	-	220,000
3.1.1	Transactions for Fair Value Hedge		220,000	-	220,000	220,000	-	220,000
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		3,025,227	7,475,340	10,500,567	1,373,991	2,634,034	4,008,025
3.2.1	Forward Foreign Currency Buy/Sell Transactions		165,022	169,878	334,900	115,544	407,060	522,604
3.2.1.1	Forward Foreign Currency Transactions-Buy		77,419	79,246	156,665	54,407	206,572	260,979
3.2.1.2	Forward Foreign Currency Transactions-Sell		87,603	90,632	178,235	61,137	200,488	261,625
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		2,750,533	4,909,242	7,659,775	979,928	1,948,161	2,928,089
3.2.2.1	Foreign Currency Swap-Buy		1,104,676	2,729,152	3,833,828	331,258	1,142,834	1,474,092
3.2.2.2	Foreign Currency Swap-Sell		1,645,857	2,180,090	3,825,947	648,670	805,327	1,453,997
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		109,672	2,349,530	2,459,202	278,519	278,813	557,332
3.2.3.1	Foreign Currency Options-Buy		43,385	626,975	670,360	130,832	148,922	279,754
3.2.3.2	Foreign Currency Options-Sell		66,287	603,127	669,414	147,687	129,891	277,578
3.2.3.3	Interest Rate Options-Buy		-	559,714	559,714	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	559,714	559,714	-	-	-
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		-	46,690	46,690	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**36,121,954**	**14,496,620**	**50,618,574**	**29,444,635**	**7,092,990**	**36,537,625**
IV.	**ITEMS HELD IN CUSTODY**		**683,157**	**649,790**	**1,332,947**	**478,801**	**495,945**	**974,746**
4.1	Customer Fund and Portfolio Balances		282,335	-	282,335	135,917	-	135,917
4.2	Investment Securities Held in Custody		380	17,717	18,097	1,943	21,282	23,225
4.3	Cheques Received for Collection		258,016	18,653	276,669	194,643	39,298	233,941
4.4	Commercial Notes Received for Collection		29,346	934	30,280	33,618	2,393	36,011
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		113,080	612,486	725,566	112,680	432,972	545,652
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**35,426,040**	**13,846,671**	**49,272,711**	**28,957,941**	**6,596,918**	**35,554,859**
5.1	Marketable Securities		-	-	-	-	1,191	1,191
5.2	Guarantee Notes		26,500,704	8,578,674	35,079,378	22,165,027	5,129,060	27,294,087
5.3	Commodity		147,207	75,869	223,076	43,017	127,431	170,448
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		7,260,996	4,294,007	11,555,003	6,327,811	1,147,610	7,475,421
5.6	Other Pledged Items		1,517,133	898,121	2,415,254	422,086	191,626	613,712
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**12,757**	**159**	**12,916**	**7,893**	**127**	**8,020**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**41,225,236**	**24,201,165**	**65,426,401**	**33,237,057**	**10,742,204**	**43,979,261**

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

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

III.	INCOME STATEMENT	Note (Section Five)	1 January - 31 December 2015	1 January - 31 December 2014
	INCOME AND EXPENSE ITEMS			
I.	**INTEREST INCOME**	**IV-a**	**1,071,060**	**1,048,698**
1.1	Interest on Loans		967,078	876,221
1.2	Interest Received from Reserve Requirements		3,194	223
1.3	Interest Received from Banks		9,351	1,189
1.4	Interest Received from Money Market Transactions		27,149	359
1.5	Interest Received from Marketable Securities Portfolio		60,459	167,705
1.5.1	Trading Financial Assets		468	4,705
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		59,991	43,579
1.5.4	Held-to-maturity Investments		-	119,421
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		3,829	3,001
II.	**INTEREST EXPENSE**	**IV-b**	**559,423**	**590,451**
2.1	Interest on Deposits		416,571	399,764
2.2	Interest on Funds Borrowed		93,824	54,607
2.3	Interest Expense on Money Market Transactions		22,705	112,346
2.4	Interest on Securities Issued		23,461	18,903
2.5	Other Interest Expenses		2,862	4,831
III.	**NET INTEREST INCOME (I - II)**		**511,637**	**458,247**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**	**IV-i**	**62,617**	**42,211**
4.1	Fees and Commissions Received		75,058	52,683
4.1.1	Non-cash Loans		31,864	27,252
4.1.2	Other	IV-k	43,194	25,431
4.2	Fees and Commissions Paid		12,441	10,472
4.2.1	Non-cash Loans		333	307
4.2.2	Other	IV-k	12,108	10,165
V.	**DIVIDEND INCOME**		-	-
VI.	**TRADING INCOME / LOSS (Net)**	**IV-d**	**(40,164)**	**(29,454)**
6.1	Trading Gains/ Losses on Securities		4,479	(1,301)
6.2	Trading Gains/ Losses on Derivative Financial Instruments		71,633	957
6.3	Foreign Exchange Gains/ Losses		(116,276)	(29,110)
VII.	**OTHER OPERATING INCOME**	**IV-e**	**169,553**	**80,245**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**703,643**	**551,249**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	**IV-f**	**207,970**	**130,425**
X.	**OTHER OPERATING EXPENSES (-)**	**IV-g**	**410,564**	**264,284**
XI.	**NET OPERATING INCOME/ LOSS (VIII-IX-X)**		**85,109**	**156,540**
XII.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		-	-
XIII.	**INCOME/ LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		-	-
XIV.	**INCOME/ LOSS ON NET MONETARY POSITION**		-	-
XV.	**INCOME/ LOSS BEFORE TAX FROM CONTINUING OPERATIONS (XI+…+XIV)**	**IV-h**	**85,109**	**156,540**
XVI.	**TAX PROVISION FOR CONTINUING OPERATIONS (±)**	**IV-i**	**25,598**	**26,476**
16.1	Current Tax Provision		24,664	32,098
16.2	Deferred Tax Provision		934	(5,622)
XVII.	**NET INCOME/ LOSS FROM CONTINUING OPERATIONS (XV±XVI)**		**59,511**	**130,064**
XVIII.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
18.1	Income from Non-Current Assets Held for Resale		-	-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
19.1	Expense from Non-Current Assets Held for Resale		-	-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	**INCOME/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII -XIX)**		-	-
XXI.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
XXII.	**NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XX± XXI)**		-	-
XXIII.	**NET PROFIT/LOSS (XVII+XXII)**	**IV-j**	**59,511**	**130,064**
	Earnings / (Loss) Per Share in (Full TL)		0.0960	0.2217

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDER'S EQUITY

	INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	31 December 2015	31 December 2014
I.	**ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS**	**(26,104)**	**33,007**
II.	**REVALUATION DIFFERENCES OF TANGIBLE ASSETS**	-	-
III.	**REVALUATION DIFFERENCES OF INTANGIBLE ASSETS**	-	-
IV.	**FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS**	-	-
V.	**INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)**	-	-
VI.	**PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)**	-	-
VII.	**EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS**	-	-
VIII.	**OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS**	**(1,475)**	-
IX.	**DEFERRED TAX ON VALUATION DIFFERENCES**	**5,221**	**1,538**
X.	**NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)**	**(22,358)**	**34,545**
XI.	**CURRENT PERIOD INCOME/LOSS**	**59,511**	**130,064**
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	2,845	10,263
11.2	Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	56,666	119,801
XII.	**TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)**	**37,153**	**164,609**

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

V. STATEMENTS OF CHANGES SHAREHOLDERS' EQUITY

	31 December 2014	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities aluation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I.	**Prior Period End Balance**		**420,000**	**-**	**33**	**-**	**12,133**	**-**	**110,519**	**-**	**76,275**	**16,966**	**(41,099)**	**-**	**-**	**-**	**-**	**594,827**
	Changes in the Period																	
II.	**Increase/Decrease due to the Merger**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
III.	**Marketable Securities Valuation Differences**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34,545**	**-**	**-**	**-**	**-**	**34,545**
IV.	**Hedging Reserves (Effective Portion)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Revaluation Differences of Tangible Assets**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Revaluation Differences of Intangible Assets**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Foreign Exchange Difference**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Changes due to the Disposal of Assets**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Changes due to the Reclassification of the Assets**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XI.	**Effects of Changes in Equity of Investments in Associates**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XII.	**Capital Increase**		**200,000**	**-**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200,021**
12.1	Cash		200,000	-	21	-	-	-	-	-	-	-	-	-	-	-	-	200,021
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Share Premium**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XIV.	**Share Cancellation Profits**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XV.	**Adjustment to Share Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XVI.	**Other**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XVII.	**Net Profit or Loss for the Period**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**130,064**	**-**	**-**	**-**	**-**	**-**	**-**	**130,064**
XVIII.	**Profit Distribution**		**-**	**-**	**-**	**-**	**4,638**	**-**	**88,130**	**-**	**(76,275)**	**(16,493)**	**-**	**-**	**-**	**-**	**-**	**-**
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	4,638	-	88,130	-	(76,275)	(16,493)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+II+III+…. +XVIII)		**620,000**	**-**	**54**	**-**	**16,771**	**-**	**198,649**	**-**	**130,064**	**473**	**(6,554)**	**-**	**-**	**-**	**-**	**959,457**

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	31 December 2015	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I.	**Prior Period End Balance**		**620,000**	**-**	**54**	**-**	**16,771**	**-**	**198,649**	**-**	**130,064**	**473**	**(6,554)**	**-**	**-**	**-**	**-**	**959,457**
	Changes in the Period																	
II.	**Increase/Decrease due to the Merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Marketable Securities Valuation Differences**		-	-	-	-	-	-	-	-	-	-	**(20,883)**	-	-	-	-	**(20,883)**
IV.	**Hedging Reserves (Effective Portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Revaluation Differences of Tangible Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Revaluation Differences of Intangible Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Foreign Exchange Difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Changes due to the Disposal of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Changes due to the Reclassification of the Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Effects of Changes in Equity of Investments in Associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital Increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Share Premium**		-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
XIV.	**Share Cancellation Profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Adjustment to Share Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Other**		-	-	-	-	-	-	-	**(1,475)**	-	-	-	-	-	-	-	(1,475)
XVII.	**Net Profit or Loss for the Period**		-	-	-	-	-	-	-	-	**59,511**	-	-	-	-	-	-	59,511
XVIII.	**Profit Distribution**		-	-	-	-	**6,222**	-	**118,219**	-	**(130,064)**	**5,623**	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	6,222	-	118,219	-	(130,064)	5,623	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+II+III+… +XVIII)		**620,000**	**-**	**54**	**-**	**22,993**	**-**	**316,868**	**(1,475)**	**59,511**	**6,096**	**(27,437)**	**-**	**-**	**-**	**-**	**996,610**

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2015

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

		Note (Section Five)	31 December 2015	31 December 2014
VI.	**STATEMENT OF CASH FLOWS**			
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		**1,351,419**	**1,137,788**
1.1.1	Interest Received		1,024,004	1,168,317
1.1.2	Interest Paid		(548,406)	(594,168)
1.1.3	Dividend Received		-	-
1.1.4	Fees and Commissions Received		75,058	52,683
1.1.5	Other Income		86,072	13,529
1.1.6	Collections from Previously Written-off Loans and Other Receivables		100,941	74,450
1.1.7	Payments to Personnel and Service Suppliers		(153,174)	(149,778)
1.1.8	Taxes Paid		(36,443)	(34,267)
1.1.9	Other		803,367	607,022
1.2	Changes in Operating Assets and Liabilities		**(629,580)**	**(3,063,498)**
1.2.1	Net (Increase)/Decrease in Trading Securities		168	4,111
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net Increase/(Decrease) in due from Banks		(215,086)	(42,089)
1.2.4	Net (Increase)/Decrease in Loans		(2,381,324)	(1,622,437)
1.2.5	Net (Increase)/Decrease in Other Assets		(41,235)	(706,367)
1.2.6	Net (Increase)/Decrease in Bank Deposits		161,429	(44,691)
1.2.7	Net Increase/(Decrease) in Other Deposits		450,502	725,269
1.2.8	Net Increase/(Decrease) in Funds Borrowed		1,482,365	(9,060)
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities		(86,399)	(1,368,234)
I.	**Net Cash Provided from Banking Operations**		**721,839**	**(1,925,710)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**56,174**	**1,127,982**
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries		(21,537)	-
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries		900	-
2.3	Purchases of Property and Equipment		(22,008)	(11,749)
2.4	Disposals of Property and Equipment		18,815	14,393
2.5	Cash Paid for Purchase of Investments Available-for-sale		(1,047,154)	(235,844)
2.6	Cash Obtained from Sale of Investments Available-for-sale		1,127,158	345,450
2.7	Cash Paid for Purchase of Investment Securities		-	(220,830)
2.8	Cash Obtained from Sale of Investment Securities		-	1,236,562
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from Financing Activities**		**399,329**	**735,307**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		596,429	735,307
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(197,100)	(200,000)
3.3	Issued Capital Instruments		-	200,000
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**(341,253)**	**(78,560)**
V.	**Net Increase in Cash and Cash Equivalents (I+II+III+IV)**		**836,089**	**(140,981)**
VI.	**Cash and Cash Equivalents at Beginning of the Period**		**450,043**	**591,024**
VII.	**Cash and Cash Equivalents at End of the Period**		**1,286,132**	**450,043**

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

ALTERNATİFBANK A.Ş.
STATEMENT OF PROFIT DISTRIBUTIONS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

VII. PROFIT DISTRIBUTION STATEMENT

	31 December 2015 (*)	31 December 2014 (**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1. CURRENT YEAR INCOME	85,109	156,540
1.2. TAXES AND DUTIES PAYABLE (-)	25,598	32,098
1.2.1. Corporate Tax (Income tax)	24,664	32,098
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and duties	934	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	**59,511**	**124,442**
1.3. PRIOR YEAR LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	6,222
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)] (*)	**59,511**	**118,219**
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
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 (-)	-	-
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 Share	-	-
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 (-)	-	-
1.11. STATUTORY RESERVES (-)	-	-
1.12. EXTRAORDINARY RESERVES	-	118,219
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	0.0960	0.2217
3.2. TO OWNERS OF ORDINARY SHARES (%)	9.60	22.17
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 (%)	-	-

(*) Profit distribution is decided by the Board of Director of the Bank. Annual General Meeting has not been held as of reporting date.

(**) Statement of profit distribution related to prior period has been approved and restated in accordance with General Assembly Decision as of 16 March 2015, after issuance of audited financial statements of 31 December 2014.

(***) Full TL amount has been stated for each nominal amount of 1.000.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of Presentation

As prescribed in the Article 37 of the Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") except for BRSA regulations. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

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

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Reporting Legislation requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with BRSA Accounting and Reporting Legislation. Those accounting policies and valuation principles are explained in Notes II to XXVI below.

As of the reporting date, all changes at TAS and TFRS except TFRS 9 Financial Instruments Standard, do not expected to have significant impact on Bank's accounting policies, financial situation and performance.

Additional paragraph for convenience translation to English

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

II. Strategy of Using Financial Instruments and Foreign Currency Transactions

A major portion of the Bank's funding has fixed interest rates; almost all TL placements consist of low-risk short-term transactions. Liquidity risk is monitored closely and the adequacy of available resources (which will be due within a certain period of fulfillment of obligations) are closely monitored. The maturity structure of placements is aimed to be in line with the maturities of resources of the country to the extent permitted by current conditions.

Risk bearing short term positions of currency, interest or price movements in money and capital markets is evaluated within the trading risk. The Bank evaluated the required economic Capital for trading risk and based on that risk limits are determined. This portfolio, being priced by the market on a daily basis and the limits are monitored on a daily basis. Risk limits are approved by Board of Directors once a year following the approval of the budget except a revision is required due to the economic conditions.

As of 31 December 2015 and 31 December 2014, the Bank does not have any investment in foreign companies.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. Investments in Associates, Subsidiaries and Joint Ventures

The Bank has two subsidiaries denominated in Turkish Liras, which are are Alternatif Finansal Kiralama A.Ş, Alternatif Yatırım A.Ş.. Non – public traded subsidiaries are Alternatif Finansal Kiralama A.Ş. ve Alternatif Yatırım A.Ş., they are accounted for cost value according to "Individual Financial Statements" (TAS 27) and if they have provision for impairment, provision is deducted, after reflected to financial statements.

As of 31 December 2015 and 31 December 2014, the Bank has not any foreign currency association and subsidiaries.

As of 31 December 2015 and 31 December 2014, the Bank has no joint venture.

IV. Forward Transactions, Options and Derivative Instruments

The Bank uses derivative financial instruments to hedge its foreign currency and interest rate risk.

Bank's derivative transactions include foreign currency swap, interest rate swap, foreign exchange forward contracts, futures and options.

Derivatives are initially recorded with their fair values and related transaction costs as of the contract date are recorded on gain or loss. The following periods of initial reporting, they are measured with their fair values. The result of this assessment, offsetting debit and credits stemming from each contract debit and credits are reflected to the financial statements as a contract-based single asset and liability. The method of accounting gain or loss changes according to related derivative transaction whether to be held for hedges or not and to the content of hedge accounting.

The Bank notifies in written the relationship between hedging instrument and related account, risk management aims of hedge and strategies and the methods using to measure of the hedge effectiveness. The Bank evaluates the method of hedge whether to be effective on the expected changes in fair values in this process or not or each result of hedge effectiveness whether to be between the range of 80% and 125%.

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, corrections made to the value of hedge account using straight-line amortization method within the days to maturity are reflected to "Trading gains/losses on derivative financial instruments" account in income statement.

The Bank classifies its derivative instruments except for derivatives held for cash flow hedges as "Held-for-hedging" or "Held-for-trading" in accordance with "Financial Instruments: Turkish Accounting Standard for Recognition and Measurement ("TAS 39")". According to this, certain derivative transactions while providing effective economic hedges under the Bank's risk management position, are recorded under the specific rules of TAS 39 and are treated as derivatives "Held-for-trading".

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts. "Financial instruments at fair value through profit or loss" are measured at fair value. 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 "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/ (Losses)" in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. Interest Income and Expense

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method (the rate that equals the future cash flows of a financial asset or liability to its presented book value) periodically.

The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made according to the related regulation.

VI. Fee and Commission Income and Expense

Except for the banking services revenues are recognized as income at the time of collection, commission income related with the cash and non-cash loans are deferred and recognized as income by using with the effective interest rate method depending on nature of fees and commission income derived from agreements and asset purchases for third parties are recognized as income when realized.

Fees and commission expenses paid to the other institutions are recognized as operation cost in the prepaid expense and recorded using the effective interest rate method and reflected to expense accounts in related period according to periodicity.

VII. Financial Assets

Financial instruments comprise financial assets and liabilities and derivative instruments. Financial instruments constitutes the basis of the Bank's business activities and operations. Risks related to these activities form a significant part among total risks the Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Bank' balance sheet in all respects. The Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

Regular purchases and sales of financial assets are recorded based on settlement date. Settlement date of a financial asset is the date that the asset is received or delivered by the Bank. Settlement date accounting requires; (a) accounting for the financial asset when the asset is received and (b) accounting of disposal of the financial asset and recording the related profit and loss when the asset is delivered. The fair value changes of an asset to be acquired between the trade date and settlement date is accounted in accordance with the basis of valuation of assets.

The purchase or sale of financial assets is a transaction based on regulation or market convention that requires delivery of assets within a defined time frame. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets. Changes occurring in the fair value, cost or amortized cost are not recognized for the asset; fair value recognition in profit or loss in respect of a financial asset classified as the resulting gain or loss in profit or loss; the gain and loss arising in financial assets available for sale is recognized in equity.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are described below.

a. Cash, Banks and Other Financial Institutions

Cash and cash equivalents consists of cash on hand, demand deposits, and highly liquid short-term investments, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The carrying value of these assets are their fair values.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Financial Assets (Continued)

b. Marketable securities

Financial assets which are classified as "financial assets at fair value through profit or loss", are classified in two main groups; (i) Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking. (ii) These are the financial assets that are classified as fair value difference profit/loss during the initial recognition performed by the Bank. The Bank may only use this kind of classification under allowance and in the cases which results in a better presentation of information.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value in the financial statements. The fair values of the listed marketable securities are being calculated by using the stock market fair values.

The differences between the costs and fair values of financial assets at fair value through profit or loss are reflected to interest income and accruals or impairment provision. All gains and losses arising from these evaluations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

In 2014, the Bank has sold a significant portion of its securities, classified in held to maturity portfolio as 31 December 2013 amounting TL 1,727,972 before the maturity dates of such securities. Therefore the Bank will not able to classify its investment in held to maturity portfolio for two years beginning from 1 January 2015.

Available for sale assets are initially recognized at cost including the transaction costs. After initial recognition, subsequent valuation of available for sale financial assets are carried over fair value and the unrealized profit or loss arising in the changes resulting from changes in fair value and the changes between discounted value of assets is shown in "Marketable Securities Value Increase Fund" in equity. In the case that disposal of available for sale financial assets, the value gains/losses transferred to the income statement from "Marketable Securities Value Increase Fund".

c. Loans and receivables

Bank loans and receivables are carried initially at cost and subsequently recognized at the amortized cost value calculated using "effective interest rate method". The expenses incurred for the assets received as collateral are considered as transaction costs and are not recognized in the expense accounts.

Cash loans in personal and corporate loans, according to the Uniform Chart of Accounts ("UCA") and Prospectus are recognized in accordance with their original balances in the account specified.

The foreign exchange indexed commercial and individual loans are being monitored by the exchange rate of the opening date over Turkish Lira in the TL accounts. Repayments are calculated at the exchange rate at the date of payment, the resulting exchange differences are recognized in the income and expense account.

Starting from 24 March 2014, the Bank has hedged the fair value effects of changes in libor interest rates, fixed interest rate loans amounting TL 38,204 with maturity 3 years and TL 56,723 with maturity 5 years funding by using interest rate swaps. The both nominal value of interest rate swaps is TL 55,000 with maturity 3 years and 5 years respectively. In this context, TL768 which was calculated for these loans is refered to 'Interest on Loans'.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the first recognition of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not recognized.

Impairment losses attributable to the held to maturity investments are measured as the difference between the present values of expected future cash flows discounted using the original interest rate of financial asset and the carrying value of asset. The related difference is recognized as a loss and it decreases the carrying value of the financial asset. At subsequent periods, if the impairment loss amount decreases, impairment loss recognized is reversed.

When an impairment occurs in the fair values of the "financial assets available for sale" of which value decreases and increases are recognized in equity, the accumulated profit/loss that had been recognized directly in equity is transferred from equity to period profit or loss. If, in a subsequent period, the fair value of the related asset increases, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Loans are classified and followed in line with the provisions of the "Regulation on Procedures And Principles For Determination Of Qualifications Of Loans And Other Receivables By Banks And Provisions To Be Set Aside", published on the Official Gazette numbered 26333 dated 1 November 2006. Within the in line with of the relevant legislation, until March 2014, the Bank allocated %100 of the credit amount as provisions in accordance with mentioned the minimum provision rates in the Communiqué. Provisions released in the same year, "Provision Expense" account are credited in the past years, the remaining part of the provisions in the "Other Operating Income" account transferred to and recognized.

Except than specific allowances, the Bank provides general provision for its loans and other receivables according to above mentioned regulation.

IX. Offsetting Financial Assets

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously. Otherwise, any related financial assets and liabilities are not offset.

X. Sales and Repurchase Agreements and Securities Lending Transactions

Funds obtained by the Bank from repurchase agreements ("repo") are accounted under "Funds Provided Under Repurchase Agreements" in liabilities.

The Bank's repurchase agreements are composed short-term government bonds and treasury bills. Financial assets subject to repurchase agreements, parallel to the classification of financial instruments, the fair value recognition in profit or loss, are classified as available for sale or held to maturity financial assets. Repo subjected financial assets' income recognized in interest income, while expenses paid under repurchase agreements are recognized in interest expenses.

Funds given against securities purchased under agreements to resell ("Reverse Repo") are accounted under "Receivables from Reverse Repurchase Agreements" on the balance sheet.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. Assets Held for Sale and Discontinued Operations

A tangible asset (or a group of assets to be disposed) classified as "asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "asset held for resale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

Additionally, assets that were acquired due to non-performing receivables are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated November 1, 2006, No. 26333 and classified as assets held for resale.

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

The Bank has no discontinued operations.

XII. Goodwill and Other Intangible Assets

There is no goodwill in unconsolidated financial statements as of balance sheet date.

The intangible assets which are purchased before 1 January 2005 have been restated fot the effects of inflation and the intangible assets after this date are presented with their purchase cost, accumulated depreciation and amortization and impairment. According to the regular amortization method, long term assets depreciate regarding to their useful lives. The amortization method and the period are reviewed in each year-end. The intangible assets are mainly consisted of software programs and rights and according to the straight line method of depreciation, they amortize in between 3 to 15 years.

XIII. Property and Equipment

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any.

Fixed assets are being depreciated by applying the straight-line method, in accordance with the Tax Procedure Law which estimates the useful lives.

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

If fix assets' value, adjusted for inflation (until 31 December 2004) is higher than the current value, exceeding amount is being allocated for impairment and determined amounts are reflected in the financial statements.

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Expenditures for the repair and renewal of property and equipment are recognised as expense.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. Leasing Transactions

The Bank does perform financial operations as "Lessor".

Tangible assets acquired through finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under 'Finance Lease Payables' account in the financial statements. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate. If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through finance lease is calculated in the same manner as tangible assets.

Operating lease transactions

Transactions regarding operational lease agreements are accounted as an expense on an accrual basis in accordance with the terms of the related contracts.

XV. Provisions, Contingent Commitments and Contingent Assets

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by using the Bank Management' s best expectation of expenses in fulfilling the obligation, and discounted to present value if material. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

XVI. Obligations Related to Employee Rights

Obligations related to employee termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19"). Under the Turkish Labor Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation arising from this liability. Actuarial gains and losses are accounted for under equity.

XVII. Taxation

a. ***Current tax***

Corporate Tax Law No. 5520 became effective after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% . The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income 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 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 thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 15th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their 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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Taxation (Continued)

a. Current tax (Continued)

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 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. 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. Tax returns are open for five years from the beginning of the year following the date of filing during which 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

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

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

XVIII. Additional Explanations on Borrowings

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortized cost" using the "effective interest rate method" (internal rate of return).

XIX. Share Certificates and Issuance of Share Certificates

At capital increases, the Bank accounts the difference between the issued value and nominal value as "share issue premium under shareholders" in equity, in the case where the issued value is higher than the nominal value.

There is no decision of Bank for dividend distribution after the balance sheet date.

XX. Avalized Drafts and Acceptances

Guaranteed bills and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

XXI. Government Grants

As of 31 December 2015 and 31 December 2014, the Bank has no government grants.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXII. Profit Reserves and Profit Distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code ("TCC") the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIII. Earnings Per Share

Earnings per share disclosed in the income statement are calculated by dividing net profit/(loss) for the year to the weighted average number of shares outstanding during the period concerned.

	31 December 2015	31 December 2014
Profit Attributable to Shareholders	59,511	130,064
Weighted Average Number of Issued Ordinary Shares (Thousand)	620,000	586,667
Earnings Per Share (Disclosed in full TL)	**0.0960**	**0.2217**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

No bonus shares were issued as of and for the year ended 31 December 2015 (31 December 2014: None).

XXIV. Related Parties

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies are considered and referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" ("TAS 24"). The transactions with related parties are disclosed in detail in Note V. of Section Five.

XXV. Cash And Cash Equivalents

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.

XXVI. Operating Segments

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.

a) The Bank provides basic banking services in corporate/commercial banking and treasury.

b) Corporate banking services consists of automatic money transfers, current accounts, deposits, open loan transactions as well as option and other derivative instruments that are used for banking operations.

c) Investment banking services consists of trading of financial instruments and fund management.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. Operating Segments (Continued)

d) Other operations consist of subsidiaries and joint ventures, tangible assets, intangible assets, deferred tax asset and equity amounts and other income/loss accounts associated with these accounts.

e) The Bank's software requirements, possible software updates and additional software requirements to compete with other firms are provided by the Bank.

f) According to the table provided, share of each Bank's operating segment in the Balance sheet is as follows; corporate/retail banking 71%, investment banking 23% and other 6%.

Major balance sheet and income statement items based on operating segments

31 December 2015	**Corporate / Retail Banking**	**Investment Banking**	**Other**	**Total Operations of the Bank**
Net Interest Income	550,507	(39,837)	967	511,637
Net Fees and Commissions Income and Other Operating Income	232,170	-	-	232,170
Trading Profit/Loss	-	(40,164)	-	(40,164)
Dividend Income	-	-	-	-
Impairment Provision for Loans and Other Receivables (-)	(204,598)	(3,372)	-	(207,970)
Other Operating Expenses (-)	(410,564)	-	-	(410,564)
Profit Before Taxes	**167,515**	**(83,373)**	**967**	**85,109**
Tax Provision				(25,598)
Net Profit for the Period				**59,511**
31 December 2015				
Segment Assets	9,345,369	3,000,544	637,370	12,983,283
Investments in Associates and Subsidiaries	-	-	166,380	166,380
Total Assets	**9,345,369**	**3,000,544**	**803,750**	**13,149,663**
Segment Liabilities	6,288,120	3,865,689	1,999,244	12,153,053
Shareholders' Equity	-	-	996,610	996,610
Total Liabilities	**6,288,120**	**3,865,689**	**2,995,854**	**13,149,663**

31 December 2014	**Corporate / Retail Banking**	**Investment Banking**	**Other**	**Total Operations of the Bank**
Net Interest Income	476,457	(16,380)	(1,830)	458,247
Net Fees and Commissions Income and Other Operating Income	122,456	-	-	122,456
Trading Profit/Loss	-	(29,454)	-	(29,454)
Dividend Income	-	-	-	-
Impairment Provision for Loans and Other Receivables (-)	(116,577)	(13,848)	-	(130,425)
Other Operating Expenses (-)	(264,284)	-	-	(264,284)
Profit Before Taxes	**218,052**	**(59,682)**	**(1,830)**	**156,540**
Tax Provision				(26,476)
Net Profit for the Period				**130,064**
31 December 2014				
Segment Assets	7,882,263	2,392,378	238,143	10,512,784
Investments in Associates and Subsidiaries	-	-	145,923	145,923
Total Assets	**7,882,263**	**2,392,378**	**384,066**	**10,658,707**
Segment Liabilities	5,675,087	2,418,407	1,605,756	9,699,250
Shareholders' Equity	-	-	959,457	959,457
Total Liabilities	**5,675,087**	**2,418,407**	**2,565,213**	**10,658,707**

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. Information on Capital Adequacy Ratio

The standard rate of the capital adequacy of the Bank is % 15.55 (31 December 2014: 15.11%).

The calculation of the standard rate of the Capital adequacy is made within framework of the "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks (Regulation)", which was published in Official Gazette No.29111 dated 6 September 2014.

Information related to capital adequacy

	Risk Weights									
	Bank									
	0%	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**1250%**
Value at Credit Risk	**1,975,312**	**-**	**688,454**	**3,961,400**	**1,360,584**	**6,717,902**	**51,677**	**31,386**	**-**	**-**
Risk Groups										
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	1,821,604	-	-	323,090	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-	-	-	-	1,310	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Intermediaries			688,419	1,173,232	-	-	-	-	-	-
Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	6,179,362	-	-	-	-
Contingent and Non-Contingent Retail Receivables	-	-	-	-	1,360,584	4,065	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property	-	-	-	2,433,358	-	-	-	-	-	-
Non-Performing Receivables	-	-	-	31,720	-	185,791	3,300		-	-
Receivables Identified as High Risk by the Board	-	-	-	-	-	-	48,377	31,386	-	-
Securities Secured by Mortgage	-	-	-	-	-	-	-	-	-	-
Securitization Positions	-	-	-	-	-	-	-	-	-	-
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries	-	-	-	-	-	-	-	-	-	-
Investments as Collective Investment Institutions	-	-	-	-	-	-	-	-	-	-
Other Receivables	153,708		35	-	-	347,374	-	-	-	-

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. Information on Capital Adequacy Ratio (Continued)

Summary information about the capital adequacy ratio

	31 December 2015	31 December 2014
Capital Requirement for Credit Risk (Main Amount Related with Credit Risk*0.08) (CRCR)	799,761	634,613
Capital Requirement for Market Risk (CRMR)	4,549	1,367
Capital Requirement for Operational Risk (CROR)	70,287	59,168
Shareholders Equity	1,699,727	1,312,807
Shareholders Equity/((CRCR+CRMR+CROR) *12.5*100)	**15.55%**	**15.11%**
Tier I Capital /((CRCR+CRMR+CROR) *12.5*100)	**8.68%**	**10.63%**
Common Equity /((CRCR+CRMR+CROR) *12.5*100)	**8.90%**	**10.84%**

Information about the shareholders' equity items

	31 December 2015	31 December 2014
COMMON EQUITY		
Paid-in capital to be entitled for compensation after all creditors	620,000	620,000
Share premium	54	54
Share cancellation profits	-	-
Legal reserves	338,386	215,420
Other comprehensive income according to TAS	-	-
Profit	65,607	130,537
Net Current Period Profit	59,511	130,064
Prior Period Profit	6,096	473
Provisions for possible losses	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Common Equity Before Deductions	**1,024,047**	**966,011**
Deductions From Common Equity		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	27,437	6,554
Leasehold improvements on operational leases (-)	12,234	13,131
Goodwill and intangible assets and related deferred tax liabilities (-)	6,126	4,464
Net deferred tax assets / liabilities (-)	4,806	216
Shares obtained against article 56, paragraph 4 of the Banking Law (-)	-	-
Investments in own common equity (-)	-	-
Total of Net Long Positions of the Investments in equity items of unconsolidated banks and financial institutions where the bank does not own 10% or less of the issued share capital exceeding the 10% threshold of above Tier I 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 above Tier I Capital(-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets Arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and FinancialInstitutions Where the Bank Owns 10% or More of the Issued Share Capital Not Deducted from Tier I Capital (-)	-	-
Mortgage servicing rights not deducted (-)	-	-
Excess amount arising from deferred tax Assets from temporary differences (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate aditional Tier I or Tier II Capitals (-)	-	-
Total Regulatory Adjustments to Common Equity	**50,603**	**24,365**
Total Common Equity	**973,444**	**941,646**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. Information on Capital Adequacy Ratio (Continued)

Information about the shareholders' equity items (Continued)

ADDITIONAL TIER I CAPITAL		
Privileged Stock Not Included in Tier I Capital and the Related Share Premiums	-	-
Directly Issued Qualifying Additıonal Tier 1 Instruments (Approved by the Regulators) Plus Related Stock Surplus (Issued or Obtained After 1.1.2014)	-	-
Directly Issued Qualifying Additıonal Tier 1 Instruments (Approved by the Regulators) Plus Related Stock Surplus (Issued or Obtained Before 1.1.2014)	-	-
Additional Tier I Capital Before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on Its Own Additıonal Core 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 above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additıonal Tier I Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns more Than 10% of the Issued Share Capital (-)	-	-
Other Items to be Defined by the BRSA (-)	-	-
Deductions from Additional Core Capital in Cases Where There are no Adequate Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Deductions from Tier I Capital		
Goodwill and Other Intangible Assets and Related Deferred Taxes not Deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	24,506	17,856
Net Deferred Tax Asset/Liability not Deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Tier I Capital	**948,938**	**923,790**
TIER II CAPITAL		
Directly Issued Qualifying Tier 2 Instruments (That are Approved by the Regulator) Plus Related Stock Surplus (Issued or Obtained after 1.1.2014)	-	-
Directly Issued Qualifying Tier 2 Instruments (That are Approved by the Regulator) Plus Related Stock Surplus (Issued or Obtained before 1.1.2014)	660,989	329,141
Pledged Sources on Behalf of the Bank for the Use of Committed Share Capital Increase by Shareholders	-	-
General Provisions	93,386	63,004
Tier II Capital before Deductions	**754,375**	**392,145**
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on Its OwnTier II 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 above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additıonal 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 to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	**754,375**	**392,145**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. Information on Capital Adequacy Ratio (Continued)

Information about the shareholders' equity items (Continued)

CAPITAL		
Loans Granted Against the Articles 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired Against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	3,584	3,102
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the Form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other Items to be Defined by the BRSA (-)	-	26
The Portion of 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 above Tier I Capital not Deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not Deducted from Additıonal Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets Arising from Temporary Differences and of the Mortgage Servicing Rights not Deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
SHAREHOLDERS'S EQUITY	**1,699,727**	**1,312,807**
Amounts lower than Excesses as per Deduction Rules		
Remaining 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	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns more than 10% or Less of the Tier I Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets Arising from Temporary Differences	-	-

Components of items of shareholders' equity subject to temporary applications

	Amount Included in Equity Calculation	Total Amount
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	296,226	402,796

INFORMATION ON THE FINANCIAL POSITION OF THE BANK(Continued)

I. Informatıon on Capital Adequacy Ratio (Continued)

Details on Subordinated Liabilities

Issuer	IFC-INT'L FINANCE CO	FMO AMSTERDAM	BLACK SEA TRADE AND DEVELOPMENT BANK	DEGKÖLN	EFSESASICA V-SIF	COMMERCIAL BANK, UNITED ARAB BANK, NATIONAL BANK OF OMAN
Unique identifier (eg CUSIP, ISIN)	-	-	-	-	-	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Published in the Official Gazette Nr. 26333 dated 1 November 2006)	Regulation on Equity of Banks (Published in the Official Gazette Nr. 26333 dated 1 November 2006)	Regulation on Equity of Banks (Published in the Official Gazette Nr. 26333 dated 1 November 2006)	Regulation on Equity of Banks (Published in the Official Gazette Nr. 26333 dated 1 November 2006)	Regulation on Equity of Banks (Published in the Official Gazette Nr. 26333 dated 1 November 2006)	Regulation on Equity of Banks (Published in the Official Gazette Nr. 28756 dated 5 September 2013
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Yes	Yes	Yes	Yes	Yes	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis	Valid on Consolidated and Unconsolidated Basis
Instrument type	Secondary Subordinated Loan	Secondary Subordinated Loan	Secondary Subordinated Loan	Secondary Subordinated Loan	Secondary Subordinated Loan	Secondary Subordinated Loan
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	104,711	52,355	62,826	50,890	25,444	364,763
Par value of instrument (Million TRL)	145,905	72,953	87,543	63,676	31,838	364,763
Accounting classification	347	347	347	347	347	347
Original date of issuance	29.12.2010	29.12.2010	29.12.2010	29.12.2011	29.12.2011	30.06.2015
Demand or time	Time	Time	Time	Time	Time	Time
Original maturity date	15.06.2021	15.06.2021	15.06.2021	15.06.2022	15.06.2022	30.06.2025
Issuer call subject to prior supervisory approval	After 5 th year	After 5 th year	After 5 th year	After 5 th year	After 5 th year	-Illegality, - After 5 th year, -Taxation reason and -Depending on regulatory as a reason BRSA has the right to refund.
Optional call date, contingent call dates and redemption amount	-	-	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-	-	-
Coupons / dividends						
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating	Floating
Coupon rate and any related index	Libor+4.5	Libor+4.5	Libor+4.5	Euribor+4.5	Euribor+4.5	Libor+6
Existence of a dividend stopper	-	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	-	-	-	-	-	-
Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

INFORMATION ON THE FINANCIAL POSITION OF THE BANK(Continued)

I. Informatıon on Capital Adequacy Ratio (Continued)

Details on Subordinated Liabilities (Continued)

Convertible or non-convertible						
If convertible, conversion trigger (s)	-	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-	-
If convertible, specify issuer of instrument it converts int	-	-	-	-	-	-
Write-down feature						
If write-down, write-down trigger(s)	-	-	-	-	-	When unsustainable situation is realized,value decrement is realized.
If write-down, full or partial	-	-	-	-	-	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	-	-	-	-	-	Permanent
If temporary write-down, description of write-up mechanism	-	-	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before core capital, aftter all creditors	Before core capital, aftter all creditors	Before core capital, aftter all creditors	Before core capital, aftter all creditors	Before core capital, aftter all creditors	Before core capital, aftter all creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	No	No	No	No	No	Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possesed	8-2-(a), (ç), (e), (ğ)	8-2-(a), (ç), (e), (ğ)	8-2-(a), (ç), (e), (ğ)	8-2-(a), (ç), (e), (ğ)	8-2-(a), (ç), (e), (ğ)	-

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. Information on Capital Adequacy Ratio (Continued)

The Internal Assessment Process of Internal Capital Adequacy Regarding the Current and Future Operations

The ultimate objective of the internal assessment process of capital requirement is to sustain considering assess the capital adequacy of the Bank in line with the risk profile and risk appetite by considering the Bank's strategies, credit growth prospects, structure of assets and liabilities, future funding sources and liquidity, and dividend distribution policy and possible fluctuations in the capital due to the economic cycle.

Within this scope, legal and internal capital requirements are assessed prospectively, along with the annual targets of the Bank, in parallel to the preparation of 3 year strategic plans. In the process of assessing internal capital requirements, the credit risk, market risk, and operational risks, in the first pillar, and the interest rate risk resulting from the Banking accounts, concentration risk, business risk, reputation risk, model risk, and exchange risk are also included.

The risks that the Bank can encounter due to its operations are being evaluated in 2015 budget works and the possible capital requirements according to The Bank's goal and strategies are evaluated. The evaluation of legal and internal capital ratio requirements considers normal conditions as well as the stress conditions.

The stress scenarios are designed after estimation of post macroeconomic variables, the effects of these variables on the loan costs and market risk factors (exchange rate, interest rates etc.). The effects of stress scenarios on capital, income, risk weighted assets and capital requirement are calculated.

Internal assessment of internal capital requirement is considered by the Bank as an improving process and further upgrades to this method is planned for the future.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk

The sectoral concentrations for loans are monitored closely in accordance with the Bank's loan policy. During the Management of Risk Comittee meetings held every month, overall Bank's risk is monitored by analyzing sectoral concentration. In accordance with Credit Risk Policies the risk concentration for construction sector specified as 18% of total loans, for other sectors specified as 15% of total loan and realized rates, necessary approvals and actions are evaluated monthly.

All transactions are within the limits determined by the Board of Directors and being monitored on a regular basis.

All loans are revised at least once a year according to the regulations. Following the revision performed according to the Bank's rating methodology, the credit limits are revised or additional guarantees are requested. In the same process, risk based loan loss provisions are calculated and loan pricing policies are updated according to the results. As the expected loan losses are considered as a standard cost, they are considered in the pricing process. In case of unexpected losses, economical capital values are calculated and Bank's current capital is held within the required economical capital requirements. Incomes that are reevaluated according to the risk are monitored as a performance criteria and equity sharing with the profit centers are expected to be beneficial.

Derivatives, options and other similar contracts does not have specific provisions with specific control limits and the risk arising from these contracts are limited with the Bank's global risk framework. Bank's current policy indicates that such items should be fully collateralized to eliminate possible risks.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Rescheduled loans are monitored like other loans within the Bank's internal rating application. Risk ratings of the borrowers are used for credit maturities.

Bank's international banking operations and loans are with the OECD countries and when the economic conditions of these operations are found to be unimportant of a part for the credit risk.

Bank is not active in international banking market.

The accumulation of the Bank's highest 100 cash loan clients is 53.74% (31 December 2014: 25.62%) of the overall cash loans.

The accumulation of the Bank's highest 100 non-cash loan clients is 67.75% (31 December 2014: 33.88%) of the overall non-cash loans.

The accumulation cash and non-cash receivables of the Bank's highest 100 loan clients are 8.03% (31 December 2014: 5.03%) of the overall balance sheet and off balance sheet items.

As of 31 December 2015, the general loan loss provision is TL 93,386 (31 December 2014: TL 63,004).

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

Risk Group	Current Period Risk Amount (*)	Average Risk Amount (**)
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	2,144,694	2,164,675
Contingent and Non-Contingent Receivables from Regional Governments or Local Authorities	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	1,310	1,329
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Non-Contingent Receivables from Banks and Intermediaries	1,885,533	1,144,318
Contingent and Non-Contingent Corporate Receivables	6,525,406	5,897,893
Contingent and Non-Contingent Retail Receivables	1,402,766	2,118,401
Contingent and Non-Contingent Receivables Secured by Residential Property	2,460,681	2,059,175
Non-Performing Receivables	220,897	176,177
Receivables Identified as High Risk by the Board	83,365	121,702
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-term Receivables frorn Banks, Brokerage Houses and Corporates	-	-
Investrnents Similar to Collective Investrnent Funds	-	-
Other Receivables	501,117	461,689
Total	**15,225,769**	**14,145,359**

(*) Includes the risk amounts after credit conversion.

(**) Average risk amounts are calculated by the arithmetic average of the 2015 risk amounts.

a. Information on types of loans and specific provisions:

31 December 2015	Corporate/ Commercial	SME	Consumer	Credit Cards	Total
Standard Loans	5,194,781	3,205,170	194,351	59,709	8,654,011
Loans Under Close Monitoring	126,215	311,406	27,425	5,415	470,461
Non-performing Loans	192,242	254,446	23,693	5,644	476,025
Specific Provision (-)	(117,677)	(119,503)	(14,486)	(3,462)	(255,128)
Total	**5,395,561**	**3,651,519**	**230,983**	**67,306**	**9,345,369**

31 December 2014	Corporate/ Commercial	SME	Consumer	Credit Cards	Total
Standard Loans	3,319,484	3,684,223	280,935	256,263	7,540,905
Loans Under Close Monitoring	32,605	95,696	43,835	14,869	187,005
Non-performing Loans	153,013	220,423	9,079	8,638	391,153
Specific Provision (-)	(102,740)	(124,723)	(4,926)	(4,411)	(236,800)
Total	**3,402,362**	**3,875,619**	**328,923**	**275,359**	**7,882,263**

31 December 2015	Corporate/ Commercial	SME	Consumer	Credit Cards	Total
Past due up to 30 Days	67,106	155,807	69,763	7,623	300,299
Past due 30-60 Days	106,484	229,247	21,043	4,143	360,917
Past due 60-90 Days	19,731	82,159	6,382	1,272	109,544
Total	**193,321**	**467,213**	**97,188**	**13,038**	**770,760**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

b. Information on loans and receivables past due but not impaired:

31 December 2014	Corporate/ Commercial	SME	Consumer	Credit Cards	Total
Past due up to 30 Days	189,983	304,276	111,326	32,339	637,924
Past due 30-60 Days	16,743	54,532	27,189	9,133	107,597
Past due 60-90 Days	15,862	41,164	16,646	5,736	79,408
Total	**222,588**	**399,972**	**155,161**	**47,208**	**824,929**

c. Information on debt securities, treasury bills and other bills:

31 December 2015 Fitch's Rating	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Other Bonds Net)	Total
BBB- (*)	422	667,072	-	144,149	811,643
Total	**422**	**667,072**	**-**	**144,149**	**811,643**

(*) Consists of Turkish Republic government bonds, private sector bonds and treasury bills.

31 December 2014 Fitch's Rating	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
BB+ (*)	611	895,945	-	896,556
Total	**611**	**895,945**	**-**	**896,556**

(*) Consists of Turkish Republic government bonds and treasury bills.

d. Information on rating concentration:

The credit risk is evaluated according to Bank's internal rating system. The loans rated according to probability of default, from the best rating (above standard), to the lowest rate (substandard) are presented in the below table and at the bottom of the table there is past due loans (impaired).

"Above standard" category means that the debtor has a strong financial structure,"standard" category means that debtor has a good and sufficient financial structure, "substandard" category means that the debtor's financial structure under risk in the short and medium term.

	31 December 2015	31 December 2014
High Standard (A,B)	87.01%	73.52%
Standard (C)	6.89%	17.64%
Substandard (D)	1.14%	4.54%
Impaired (E)	4.96%	0.35%
Not rated	-	3.95%

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

e. Fair value of collaterals (loans and advances to customers):

31 December 2015	Corporate/ Commercial	SME	Consumer	Credit Cards	Total
Loans Under Close Monitoring	136,451	414,886	48,627	5,686	605,650
Non-performing Loans	131,388	108,151	6,216	2,608	248,363
Total	**267,839**	**523,037**	**54,843**	**8,294**	**854,013**

31 December 2014	Corporate/ Commercial	SME	Consumer	Credit Cards	Total
Loans Under Close Monitoring	23,949	91,559	54,372	9,084	178,964
Non-performing Loans	75,063	130,836	2,731	2,082	210,712
Total	**99,012**	**222,395**	**57,103**	**11,166**	**389,676**

Type of collaterals	31 December 2015	31 December 2014
Real-estate mortgage	834,715	378,435
Vehicle pledge	14,404	9,363
Cash and cash equivalents	2,365	1,878
Other	2,529	-
Total	**854,013**	**389,676**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

f. Risk profile according to the geographical concentration:

	Risk Categories (*)									
	Contingent and Non-Contingent Receivables from Central Governments or Central Banks	**Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises**	**Contingent and Non-Contingent Receivables from Banks and Intermediaries**	**Contingent and Non-Contingent Corporate Receivables**	**Contingent and Non-Contingent Retail Receivables**	**Contingent and Non-Contingent Receivables Secured by Residential Property**	**Non-Performing Receivables**	**Receivables Identified as High Risk by the Board**	**Other Receivables**	**Total**
31 December 2015										
Domestic	2,144,694	1,310	1,112,515	6,452,294	1,402,485	2,449,190	83,365	220,897	-	13,866,750
EU Countries	-	-	91,021	34,472	113	11,491	-	-	-	137,097
OECD Countries (**)	-	-	563	-	-	-	-	-	-	563
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	114,236	-	10	-	-	-	-	114,246
Other Countries	-	-	567,198	38,640	158	-	-	-	-	605,996
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	166,380	166,380
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	334,737	334,737
Total	**2,144,694**	**1,310**	**1,885,533**	**6,525,406**	**1,402,766**	**2,460,681**	**83,365**	**220,897**	**501,117**	**15,225,769**

(*) Risk categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

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

(***) Assets and liabilities are not allocated on a consistent basis.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

f. Risk profile according to the geographical concentration (continued) :

	Risk Categories (*)									
	Contingent and Non-Contingent Receivables from Central Governments or Central Banks	**Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises**	**Contingent and Non-Contingent Receivables from Banks and Intermediaries**	**Contingent and Non-Contingent Corporate Receivables**	**Contingent and Non-Contingent Retail Receivables**	**Contingent and Non-Contingent Receivables Secured by Residential Property**	**Non-Performing Receivables**	**Receivables Identified as High Risk by the Board**	**Other Receivables**	**Total**
31 December 2014										
Domestic	2,158,320	1,476	359,600	4,349,129	3,102,050	1,285,844	160,439	154,353	-	11,571,211
EU Countries	-	-	19,421	45,587	121	10,637	-	-	-	75,766
OECD Countries (**)	-	-	1,270	-	-	-	-	-	-	1,270
Off-Shore Banking Regions	-	-		-	-	-	-	-	-	-
USA, Canada	-	-	13,988	-	-	-	-	-	-	13,988
Other Countries	-	-	2,857	33,183	61	-	-	-	-	36,101
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	145,923	145,923
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	319,454	319,454
Total	**2,158,320**	**1,476**	**397,136**	**4,427,899**	**3,102,232**	**1,296,481**	**160,439**	**154,353**	**465,377**	**12,163,713**

(*) Risk categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

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

(***) Assets and liabilities are not allocated on a consistent basis.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

g. Risk profile by Sectors or Counterparties:

	Risk Categories (*)											
Sectors/Counterparties	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**133,195**	**61,753**	**19,628**	**11,573**	**-**	**-**	**163,189**	**62,960**	**226,149**
Farming and Stockbreeding	-	-	-	124,232	61,587	18,527	11,262	-	-	157,991	57,617	215,608
Forestry	-	-	-	2,271	72	718	3	-	-	3,064	-	3,064
Fishery	-	-	-	6,692	94	383	308	-	-	2,134	5,343	7,477
Manufacturing	**-**	**-**	**-**	**2,331,707**	**440,759**	**319,574**	**63,700**	**-**	**-**	**1,266,374**	**1,889,366**	**3,155,740**
Mining and Quarrying	-	-	-	273,106	36,367	22,515	8,719	-	-	133,125	207,582	340,707
Production	-	-	-	1,686,315	402,008	283,964	54,738	-	-	1,011,193	1,415,832	2,427,025
Electricity, Gas and Water	-	-	-	372,286	2,384	13,095	243	-	-	122,056	265,952	388,008
Construction	**-**	**-**	**-**	**916,042**	**155,469**	**1,189,195**	**44,681**	**-**	**-**	**766,978**	**1,538,409**	**2,305,387**
Services	**-**	**769**	**1,885,533**	**2,950,470**	**628,130**	**766,084**	**86,907**	**-**	**-**	**2,677,984**	**3,639,909**	**6,317,893**
Wholesale and Retail Trade	-	2	-	1,339,101	453,613	279,597	62,235	-	-	1,425,711	708,837	2,134,548
Hotel, Food and Beverage services	-	-	-	79,417	13,819	96,746	1,567	-	-	52,379	139,170	191,549
Transportation and Telecom	-	21	-	571,236	66,277	65,729	7,684	-	-	190,789	520,158	710,947
Financial Institutions	-	-	1,885,533	58,254	3,519	181,377	371	-	-	630,206	1,498,848	2,129,054
Real Estate and Rental Services	-	-	-	162,718	5,988	17,407	316	-	-	20,601	165,828	186,429
Self-employment Services	-	-	-	729,540	77,242	116,401	9,979	-	-	327,018	606,144	933,162
Educational Services	-	1	-	1,781	407	129	9	-	-	1,858	469	2,327
Health and Social Services	-	745	-	8,423	7,265	8,698	4,746	-	-	29,422	455	29,877
Other	**2,144,694**	**541**	**-**	**193,992**	**116,655**	**166,200**	**14,036**	**83,365**	**501,117**	**1,456,351**	**1,764,249**	**3,220,600**
TOTAL	**2,144,694**	**1,310**	**1,885,533**	**6,525,406**	**1,402,766**	**2,460,681**	**220,897**	**83,365**	**501,117**	**6,330,876**	**8,894,893**	**15,225,769**

(*) Risk categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

1- Contingent and Non-Contingent Receivables from Central Governments or Central Banks
2- Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises
3- Contingent and Non-Contingent Receivables from Banks and Intermediaries
4- Contingent and Non-Contingent Corporate Receivables
5- Contingent and Non-Contingent Retail Receivables
6- Contingent and Non-Contingent Receivables Secured by Residential Property
7- Non-Performing Receivables
8- Receivables identified as high risk by the Board
9- Other

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

h. Analysis of maturity-bearing exposures according to remaining maturities:

	Term To Maturity (*)				
Risk classifications	**1 Month**	**1-3 Month**	**3-6 Month**	**6-12 Month**	**Over 1 year**
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	-	-	-	-	667,072
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	910	-	-	-	400
Contingent and Non-Contingent Receivables from Banks and Intermediaries	1,393,214	67,425	66,249	30,533	328,112
Contingent and Non-Contingent Corporate Receivables	1,000,553	530,303	827,679	1,398,680	2,768,191
Contingent and Non-Contingent Retail Receivables	308,670	155,588	232,373	334,453	371,682
Contingent and Non-Contingent Receivables Secured by Residential Property	95,659	82,878	157,271	200,029	1,924,844
Non-Performing Receivables	-	-	-	-	220,897
Receivables Identified as High Risk by the Board	-	-	-	-	83,365
Other Receivables	-	-	-	-	-
TOTAL	**2,799,006**	**836,194**	**1,283,572**	**1,963,695**	**6,364,563**

(*) Risk amounting to TL 1,978,739 is on demand and not showed in the table above.

i. Exposures by risk weights:

	Risk Weights	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**1250%**	**Deductions from Equity**
1	Amount before Credit Risk Mitigation	1,975,312	-	698,373	4,002,770	1,398,702	7,063,947	53,752	32,913	-	-	3,584
2	Amount after Credit Risk Mitigation	1,975,312	-	688,454	3,961,400	1,360,584	6,717,902	51,677	31,386	-	-	3,584

j. Information of major sectors or type of counterparties

		Loans			
	Major Sectors / Counterparties	**Impaired Loans**	**Past Due Loans**	**Value Adjustments**	**Provisions**
1	**Agriculture**	**11,505**	**20,148**	**-**	**8,574**
1.1	Farming and Stockbreeding	11,124	19,480	-	8,218
1.2	Forestry	-	51	-	47
1.3	Fishery	381	617	-	309
2	**Manufacturing**	**169,183**	**124,299**	**-**	**61,080**
2.1	Mining and Quarrying	13,856	15,070	-	6,352
2.2	Production	155,263	108,344	-	54,086
2.3	Electricity, Gas and Water	64	885	-	642
3	**Construction**	**72,082**	**75,825**	**-**	**31,312**
4	**Services**	**162,030**	**195,990**	**-**	**111,514**
4.1	Wholesale and Retail Trade	106,261	134,343	-	73,679
4.2	Accommodation and Dining	17,814	2,559	-	995
4.3	Transportation and Telecom	14,818	27,057	-	19,546
4.4	Financial Institutions	682	2,947	-	2,597
4.5	Real Estate and Rental Services	794	549	-	251
4.6	Professional Services	17,067	21,777	-	12,406
4.7	Educational Services	33	6	-	3
4.8	Health and Social Services	4,561	6,752	-	2,037
5	**Other**	**55,661**	**59,763**	**-**	**42,648**
	TOTAL	**470,461**	**476,025**	**-**	**255,128**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on Credit Risk (Continued)

k. Information related with Value Adjustments and Change in Provisions:

		Opening Balance	Charge of the Period	Provision Cancelations	Value Adjustments	Closing Balance
1	Specific Provisions	236,800	163,562	(145,234)	-	255,128
2	General Provisions	63,004	30,498	(116)	-	93,386

III. Explanations on Market Risk

Bank's risk management operations, which are determined by the Board of Directors, are in line with the "Regulation of Internal Bank Systems" and "Regulation of Capital Adequacy Measurement and Evaluation". In order to comply with the Regulations, the Bank's operations regarding the market risk are administrated in line with the "Regulation of Internal Bank Systems" and "Regulation of Capital Adequacy Measurement and Evaluation".

Board of directors monitors the efficiency of risk administration systems by evaluations of the Audit Committee, Management and Early Detection of Risk Committee as well as upper management's opinions and other miscellaneous reports.

The Bank's risk policies and risk administration policies for the encountered market risk are being approved by the board of directors and reviewed on a regular basis. Market risk is measured and limited in compliance with international standards and capital requirements are calculated accordingly in addition to it is managed by hedging instruments to eliminate the risk.

The market risk of portfolios held for trading is calculated using the standard method and the value at risk ("VaR") methods. Standard method calculations are made on a monthly basis which is used for calculating the capital adequacy generally accepted three methods (variance, covariance, historical simulation, Monte Carlo).VaR calculations are performed on a daily basis using the historical simulation (EWMA) method. VaR calculations are made using the past 1 year data with 99% assurance and 1 day holding period (10 days for legal capital calculation). All positions in the trading portfolio are set a daily risk limit and nominal position limits and all these limits are monitored and reported to upper management. In addition, trading portfolio, value at risk increase and limit comply situations are reported to Active Passive Committee every two weeks and to upper management and Management and Early Detection of Risk Committee every three months. VaR model is tested on a backward basis to ensure reliability. In order to limit market risk, in addition to VaR and nominal position limits, there are stop loss limits on trading portfolio that are approved by the board of directors.

a. Information on Market Risk

	31 December 2015	31 December 2014
(I) Capital Requirement Against General Market Risk – Standard Method	1,728	435
(II) Capital Requirement Against Specific Risk – Standard Method	7	6
Capital Requirement Specific Risk Related to Securitization Positions-Standard Method	-	-
(III) Capital Requirement Against Currency Risk – Standard Method	2,185	566
(IV) Capital Requirement Against Commodity Risk – Standard Method	-	-
(V) Capital Requirement Against Exchange Risk – Standard Method	-	-
(VI) Capital Requirement Against Market Risk of Options – Standard Method	-	-
(VII) Capital Requirement Against Counterparty Credit Risk-Standard Method	629	360
(VIII) Capital Requirement Against Market Risks of Banks Applying Risk Measurement Models	-	-
(IX) Total Capital Requirement Against Market Risk (I+II+III+IV+V+VI)	4,549	1,367
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	**56,863**	**17,088**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

b. Average Market Risk Table of Calculated Market Risk during the Period at Month Ends:

	31 December 2015		
	Average	**Maximum**	**Minimum**
Interest Rate Risk	1,329	3,039	323
Common Stock Risk	-	-	-
Currency Risk	1,713	3,062	129
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Counterparty Credit Risk	88	218	2
Option Risk	805	1,327	378
Total Value at Risk	**49,191**	**95,569**	**10,397**

c. Information on Counterparty Credit Risk:

In order to calculate the counterparty credit risk the "Fair Value" method is used which is determined by (Appendix 2) of "Regulation on Measurement and Assessment of Capital Adequacy of Banks," published in 28 June 2012. In accordance with the before-mentioned method, potential credit risk value is calculated and added to the renewal costs of the agreements with positive values.

For derivative transactions, sum of revaluation costs and accumulation of potential credit risk is considered to be the risk amount. Revaluation costs are calculated by valuation of the contract with its fair value and by multiplication of contract amount with the loan conversion rate.

d. Quantitative Information on Counterparty Risk:

	31 December 2015
Interest Rate Contracts	2,432,029
Foreign Exchange Rate Contracts	904,412
Commodity Contracts	-
Equity Shares Related Contracts	-
Other	-
Gross Positive Fair Values	170,845
Netting Benefits	-
Net Current Exposure Amount	170,845
Collaterals Received	-
Net Derivative Position	170,845

IV. Explanations on Operational Risk

The Bank calculated the operational risk using the "Basic Indicator Method". Amount subject to operational risk is calculated once a year in accordance with the "Regulation for Measuring and Evaluating Capital Adequacy of Banks" published in 28 June 2012 Official Gazette No.28337 using the gross income balances of last three years; 2014, 2013 and 2012 respectively. The risk amount calculated using the "Capital Adequcy Standard Ratio" indicated in the disclosure I of the section 4 amounts to TL 878,588.

The annual gross income is calculated sum of net values of interest and non-interest income by deducting the profit/loss that is generated from available for sale and held to maturity and extraordinary income, operating expense for support services and amount collected from insurances.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

IV. Explanations on Operational Risk (Continued):

	31 December 2012	31 December 2013	31 December 2014	Total Number of Positive Year	Ratio (%)	Total
Gross Income	474,558	439,269	491,917	468,581	15	70,287
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	878,588

V. Explanations on Currency Risk

The difference between the Bank's foreign currency denominated and foreign currency indexed on and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in "Net Foreign Currency Position" (cross currency risk).

The Bank keeps the amount at currency risk within the legal limits and monitors the foreign currency positions daily/momentarily. Even though the Bank's determined foreign currency limit is minimal compared to the legal limit, the positions throughout the year did not exceed the limits. Term option contracts such as swap and forward are used for hedging the currency risk. Stress tests are performed to mitigate the fluctuations of the exchange rates.

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date.

	Usd	Euro
Rate used:	**TL 2.9181**	**TL 3.1838**
31 December 2015 Foreign Currency Bid Rate	TL 2.9181	TL 3.1838
30 December 2015 Foreign Currency Bid Rate	TL 2.9076	TL 3.1776
29 December 2015 Foreign Currency Bid Rate	TL 2.9084	TL 3.1921
28 December 2015 Foreign Currency Bid Rate	TL 2.9157	TL 3.2006
25 December 2015 Foreign Currency Bid Rate	TL 2.9123	TL 3.1904

The Bank's foreign currency bid rates for the reporting date and average of 30 days before the reporting day is as follows:

Usd: TL 2.9177
Euro: TL 3.1765

As of 31 December 2014;

	Usd	Euro
Rate Used:	TL 2.3269	TL 2.8272

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

V. Explanations on Currency Risk (Continued)

a. Information on currency risk of the Bank

The Bank's real foreign currency position, both in financial and economic terms, is presented in the table below:

	Euro	Usd	Yen	Other FC	Total
31 December 2015					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	24,552	1,263,661	2	205,715	1,493,930
Banks	1,718	317,232	162	2,732	321,844
Financial Assets at Fair Value Through Profit and Loss (*)	13	905	-	-	918
Money Market Placements	-	-	-	-	-
Financial Assets Available-For-Sale	-	462,164	-	-	462,164
Loans (**)	2,244,478	2,928,866	-	432	5,173,776
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Held-to-Maturity Investments	-	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	175	36,313	-	-	36,488
Total Assets	**2,270,936**	**5,009,141**	**164**	**208,879**	**7,489,120**
Liabilities					
Bank Deposits	70,206	262,629	-	198	333,033
Foreign Currency Deposits	409,018	1,876,356	45	232,564	2,517,983
Money Market Funds	-	116,444	-	-	116,444
Funds Borrowed From Other Financial Institutions	865,192	3,375,772	-	-	4,240,964
Marketable Securities Issued	-	735,736	-	-	735,736
Miscellaneous Payables	36,026	78,903	-	112	115,041
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	2,719	978	-	2,107	5,804
Total Liabilities	**1,383,161**	**6,446,818**	**45**	**234,981**	**8,065,005**
Net Balance Sheet Position	**887,775**	**(1,437,677)**	**119**	**(26,102)**	**(575,885)**
Net Off-Balance Sheet Position	**(887,195)**	**1,495,362**	**(123)**	**25,331**	**633,375**
Financial Derivative Assets	710,406	2,755,325	242	67,758	3,533,731
Financial Derivative Liabilities	1,597,601	1,259,963	365	42,427	2,900,356
Non-Cash Loans (*****)	**409,965**	**1,531,570**	**106**	**4,809**	**1,946,450**
31 December 2014					
Total Assets	755,428	3,408,172	596	233,954	4,398,150
Total Liabilities	845,027	3,884,170	1,004	19,254	4,749,455
Net Balance Sheet Position	**(89,599)**	**(475,998)**	**(408)**	**214,700**	**(351,305)**
Net Off-Balance Sheet Position	**90,009**	**488,597**	**409**	**(214,377)**	**364,638**
Financial Derivative Assets	268,179	1,232,020	409	13,231	1,513,839
Financial Derivative Liabilities	178,170	743,423	-	227,608	1,149,201
Non-Cash Loans	**314,960**	**658,107**	**7,109**	**5,998**	**986,174**

(*) Accruals of derivative assets held for trading amounting to TL 4,119 (31 December 2014: TL 10,708) have been deducted from fair value through profit and loss.
(**) FC indexed loans and accruals amounting to TL 933,448 (31 December 2014: TL 1,028,110) are shown in loans.
(***) Accruals of spot transaction amounting to TL 52 (31 December 2014: None) have been deducted from other assets.
(****) Accruals of derivative liabilities held for trading amounting to TL 11,825 (31 December 2014: TL 8,201) and other provisions amounting to TL 3 (31 December 2014: TL 7) have been deducted from other liabilities.
(*****) No effect on net off-balance sheet position.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

V. Explanations on Currency Risk (Continued)

b. Exposure to Currency Risk

The table below represent the sensitivity Bank's to 10% weakening of TL against USD, EUR and other currencies and the effects on equity and income statement (without tax effect) for the nine-month periods ended 31 December 2015 and 2014.

Analysis are assumed with other variables especially interest rate remain stable.

	31 December 2015		31 December 2014	
	Income statement	**Equity**	**Income statement**	**Equity**
Usd	5,768	5,768	1,260	1,260
Euro	58	58	41	41
Other FC	(77)	(77)	32	32
Total, net	**5,749**	**5,749**	**1,333**	**1,333**

The table below represent the sensitivity Bank's to 10% strenghtening of TL against below mentioned currencies and the effects on equity and income statement (without tax effect) for the year ended 31 December 2015 and 2014.

	31 December 2015		31 December 2014	
	Income statement	**Equity**	**Income statement**	**Equity**
Usd	(5,768)	(5,768)	(1,260)	(1,260)
Euro	(58)	(58)	(41)	(41)
Other FC	77	77	(32)	(32)
Total, net	**(5,749)**	**(5,749)**	**(1,333)**	**(1,333)**

VI. Explanations on Interest Rate Risk

Assets, liabilities and off-balance sheet items' interest rate sensitivity are measured.

The expected impact on the financial position and on the cash flow of the bank due to the fluctuations in the market interest rates are being followed within the framework of Asset-Liability management principles and also interest rate risk limits restricted on balance sheet by the Board of Directors. These limits also impose restriction to indirect profit centers can carry on maturity mismatches.

The Bank has not encountered to any significant interest rate risk in last period.

Average interest rates applied to monetary financial instruments reflect market rates.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VI. Explanations on Interest Rate Risk (Continued)

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

31 December 2015	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, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	1,442,488	-	-	-	-	103,010	1,545,498
Banks	583,718	-	-	-	-	27,724	611,442
Financial Assets at Fair Value Through Profit and Loss	4,295	3,507	19,860	-	-	-	27,662
Money Market Placements	350,105	-	-	-	-	-	350,105
Financial Assets Available-for-Sale	36,578	471,265	225,045	49,992	28,341	4,721	815,942
Loans	4,347,911	461,705	1,599,401	2,026,163	689,292	220,897	9,345,369
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	53	-	-	-	-	453,592	453,645
Total Assets	**6,765,148**	**936,477**	**1,844,306**	**2,076,155**	**717,633**	**809,944**	**13,149,663**
Liabilities							
Bank Deposits (**)	554,792	-	-	-	-	485	555,277
Other Deposits	3,736,326	1,494,977	122,878	7,801	-	370,861	5,732,843
Money Market Funds	264,966	93,057	-	-	-	-	358,023
Miscellaneous Payables	-	-	-	-	-	203,762	203,762
Marketable Securities Issued	-	-	-	735,736	-	-	735,736
Funds Borrowed From Other Financial Institutions	1,176,047	926,975	2,151,267	7,539	-	-	4,261,828
Other Liabilities and Shareholders' Equity (***)	8,088	2,270	3,593	-	-	1,288,243	1,302,194
Total Liabilities	**5,740,219**	**2,517,279**	**2,277,738**	**751,076**	**-**	**1,863,351**	**13,149,663**
Balance Sheet Long Position	**1,024,929**	**-**	**-**	**1,325,079**	**717,633**	**-**	**3,067,641**
Balance Sheet Short Position	**-**	**(1,580,802)**	**(433,432)**	**-**	**-**	**(1,053,407)**	**(3,067,641)**
Off-Balance Sheet Long Position	-	-	12,519	-	-	-	12,519
Off-Balance Sheet Short Position	(11,262)	(296)	-	-	-	-	(11,558)
Total Position	**1,013,667**	**(1,581,098)**	**(420,913)**	**1,325,079**	**717,633**	**(1,053,407)**	**961**

(*) Investments in associates and subsidiaries are classified as tangible and intangible fixed assets, sundry receivables, deferred tax assets, other assets and other non-interest bearing assets.
(**) Precious metal bank account is presented under Bank Deposits.
(***) Tax payables, levies, charges and premiums, provisions and shareholders equity are classified as non-interest bearing other liabilities.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VI. Explanations on interest rate risk (Continued)

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on (re-pricing dates) (Continued)

31 December 2014	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, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	1,134,326	-	-	-	-	223,918	1,358,244
Banks	93,857	-	-	-	-	8,894	102,751
Financial Assets at Fair Value Through Profit and Loss	15,474	8,296	2,771	8,896	-	-	35,437
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	103	337,367	534,779	-	23,696	1	895,946
Loans	3,287,696	474,914	1,722,187	1,837,668	405,445	154,353	7,882,263
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	2	-	-	-	-	384,064	384,066
Total Assets	**4,531,458**	**820,577**	**2,259,737**	**1,846,564**	**429,141**	**771,230**	**10,658,707**
Liabilities							
Bank Deposits	-	189,077	-	-	-	601	189,678
Other Deposits	3,582,599	1,400,834	76,828	1,417	-	423,731	5,485,409
Money Market Funds	402,117	-	-	-	-	-	402,117
Miscellaneous Payables	-	-	-	-	-	214,239	214,239
Marketable Securities Issued	42,203	145,194	-	586,742	-	-	774,139
Funds Borrowed From Other Financial Institutions	149,704	202,942	1,551,402	99,813	329,826	-	2,333,687
Other Liabilities and Shareholders' Equity (**)	866	7,133	4,806	8,578	-	1,238,055	1,259,438
Total Liabilities	**4,177,489**	**1,945,180**	**1,633,036**	**696,550**	**329,826**	**1,876,626**	**10,658,707**
Balance Sheet Long Position	**353,969**	**-**	**626,701**	**1,150,014**	**99,315**	**-**	**2,229,999**
Balance Sheet Short Position	**-**	**(1,124,603)**	**-**	**-**	**-**	**(1,105,396)**	**(2,229,999)**
Off-Balance Sheet Long Position	125,914	106,942	-	7,874	-	-	240,730
Off-Balance Sheet Short Position	-	-	(2,532)	-	-	-	(2,532)
Total Position	**479,883**	**(1,017,661)**	**624,169**	**1,157,888**	**99,315**	**(1,105,396)**	**238,198**

(*) Investments in associates and subsidiaries are classified as tangible and intangible fixed assets, sundry receivables, deferred tax assets, other assets and other non-interest bearing assets.

(**) Tax payables, levies, charges and premiums, provisions and shareholders equity are classified as non-interest bearing other liabilities.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VI. Explanations on Interest Rate Risk (Continued)

b. Average interest rates for monetary financial instruments

The following average interest rates have been calculated by weighting the rates with their principal amounts as of the balance sheet date.

31 December 2015	Euro	Usd	Other FC	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0.28	-	2.78
Banks	-	3.00	-	13.59
Financial Assets at Fair Value Through Profit and Loss	3.74	4.63	-	9.49
Money Market Placements	-	-	-	12.50
Financial Assets Available-for-Sale	-	4.12	-	9.38
Loans	4.43	5.32	-	16.20
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	1.08	1.00	1.75	-
Other Deposits	1.40	2.27	-	12.36
Money Market Funds	-	0.38	-	6.37
Miscellaneous Payables	4.46	-	-	-
Marketable Securities Issued	-	3.12	-	-
Funds Borrowed From Other Financial Institutions	1.77	2.54	-	7.66

31 December 2014	Euro	Usd	Other FC	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0.50	0.15	-	11.03
Financial Assets at Fair Value Through Profit and Loss	5.24	3.61	-	6.55
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	-	4.13	-	8.81
Loans	4.54	4.95	-	14.37
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	1.82	-	-
Other Deposits	2.04	2.37	-	10.40
Money Market Funds	-	0.79	-	7.45
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	3.13	-	9.48
Funds Borrowed From Other Financial Institutions	2.59	2.87	-	6.97

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VI. Explanations on Interest Rate Risk (Continued)

c. Interest rate risk arising from banking accounts

Interest rate risk resulting from banking accounts are evaluated in the framework of re-pricing risk, yield curve risk, base risk and option risk and interest rate risk resulting from banking accounts being managed with the international standards and with hedging transactions and limits the risk reduction.

The sensitivity of assets, liabilities and off-balance sheet items are evaluated in the Assets-Liabilities Committee meetings with the developments in the market. Interest rate risk assessment process arising from banking accounts will be included interest rate position that determined as banking account by the Bank. Besides this process has been created and conducted in reference to related re-pricing and maturity data.

Due to the maturity mismatch in the balance sheet, monitoring interest rate risk exposure within the scope of duration gap, maturity gap and sensitivity analysis are used. Duration gap, maturity gap and sensitivity analysis are calculated on a two week periods to the Assets-Liabilities Committee.

In the analysis, the fair values are calculated from interest sensitive assets and liabilities at fixed interest rates through cash flow, in the variable interest rates based on the re-pricing term market interest rates, using yield curves. The terms of the demand products is settled on basing of the frequency of interest rate determination and customer behavior. These results are supported periodically by the sensitivity and scenario analysis performed to assess the effect of the market fluctuations may occur.

Interest rate risk resulting from the banking accounts is measured in accordance with "Regulation No. 28034 on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method", dated 23 August 2011 and legal limits based on these measurements are monitored and reported on a monthly basis.

Interest rate risk related to interest-sensitive financial instruments classified in trading portfolio is assessed within the scope of the market risk.

Branches and line of businesses, being free from the market risk, the management of market risk depends on Fund Management Group Asset and Liability Management Department (ALM) is transferred by transfer pricing system and market risk management are realized by this section centrically. ALM, in the market risk management; uses balance sheet (long-term debt) and off-balance sheet (derivatives) instruments.

31 December 2015	**Applied Shock (+/- x basis point)**	**Gains/ Losses**	**Gains/ Equity-Losses/ Equity**
Currency			
1. TL	(+)500bp	(89,877)	(%5.29)
2. TL	(-)400bp	83,776	%4.93
3. Usd	(+)200bp	(24,403)	(%1.44)
4. Usd	(-)200bp	19,839	%1.17
5. Euro	(+)200bp	23,165	%1.36
6. Euro	(-)200bp	(24,107)	(%1.42)
Total (For Negative Shocks)		**79,508**	**%4.68**
Total (For Positive Shocks)		**(91,115)**	**(%5.37)**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VI. Explanations on Interest Rate Risk (Continued)

c. Interest rate risk arising from banking accounts (Continued)

31 December 2014	Applied Shock (+/- x basis point)	Gains/ Losses	Gains/ Equity-Losses/ Equity
Currency			
1. TL	(+)500bp	(99,626)	(7.58%)
2. TL	(-)400 bp	96,927	7.39%
3. Usd	(+)200 bp	(3,398)	(0.26%)
4. Usd	(-)200 bp	556	0.04%
5. Euro	(+)200 bp	3,600	0.27%
6. Euro	(-)200 bp	(2,038)	(0.16%)
Total (For Negative Shocks)		**95,445**	**7.27%**
Total (For Positive Shocks)		**(99,424)**	**(7.57%)**

d. Explanation on share certificates

None.

e. Total Unrealized Gains or Losses, Total Revaluation Increase and the Amounts Included In Main and Supplementary Capital of These

None.

VII. Explanations on Liquidity Risk

There is a liquidity limit approved and monitored on a weekly basis by the Bank Risk Committee. This limit is used by the Assets-Liability Management Committee for deciding to funding sources composition and pricing policy.

Maturity and interest rate mismatches impact on profitability and capital is measured using scenario analysis.

The Bank's most important source of liquidity is deposits denominated in TL and foreign exchange deposit accounts. In addition, there are also borrowing opportunities available from Borsa İstanbul repo market, Takas Bank and Interbank market.

In accordance with the "Regulation on Measurement and Assessment of Liquidity Adequacy of the Banks", which came into effect after its publication in the Official Gazette numbered 26333 on 1 November 2006 by BRSA, weekly simple arithmetic average of total liquidity adequacy ratio related to the first maturity period, and total liquidity adequacy ratio related to the second maturity period cannot be less than a hundred percent; weekly simple arithmetic average of the foreign currency liquidity adequacy ratio related to first maturity period, and foreign currency liquidity adequacy ratio related to second maturity period cannot be less than eighty percent as of 1 June 2007. With the regulation published on 5 April 2008 with stock values calculated at the rate of one hundred percent not taken into account the ratio of assets to liabilities weekly simple arithmetic average shall not be less than seven percent. In accordance with the regulation published on 11 December 2009, for the 14 day period subject to the reserve requirement calculation the simple arithmetic average of the Ratio of assets which are calculated with hundred percent weight with stock values to liabilities cannot be less than seven percent.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Liquidity risk management and liquidity coverage ratio

I. The Matters to be Considered by The Bank on Liquidity Risk

1. a Information on liquidity risk management regarding how to provide communication with the Board of Directors and lines of business for risk capacity of the Bank, liquidity risk, responsibility and structure of management, reporting of Bank's liquidity risk, liquidity risk strategy, policies and practices.

Liquidity risk management aims to take necessary measures in a timely manner and correct way with respect to potential liquidity shortage caused by cash flow mismatches of Bank's balance sheet structure and/or market conditions. It is on ground of the meeting the liquidity needs cash and disposable borrowing resources at specified level and time of held deposits and other liabilities creating liquidity. Bank monitors liquidity position both in terms of foreign currency and total liquidity basis.

According to the liquidity risk management about the liquidity position, necessary guidance to the line of businesses and pricing are performed by the Asset and Liability Management Department by taking into account the cash flow of the Bank with maturities. Liquidity risk informations are reported regularly to the such Asset and Liability Committee and Management Risk Committees. The liquidity risk parameters determined within the frame of liquidity risk parameters are monitored and reported to the business units by Risk Management consistently. The actions need to be taken in conditions such as convergence and excess of limits are decided by Asset-Liability Committee.

1.b Information on the centralization degree of liquidity management and funding strategy and the operation between the Bank and the Bank's shareholders:

The responsibility of liquidity risk management in accordance with the risk appetite determined by the Board of Directors belongs to the Treasury Asset-Liability Management Department. Risk Management Department is responsible for determining the level of bank-wide liquidity risk and its measurement, monitoring and reporting. Liquidity management and funding strategies of Bank and its shareholders are determined by Bank's Asset and Liability Management Committees and monitored by the Treasury Department.

1.c Information on the Bank's funding strategy including policies on diversity of fund terms and resources

For the Bank's effective, correct and sustainable liquidity risk management, it is provided to be followed by the relevant committees with the approval of Liquidity Management Policy Board. The Bank's core funding source has been targeted as a deposit. Non-deposit funding sources are used to provide a variety of core sources and maturities. These resources are mainly syndicated loans, subordinated loans and bond issuances. Despite term of deposits are determined by market conditions and generally on short term basis, it is aimed to collect the deposits of customers who have high stickiness to the Bank. Non-deposit sources also preferred because they are more long-term resources.

1.ç Information on liquidity management on the basis of currencies constitute the minimum five percentage of the Bank's total liabilities

Turkish Lira, US Dollars and Euros are the currencies that constitute the minimum five per cent of the Bank's liabilities. It is intended to have effective foreign currency and liquidity risk management analysing these currencies on foreign exchange and total liquidity management basis. Liquidity gap analysis are measured and managed with the same way. Deposits and other long term sources should be preffered, performing liquidity management on currency basis, in order to avoid the increase of market risk fluctuations on foreign currency positions.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Liquidity risk management and liquidity coverage ratio

1.d Information on current liquidity risk mitigation techniques

Liquid assets as defined under Basel III are held with the intention of liquidity risk management managing the Bank's liquidity risk. Market liquidity and maturity of liquid assets are considered as risk reduction for liquidity management. In this context, the range of liquid assets is important in the management of liquidity risk. Potential risk are minimized by avoiding concentration of liquid assets during the potential liquidity needs and the Bank's ability to fulfill its obligations.

1.e Information on the use of stress testing

Stress tests on the basis of the liquidity risk are performed at the beginning of the each year. The test results are presented with the details of the stress test and ISEDES report annually. The Board of Directors approve the stress test results and they are shared with the BRSA during the process. In addition to these stress tests, cash flow and liquidity position analyzes are maintained according to the Bank's internal needs.

1.f General information about the emergency and contingency liquidity plan

Information on emergency and contingency liquidity plan is detailed in the Bank "Emergency Funding Plan Policy". Definitions regarding the liquidity crisis and actions that the Bank may take against a liquidity crisis that may occur in the market are implemented the action plan outlined. The Bank's special liquidity crisis levels set out in alarm conditions and the parameters to be monitored as an indicator are detailed. Crisis Committee members and the Committee's duties and responsibilities are determined for the Bank's stress scenarios specific to the market and the Bank.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Liquidity risk management and liquidity coverage ratio (Continued)

II. Liquidity Coverage Ratio

The Bank's calculated liquidity coverage ratios are presented as below pursuant to "Measurement and Assesment of the Liquidity Coverage Ratios of Banks" published in the Official Gazette on 21 March 2014 and numbered 28948.

The highest and lowest values of the average of last three months unconsolidated foreign currency and total liquidity coverage ratios are as follows:

		Consideration Ratio Unapplied to Total Value (*)		**Consideration Ratio Applied to Total Value (*)**	
Current Period		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			2,058,111	1,360,252
CASH OUTFLOWS					
2	Retail and Small Business Customers	3,588,564	1,982,984	322,000	198,298
3	Stable Deposits	737,124	-	36,856	-
4	Less Stable Deposit	2,851,440	1,982,984	285,144	198,298
5	Unsecured Wholesale Funding	2,965,875	1,606,836	2,048,882	1,139,204
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	2,435,799	1,377,733	1,518,832	910,100
8	Other Unsecured Fundings	530,033	229,104	530,033	229,104
9	Secured Funding			151,859	151,859
10	Other Cash Outflows	-	-	-	-
11	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	120,251	-	120,251	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	3,319,622	2,308,728	555,446	346,881
15	Other irrevocable or conditionally revocable off-balance sheet obligations	38,720	38,720	1,936	1,936
16	**TOTAL CASH OUTFLOWS**	-	-	**3,200,375**	**1,838,178**
CASH INFLOWS					
17	Secured lending	516,203	-	-	-
18	Unsecured lending	1,361,646	366,828	846,213	199,619
19	Other cash inflows	-	1,063,471	-	1,063,471
20	**TOTAL CASH INFLOWS**	1,877,848	1,430,299	846,213	1,263,090
				Total Adjusted Values	
21	**TOTAL HIGH QUALITY ASSETS STOCKS**			2,058,111	1,360,252
22	**TOTAL CAH OUTFLOWS**			2,354,162	575,088
23	**LİQUİDİTY COVERAGE RATİO (%)**			88%	239%

(*) The average of the last three months liquidity coverage ratio calculated by monthly and weekly simple averages.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Liquidity risk management and liquidity coverage ratio (Continued)

II. Liquidity Coverage Ratio (Continued)

		Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
Previous Period		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			1,749,739	1,378,066
CASH OUTFLOWS					
2	Retail and Small Business Customers	3,484,409	1,642,241	312,325	164,224
3	Stable Deposits	722,324	-	36,116	-
4	Less Stable Deposit	2,762,085	1,642,241	276,208	164,224
5	Unsecured Wholesale Funding	3,085,224	1,761,487	1,808,590	1,141,129
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	885,266	459,554	481,556	246,059
8	Other Unsecured Fundings	745,211	623,828	1,327,034	895,070
9	Secured Funding			13,673	13,673
10	Other Cash Outflows	-	-	-	-
11	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	9,943	-	1,138,436	556,411
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	1,664,766	619,380	217,254	115,887
15	Other irrevocable or conditionally revocable off-balance sheet obligations	1,849,126	804,662	92,456	40,233
16	**TOTAL CASH OUTFLOWS**			3,582,735	2,031,558
CASH INFLOWS					
17	Secured lending	79,671	-	-	-
18	Unsecured lending	1,836,256	665,753	1,182,961	510,789
19	Other cash inflows	1,138,531	1,371,915	1,138,531	1,371,915
20	**TOTAL CASH INFLOWS**	3,054,458	2,037,668	2,321,492	1,882,704
				Total Adjusted Value	
21	**TOTAL HIGH QUALITY ASSETS STOCKS**			1,749,739	1,378,066
22	**TOTAL CAH OUTFLOWS**			1,370,648	527,139
23	**LİQUİDİTY COVERAGE RATİO (%)**			140%	270%

(*) The average of the last three months liquidity coverage ratio calculated by monthly and weekly simple averages.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Liquidity risk management and liquidity coverage ratio (Continued)

III. Banks explanations as a minimum regarding the liquidity ratio:

3.a Important factors affected by the results of Liquidity Coverage Ratio and the change of the items taken into account in the ratio calculation over time.

Despite all components have significant role, bond and reverse repurchase amounts cash outflows/unsecured debts of due to banks line, cash outflows/irrevocable commitments or revocable contingent commitments of off balance sheet liabilities, cash inflows/unsecured receivables of due from financial institutions are high volatile assets. Related items have an effective role on variability of ratio.

3.b Explanations on the components of high-quality liquid assets:

High-quality assets is generated by cash balances and Central Bank and issued debt securities by those with 0% risk weightings of credit quality level risk. The changes in the reverse repo balance at the period effects high-quality asset stock value.

3.c Funding source components and the intensity of them in all funds

Basically deposits, loans and subordinated loans as unsecured debt items have the most significant portion in Bank's funding balances. As of 31 December 2015, the proportion of total liabilities to all deposits of the bank is 48% and borrowings constitutes 27% portion whereas subordinate debt is 6%. Secured borrowings such as repo transactions has lower portion (3%). In addition, as a funding item, the Bank has USD 250,000 issued securities.

3.d Information about the outflows arising from derivative transactions and the possible completing collateral transactions

Cash outflows arising from derivative product balances are occurred when the derivative products liabilities are higher than the receivables. As of 31 December 2015, net of derivative assets and liabilities amounts to TL 7,000. In addition, cash outflows balances are reported with calculation against the change of derivatives fair value. This calculation is performed by checking the output margin within last 24 months of the counterparty balance. The maximum value in the past 24 months is considered as cash outflow as of reporting date. In this context, according to calculations as of 31 December 2015, the liability balance is computed as TL 30,000 in case of a change in fair value of derivatives products.

3.e Counterparty and fund resources on the basis of products and concentration limits on collaterals

As of 31 December 2015, the Bank's more than 45% of time deposit cap arised from retail banking. The remaining time deposits are constituted from legal entities. Another significant funding resource of borrowings generated from foreign banks (95%). As of 31 December 2015, 48% of the subordinated loans which are subject to capital adequacy calculations provided from Commercial Bank of Qatar and rest of the part is provided from development agencies. In addition, Bank has issued securities amount to USD 250,000.

3.f The liquidity risk for the potential funding needs for the bank itself , the branches in foreign countries and its consolidated partnerships with considering the operational and legal factors inhibiting the liquidity transfer

In the current position of the Bank and its consolidated subsidiaries, there is no such risks drawing attention.

3.g The information about the other cash inflows and outflows located in the liquidity leverage ratio calculation but not located in the second paragraph of disclosure template and considered as related with liquidity profile

In this context, there is no excluded cash inflow and outflow in statements on the current situation.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Breakdown of assets and liabilities according to their outstanding maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified (*)(**)	Total
31 December 2015								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	103,010	1,442,488	-	-	-	-	-	1,545,498
Due From Banks	27,724	583,718	-	-	-	-	-	611,442
Financial Assets at Fair Value Through Profit and Loss	-	4,295	3,189	1,369	18,478	331	-	27,662
Money Market Placements	-	350,105	-	-	-	-	-	350,105
Financial Assets Available-for-Sale	-	-	-	-	442,651	368,570	4,721	815,942
Loans	-	1,044,019	750,254	2,797,434	3,182,528	1,350,237	220,897	9,345,369
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (*)	255	54,554	500	4,179	17,131	5,729	371,297	453,645
Total Assets	**130,989**	**3,479,179**	**753,943**	**2,802,982**	**3,660,788**	**1,724,867**	**596,915**	**13,149,663**
Liabilities								
Bank Deposits (**)	485	554,792	-	-	-	-	-	555,277
Other Deposits	370,861	3,736,326	1,494,977	122,878	7,801	-	-	5,732,843
Funds Borrowed From Other Financial Institutions	-	105,342	404,161	1,837,865	660,826	1,253,634	-	4,261,828
Money Market Funds	-	264,966	93,057	-	-	-	-	358,023
Marketable Securities Issued	-	-	-	-	735,736	-	-	735,736
Miscellaneous Payables	-	-	-	-	-	-	203,762	203,762
Other Liabilities (***)	-	131,061	2,155	3,593	115	-	1,165,270	1,302,194
Total Liabilities	**371,346**	**4,792,487**	**1,994,350**	**1,964,336**	**1,404,478**	**1,253,634**	**1,369,032**	**13,149,663**
Liquidity Gap	**(240,357)**	**(1,313,308)**	**(1,240,407)**	**838,646**	**2,256,310**	**471,233**	**(772,117)**	**-**
31 December 2014								
Total Assets	233,22	2,394,16	956,41	3,880,40	1,916,30	834,36	443,84	10,658,70
Total Liabilities	424,33	4,272,10	1,923,02	1,618,22	794,64	329,82	1,296,56	10,658,70
Liquidity Gap	**(191,111**	**(1,877,942**	**(966,614**	**2,262,184**	**1,121,658**	**504,539**	**(852,714**	**-**

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

(**) Precious Metal bank account is presented under Bank Deposits.

(***) Shareholders' equity is presented under "Other liabilities" item in the "Unclassified" column.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Financial liabilities according to their remaining maturities:

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank Deposits	440,905	646,402	31,928	-	-	1,119,235
Other Deposits	1,302,659	4,277,642	339,452	51,698	5	5,971,456
Funds Borrowed From Other Financial Institutions	-	-	-		894,605	894,605
Money Market Funds	57,315	50,962	737,494	2,123,839	569,587	3,539,197
Marketable Securities Issued	-	-	-	725,710	-	725,710
Total	**1,800,879**	**4,975,006**	**1,108,874**	**2,901,247**	**1,464,197**	**12,250,203**

31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank Deposits	601	-	188,344	-	-	188,945
Other Deposits	1,068,227	4,184,951	230,612	31,484	-	5,515,274
Funds Borrowed From Other Financial Institutions	31,689	172,827	1,879,686	477,849	397,022	2,959,073
Money Market Funds	320,145	43,314	82,088	-	-	445,547
Marketable Securities Issued	-	-	298,959	-	581,725	880,684
Total	**1,420,662**	**4,401,092**	**2,679,689**	**509,333**	**978,747**	**9,989,523**

Contractual maturity analysis of the Bank's derivative instruments:

	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
31 December 2015						
Net Paid						
Hedging Derivative Financial Instruments	-	-	-	220,000	-	220,000
Forward Foreign Exchange Transactions	128,508	115,369	91,023	-	-	334,900
Money and Interest Rate Swaps	3,953,199	807,606	152,576	2,359,046	387,348	7,659,775
Options	121,350	98,995	2,238,857	-	-	2,459,202
Other	-	-	-	46,690	-	46,690
Total	**4,203,057**	**1,021,970**	**2,482,456**	**2,625,736**	**387,348**	**10,720,567**

	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
31 December 2014						
Net Paid						
Hedging Derivative Financial Instruments	-	-	-	220,000	-	220,000
Forward Foreign Exchange Transactions	314,122	166,921	41,561	-	-	522,604
Money and Interest Rate Swaps	1,533,272	364,977	77,526	952,314	-	2,928,089
Options	6,076	272,461	278,795	-	-	557,332
Other	-	-	-	-	-	-
Total	**1,853,470**	**804,359**	**397,882**	**1,172,314**	**-**	**4,228,025**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Explanations of the securitization position

None.

Explanations on credit risk mitigation techniques

The Bank applies credit risk mitigation based on the comprehensive method in compliance with the article 34 of the Communiqué on Credit Risk Mitigation Techniques.

In credit risk mitigation, cash and cash equivalent assets and debt instruments with a high level of credit quality are used.

The volatility adjustments to the receivables, guarantees and currency mismatch of guarantees are calculating with using the standard as specified in Communiqué Article 37 volatility adjustments approach.

In cases where there are maturity mismatches resulting from shorter remaining life of collateral than of receivables, the value of collateral is considered as the volatility-adjusted value.

Collaterals in terms of Risk Groups

	31 December 2015				
	Risk Groups	**Amount**	**Financial Guarantees (*)**	**Other/ Physical Guarantees**	**Guarantees and Credit Derivatives**
1	Contingent and Non-Contingent Receivables from Central Governments or Central Banks	2,144,694	-	-	-
2	Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	1,310	-	-	-
3	Contingent and Non-Contingent Receivables from Banks and Intermediaries	1,885,533	23,881	-	-
4	Contingent and Non-Contingent Corporate Receivables	6,525,406	388,532	-	-
5	Contingent and Non-Contingent Retail Receivables	1,402,766	48,888	-	-
6	Contingent and Non-Contingent Receivables Secured by Residential Property	2,460,681	27,904	-	-
7	Non-Performing Receivables	220,897	86	-	-
8	Receivables Identified as High Risk by the Board	83,365	3,602	-	-
9	Other Receivables	501,117		-	-
	Total	**15,225,769**	**492,893**	-	-

(*) The financial guarantees are reported with deducting from the risk amounts before loan risk reduction and credit conversion.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on Liquidity Risk (Continued)

Collaterals in terms of Risk Groups (Continued)

	31 December 2014				
	Risk Groups	**Amount**	**Financial Guarantees**	**Other/ Physical Guarantees**	**Guarantees and Credit Derivatives**
1	Contingent and Non-Contingent Receivables from Central Governments or Central Banks	2,158,320	-	-	-
2	Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	1,476	-	-	-
3	Contingent and Non-Contingent Receivables from Banks and Intermediaries	397,136	9,892	-	-
4	Contingent and Non-Contingent Corporate Receivables	4,427,899	321,183	-	-
5	Contingent and Non-Contingent Retail Receivables	3,102,231	55,590	-	-
6	Contingent and Non-Contingent Receivables Secured by Residential Property	1,296,481	11,138	-	-
7	Non-Performing Receivables	154,353	1,182	-	-
8	Receivables Identified as High Risk by the Board	160,439	3,766	-	-
9	Other Receivables	465,377	-	-	-
	Total	**12,163,712**	**402,751**	-	-

VIII. Explanations on Leverage Ratio

Explanations about the aspects that cause the difference between the leverage ratios of current and prior years.

The Bank's unconsolidated leverage ratio is 5.36% and calculated in compliance with "Regulation on Measurement and Evaluation of Leverage Levels of Banks' (31 December 2014: 6:45%). Changes in the leverage ratio are mainly due to the increase in the amount of assets' risk on-balance sheet. Regulation has been arrived at a decision of the minimum leverage ratio of 3%.

		Current Period (*)	**Prior Period(*)**
	Assets in Balance Sheet		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	13,427,983	10,727,630
2	Assets deducted in determining Tier 1 capital	(43,946)	(33,756)
3	Total on-balance sheet risks (sum of lines 1 and 2) Derivative financial instruments and credit derivatives	**13,384,036**	**10,693,874**
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	40,727	25,723
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	14,735	7,959
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5 Securities or commodity financing transactions (SCFT)	**55,462**	**33,683**
	Securities or commodity financing transactions		
7	Risks from SCFT assets of off-balancesheet	-	-
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) Other off-balance sheet transactions	-	-
	Off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	4,852,040	3,685,841
11	(Adjustments for conversion to credit equivalent amounts)	(366,409)	(404,070)
12	Total risks of off-balance sheet items (sum of lines 10 and 11) Capital and total risks	**4,485,632**	**3,281,771**
	Capital and Total Risk		
13	Tier 1 capital	960,898	903,717
14	Total risks (sum of lines 3, 6, 9 and 12) Leverage ratio	17,925,130	14,009,328
	Leverage ratio		
15	**Leverage ratio**	**5.36%**	**6.45%**

(*) Amounts in the table are three-month average amounts.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

IX. Explanations on the Risk Management Objectives and Policies

Risk management mission is defined as "overall business strategy in line with best practice proper and legal requirements in accordance with the Banks risk-return relationship in the context of increasing the effectiveness shareholders, customers and employees to create added value" in the Bank's Risk Management Strategy. Effective risk management of the Bank's competitiveness constitutes one of the most important competencies. Risk management system is considered a critical process that takes place within starting from the Board of Directors of all the units.

Risk management activities are structured under the responsibility of the Board of Directors. Based on these Board of Directors are responsible for the effectiveness of risk management systems and for monitoring them. Board of Directors practices his supervision role via Audit Committee and Risk Committee and other relevant committees by early diagnosis and through regular risk, control and audit reporting system. The senior management is responsible to the Board of Directors for monitoring and managing risks. In addition, beside the Risk Management, Internal Control and Compliance and Regulatory Departments, the Board of Inspectors is monitoring the risks that is independent from the executive operations, but works in coordination with them.

Within the context of Risk Management to identify, measure and monitoring risks nationally and internationally accepted models and parameters are used. Continuously work is exercised to develop and improve methods and models. The developments in the market are monitored regularly and closely; risk reports are prepared accordingly and these are presented to the senior management and the Board.

Risks are managed based on a framework for measuring, limiting and allocating capital accordingly, as well as risk reduction with hedging transactions. Bank and market data is monitored regularly in order to monitor and manage the risks. For limiting the risks besides the legal limits bank risk limits are set. Potential changes in economic conditions and the potential risks at difficult circumstances are taken into consideration.

Different scenario analyses are performed to evaluate the effects of unexpected market conditions and emergency plans are prepared. The Bank develops "Internal Capital Adequacy Evaluation Process" (ICAAP) and evaluates Internal Capital Adequacy while preparing the budget.

Risks are evaluated within a consistently developing structure by using methods which are accepted by international methods applicable to the Bank's structure in accordance with the international and local regulations, bank policy and procedures.

X. Explanation Regarding the Presentation of Financial Assets and Liabilities at Their Fair values

a. Financial Assets and Liabilities at their fair values:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Bank's current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Bank's current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities.

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

X. Explanation Regarding the Presentation of Financial Assets and Liabilities at Their Fair values (Continued)

The following table summarizes the carrying values and fair values of some financial assets and liabilities.

	Carrying Value		Fair Value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Financial Assets	**11,122,858**	**8,880,960**	**11,964,188**	**9,335,058**
Money Market Placements	350,105	-	350,105	-
Banks	611,442	102,751	611,442	102,751
Financial Assets Available-for-Sale	815,942	895,946	815,942	895,946
Held-to-maturity Investments	-	-	-	-
Loans	9,345,369	7,882,263	10,186,699	8,336,361
Financial Liabilities	**11,847,469**	**9,399,269**	**12,295,587**	**9,559,488**
Bank Deposits	555,277	189,678	555,277	189,678
Other Deposits	5,732,843	5,485,409	6,177,146	5,460,782
Funds Borrowed From Other Financial Institutions	4,261,828	2,333,687	4,794,907	2,513,990
Marketable Securities Issued	735,736	774,139	739,551	816,655
Funds Provided Under Repurchase Agreements	358,023	402,117	358,023	364,144
Miscellaneous Payables	203,762	214,239	203,762	214,239

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques, which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows

a) Quoted market prices (non-adjusted) (1st level);

b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level);

c) Data not based on observable data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2015	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	**422**	**27,240**	**-**	**27,662**
Government Debt Securities	422	-	-	422
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	27,240	-	27,240
Available for Sale Assets	**779,905**	**31,316**	**-**	**811,221**
Government Debt Securities	643,794	23,278	-	667,072
Other Marketable Securities	136,111	8,038	-	144,149
Hedging Derivative Financial Assets	**-**	**97,427**	**-**	**97,427**
Total Assets	**780,327**	**155,983**	**-**	**936,310**
Trading Derivative Financial Liabilities	-	13,396	-	13,396
Hedging Derivative Financial Liabilities	-	113	-	-
Total Liabilities	**-**	**13,396**	**-**	**13,396**

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

X. Explanation Regarding the Presentation of Financial Assets and Liabilities at Their Fair values (Continued)

31 December 2014	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	**611**	**34,826**	**-**	**35,437**
Government Debt Securities	611	-	-	611
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	34,826	-	34,826
Available for Sale Assets	**895,946**	**-**	**-**	**895,946**
Government Debt Securities	895,946	-	-	895,946
Other Marketable Securities	-	-	-	-
Hedging Derivative Financial Assets	**-**	**156,614**	**-**	**156,614**
Total Assets	**896,557**	**191,440**	**-**	**1,087,997**
Trading Derivative Financial Liabilities	-	12,429	-	12,429
Hedging Derivative Financial Liabilities	-	8,578	-	8,578
Total Liabilities	**-**	**21,007**	**-**	**21,007**

There are no transfers between the 1st and the 2nd levels in the current year.

XI. Explanation on Hedge Accounting

The Bank uses "Fair Value Hedge Accounting" from the beginning of 24 March 2014 as of balance sheet date.

Derivative financial instruments is used as hedging instruments are interest swap transactions.

	31 December 2015		
	Principal (*)	**Asset**	**Liability**
Derivative Financial Instruments			
Interest Swap Transactions	220,000	-	113
Total	**220,000**	**-**	**113**

(*) Total of purchase and sale notional amounts.

The fair valuation methodology of the derivatives presented in the above table is disclosed in the accounting principles section of these financial statements in Section III. Note IV.

Starting from 24 March 2014, the Bank has hedged the fair value effects of changes in libor interest rates, fixed interest rate loans amounting TL 38,204 with maturity 3 years and TL 56,723 with maturity 5 years funding by using interest rate swaps. The both nominal value of interest rate swaps is TL 55,000 with maturity 3 years and 5 years respectively.

The following table summarizes the effects of Fair Value Hedge Accounting.

31 December 2015					
Hedging Instrument	**Hedged item (assets and liabilities)**	**Hedged risks**	**Fair value difference/ adjustment of the hedged item**	**Net fair value of hedging instrument**	
				Asset	**Liability**
Interest swap transactions	Fixed rate equal installments paid commercial installment loans	Fixed interest rate risk	768	-	113

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

XI. Explanation on Hedge Accounting (Continued)

The Bank evaluates the method of hedge whether to be effective on the expected changes in fair values in this process or not or each result of hedge effectiveness whether to be between the range of 80% and 125%.

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the "Trading gains / losses on derivative financial instruments" account.

XII. Explanations Related to Transactions Carried Out on Behalf of Others and Transaction Based on Trust

The Bank carries out trading and custody services on behalf of customers and on their account. The details of the items held in custody are summarized in off-balance sheet commitments.

SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes on Assets

a. Information on Cash and Balances with the Central Bank of Republic of Turkey ("CBRT")

1. Information on cash and the account of the CBRT

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Cash/Foreign Currency	28,459	51,946	38,989	58,552
CBRT	23,074	1,441,984	126,496	1,134,207
Other	35	-	-	-
Total	**51,568**	**1,493,930**	**165,485**	**1,192,759**

2. Information on the account of the CBRT

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Demand Unrestricted Amount (*)	23,074	221,770	126,496	123,395
Time Restricted Amount	-	-	-	-
Reserve Requirement	-	1,220,214	-	1,010,812
Total	**23,074**	**1,441,984**	**126,496**	**1,134,207**

(*) The reserve requirement hold as average has been classified under "Central Bank Demand Unrestricted Account" pursuant to the correspondence with BRSA as of 3 January 2008.

3. Information on reserve requirements:

The Banks which are established in Turkey or operates in Turkey through opening a branch shall be subjected to T.C. Central Bank's No. 2005/1 Regulation Required Reserves. The amount includes the amount that is going to found with deducting the items that stated in the Communiqué from the Banks total domestic liabilities and branches abroad on behalf of the deposits accepted from Turkey liabilities subject to reserve requirements.

The required reserves may keep in reserve in Central Bank of Turkey as Turkish Lira, USD and/or Euro and standard gold. As of 31 December 2015, the Turkish lira required reserve ratios are determined to be within the range of 5%-11.5% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2014: 5%-11.5% for all Turkish lira liabilities), and the required reserve ratios for foreign currency deposits within the range of 9%-13% (31 December 2014: 9%-13% for foreign currency deposits) and other foreign currency liabilities within the range of 5%-25% (31 December 2014: 6%-13% for all foreign currency liabilities).

CBRT started to pay interest for the Turkish Lira reserve since 5 November 2014. CBRT also started to pay interest for the Foreing Currency reserve since 5 May 2015.

b. Information on Financial Assets at Fair Value Through Profit and Loss

1. As of 31 December 2015, the Bank have no financial assets at fair value through profit/loss subject to repo transactions (31 December 2014: None) and have no financial assets at fair value through profit and loss given as collateral/blocked amount (31 December 2014: None).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

b. Information on financial assets at fair value through profit and loss (Continued)

2. Positive differences related to trading derivative financial assets

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Forward Transactions	3,181	420	4,630	209
Swap Transactions	19,421	3,699	16,013	10,499
Futures Transactions	-	-	-	-
Options	22	497	18	3,457
Other	-	-	-	-
Total	**22,624**	**4,616**	**20,661**	**14,165**

c. Information on banks

1. Information on banks

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic	267,591	176,318	71,385	1,485
Foreign	22,007	145,526	-	29,881
Headquarters and Branches Abroad	-	-	-	-
Total	**289,598**	**321,844**	**71,385**	**31,366**

2. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
EU Countries	28,984	5,237	-	-
USD, Canada	134,938	23,867	-	-
OECD Countries (*)	596	717	-	-
Off-Shore Banking Region	-	-	-	-
Other	3,015	60	-	-
Total	**167,533**	**29,881**	-	-

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

d. Information on available-for-sale financial asset

1. Characteristics and carrying values of available-for-sale financial assets given as collateral

As of 31 December 2015, there are available-for-sale financial assets amounting TL 347,792 given as collateral/blocked (31 December 2014: TL 25,203) and those subject to repurchase agreements amounts to TL 379,683 (31 December 2014: TL 367,143).

2. Information on available-for-sale financial assets

	31 December 2015	**31 December 2014**
Debt Securities	840,174	903,822
Quoted on Stock Exchange	832,136	903,822
Not Quoted	8,038	-
Share Certificates	4,721	1
Quoted on Stock Exchange	1	1
Not Quoted (*)	4,720	-
Impairment Provision (-)	28,953	7,877
Total	**815,942**	**895,946**

(*) In 9 April 2015, 1.6949 % of Kredi Garanti Fonu A.Ş. share amounting to TL 4,720 is acquired.

e. Explanations on loans

1. Information on all types of loan or advance balances given to shareholders and employees of the Bank

	31 December 2015		**31 December 2014**	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Direct Loans Granted To Shareholders	79,726	53,526	28,423	74,604
Corporate Shareholders	79,604	53,047	28,280	74,206
Real Person Shareholders	122	479	143	398
Indirect Loans Granted To Shareholders	130,282	26,379	57,545	70,868
Loans Granted To Employees	4,397	-	4,221	-
Total	**214,405**	**79,905**	**90,189**	**145,472**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

e. Explanations on loans (Continued)

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled and other receivables

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Amendments on Conditions of Contract		Loans and Other Receivables	Amendments on Conditions of Contract	
		Amendments Related to the Extention of Payment Plan	Other		Amendments Related to the Extention of Payment Plan	Other
Non-Specialized Loans	8,586,507	28,112	-	166,878	303,581	-
Loans Given to Enterprises	175,923	-	-	4,459	-	-
Export Loans	712,349	-	-	3,626	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	232,012	-	-	190	471	-
Consumer Loans	217,011	-	-	30,245	2,869	-
Credit Cards	67,831	-	-	1,474	-	-
Other	7,181,381	28,112	-	126,884	300,241	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	39,394	-	-	-	-	-
Total	**8,625,901**	**28,112**	-	**166,878**	**303,581**	-

Number of Amendments Related to the Extention of Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times	28,112	303,581
3,4 or 5 Times	-	-
Over 5 Times	-	-

Time Extended Via the Amendment on Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 – 6 Month	-	8,043
6 Month – 12 Month	-	6,302
1 – 2 Years	47	41,779
2 – 5 Years	708	202,635
5 Years and Over	27,357	44,822

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

e. Explanations on loans (Continued)

3. Loans according to their maturity structure

	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**
Short-term Loans and Other Receivables	**3,638,719**	**28,112**	**63,462**	**-**
Non-specialised Loans	3,638,719	28,112	63,462	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	**4,987,182**	**-**	**103,416**	**303,581**
Non-specialised Loans	4,987,182	-	103,416	303,581
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**8,625,901**	**28,112**	**166,878**	**303,581**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

e. Explanations on loans (Continued)

4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	**13,162**	**225,704**	**238,866**
Real Estate Loans	-	129,318	129,318
Automotive Loans	10	3,238	3,248
Consumer Loans	13,152	93,148	106,300
Other	-	-	-
Consumer Loans-FC Indexed	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	**8,928**	**-**	**8,928**
With Installments	3,102	-	3,102
Without Installments	5,826	-	5,826
Individual Credit Cards- FC	**12**	**-**	**12**
With Installments	-	-	-
Without Installments	12	-	12
Personnel Loans-TL	**-**	**4,221**	**4,221**
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	4,221	4,221
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**2,211**	**-**	**2,211**
With Installments	952	-	952
Without Installments	1,259	-	1,259
Personnel Credit Cards-FC	**4**	**-**	**4**
With Installments	-	-	-
Without Installments	4	-	4
Credit Deposit Account-TL (Individuals) (*)	**7,038**	**-**	**7,038**
Credit Deposit Account-FC (Individuals)	**-**	**-**	**-**
Total	**31,355**	**229,925**	**261,280**

(*) TL 176 of the credit deposit account personnel loans (31 December 2014: TL 179).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets Assets (Continued)

e. Explanations on loans (Continued)

5. Information on commercial installment loans and corporate credit cards

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	**67,709**	**1,343,227**	**1,410,936**
Real Estate Loans	-	216,968	216,968
Automotive Loans	-	99,138	99,138
Consumer Loans	67,709	1,027,121	1,094,830
Other	-	-	-
Commercial Installments Loans-FC Indexed	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installments Loans-FC	**642**	**1,152,204**	**1,152,846**
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	642	1,152,204	1,152,846
Other	-	-	-
Corporate Credit Cards-TL	**58,150**	**-**	**58,150**
With Installment	8,740	-	8,740
Without Installment	49,410	-	49,410
Corporate Credit Cards-FC	**-**	**-**	**-**
With Installment	-	-	-
Without Installment	-	-	-
Credit Deposit Account-TL (Legal Person)	**131,535**	**-**	**131,535**
Credit Deposit Account-FC (Legal Person)	**-**	**-**	**-**
Total	**258,036**	**2,495,431**	**2,753,467**

6. Loans according to types of borrowers

	31 December 2015	31 December 2014
Public	-	-
Private	9,124,472	7,727,910
Total	**9,124,472**	**7,727,910**

7. Distribution of domestic and foreign loans:

Related loans are classified according to the location of the customers.

	31 December 2015	31 December 2014
Domestic Loans	9,085,078	7,671,833
Foreign Loans	39,394	56,077
Total	**9,124,472**	**7,727,910**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

e. Explanations on loans (Continued)

8. Loans given to investments in associates and subsidiaries

As of 31 December 2015, there are loans granted to associates and subsidiaries amount to TL 55,395 (31 December 2014: TL 1).

9. Specific provisions provided against loans

	31 December 2015	**31 December 2014**
Loans and Other Receivables with Limited Collectability	13,208	5,663
Loans and Other Receivables with Doubtful Collectability	45,896	44,236
Uncollectible Loans and Other Receivables	196,024	186,901
Total	**255,128**	**236,800**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

e. Explanations on loans (Continued)

10. Information on non-performing loans (Net)

10.(i). Information on non-performing loans restructured or rescheduled and other receivables

The Bank has no non-performing loans restructured or rescheduled and other receivables as of 31 December 2015 (31 December 2014: None).

10.(ii). Information on the movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	**Loans and other receivables with doubtful collectability**	**Uncollectible loans and other receivables**
31 December 2014	**36,687**	**110,662**	**243,804**
Addition (+)	302,552	5,327	8,990
Transfers from Other Categories of Non-performing Loans (+)	-	220,340	192,164
Transfers to Other Categories of Non-performing Loans (-)	(220,318)	(192,185)	-
Collections (-) (*) (**)	(18,431)	(21,141)	(61,369)
Write-offs (-)	-	(3,145)	(127,912)
Corporate and Commercial Loans	-	(3,139)	(116,603)
Consumer Loans	-	(5)	(5,795)
Credit Cards	-	(1)	(5,514)
31 December 2015	100,490	119,858	255,677
Specific Provision (-)	(13,208)	(45,896)	(196,024)
Net Balance on Balance Sheet	87,282	73,962	59,653

(*) The Bank has disposed non performing loan corresponds to provision amount of TL 15,199 and has collected TL 2,500 on 31 March 2015.

(**) The Bank has disposed non performing loans correspond to provision amount of TL 113,584 to Güven Varlık Yönetim A.Ş and has collected TL 4,650 on 5 May 2015.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

e. Explanations on loans (Continued)

10. Information on non-performing loans (Net) (Continued)

10.(iii). Information on non-performing loans granted as foreign currency loans

As at the balance sheet date there are no non-performing loans denominated in foreign currencies (31 December 2014: None).

10.(iv). Information on non-performing loans based on types of borrowers

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2015 (Net)			
Loans to Real Persons and Legal Entities (Gross)	100,490	119,858	255,677
Specific Provision Amount (-)	(13,208)	(45,896)	(196,024)
Loans to Real Persons and Legal Entities (Net)	87,282	73,962	59,653
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2014 (Net)			
Loans to Real Persons and Legal Entities (Gross)	36,687	110,662	243,804
Specific Provision Amount (-)	5,663	44,236	186,901
Loans to Real Persons and Legal Entities (Net)	31,024	66,426	56,903
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

11. Explanation on liquditation policy for uncollectible loan and receivable

Collection of uncollectible loans and other receivables is collected through the liquidation of collaterals and by legal procedures.

12. Explanations on write-off policy

Uncollectible loans and other receivables are recovered through legal proceedings and liquidation of collaterals or they are written off with Board decision in accordance with the Tax Procedural Law.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

e. Explanations on loans (Continued)

13. The Bank's provision movement for loans and other receivables during the period:

	Corporate/ Commercial Loans	SME	Consumer Loans	Total
1 January 2015	**149,725**	**78,033**	**9,042**	**236,800**
Made during the period	41,324	108,303	13,935	163,562
Cancelled during the period (-)	(10,929)	(4,893)	(629)	(16,451)
Collections	(59,199)	(62,755)	(6,829)	(128,783)
31 December 2015	**120,921**	**118,688**	**15,519**	**255,128**

	Corporate/ Commercial Loans	SME	Consumer Loans	Total
1 January 2014	**107,484**	**45,604**	**4,476**	**157,564**
Made During the Period	51,273	57,253	6,168	114,694
Cancelled During the Period (-)	9,032	24,824	1,602	35,458
Collections	-	-	-	-
31 December 2014	**149,725**	**78,033**	**9,042**	**236,800**

f. Information on held-to-maturity investments

1. Information on held to maturity debt securities

The Bank has no held to maturity debt securities as of 31 December 2015 (31 December 2014: None).

2. Information on held to maturity investments

The Bank has no held to maturity investments as of 31 December 2015 (31 December 2014: None).

3. Movement of held-to-maturity investment (31 December 2014: None).

The Bank has no held to maturity investments as of 31 December 2015

4. Characteristics and carrying values of held-to-maturity investments given as collateral

As of 31 December 2015 there is no held-to-maturity investments given as collateral (31 December 2014: None).

g. Information on investments in associates (Net)

None (31 December 2014: None).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

h. Information on subsidiaries (Net)

1. Information on shareholders' equity of the significant subsidiaries

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits. The information on the shareholders' equity of this subsidiaries is shown below:

	Alternatif Yatırım A.Ş.	Alternatif Finansal Kiralama A.Ş.
Core Capital	**20,437**	**62,762**
Paid-in Capital	13,309	35,920
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	14,220	9,972
Current Period's Profit and Prior Period's Profit	(6,868)	67,097
Current Period's Losses and Prior Period's Losses	-	-
Leasehold Improvements on Operational Leases (-)	32	-
Intangible Assets (-)	192	580
Consolidation Goodwill	-	49,647
Supplementary Capital	-	-
Deductions From Capital	-	-
Total Shareholders Equity	**20,437**	**62,762**

Within the Board of Directors decision dated 17 March 2014 and numbered 1/A, dissolution and liquidation of Alternatif Yatırım Ortaklığı A.Ş. had been decided, and by this decision approvals given from Capital Markets Board to Alternatif Yatırım Ortaklığı A.Ş. as at 8 July 2014. Liquidation of Alternatif Yatırım Ortaklığı A.Ş. were approved in extraordinary general meeting dated 29 September 2014 and completed as of 25 November 2015.

According to the conclusion of there will be no benefits by the continuing activities of Alternatif Portföy Yönetimi A.Ş. which is owned 100% by Alternatif Yatırım A.Ş., liquidation procedures has begun after the decision of board of Alternatif Portföy Yönetimi A.Ş. dated 27 August 2014. By the same date, application made to the Capital Markets Board. Operating licence and portfolio management certificate of the Alternatif Portföy Yönetimi A.Ş. is cancelled on 5 December 2014 and its title has changed as Elmadağ Dış Ticaret A.Ş. on 6 March 2015.

2. Information on subsidiaries

No	Title	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Bank's Risk Group Share (%)
1	Alternatif Yatırım A.Ş.	İstanbul/Türkiye	100.00	100.00
2	Alternatif Finansal Kiralama A.Ş.	İstanbul/Türkiye	99.99	99.99

Main financial figures of the consolidated subsidiaries in the order of the above table

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1 (*)	24,444	20,612	650	3,082	394	(4,453)	(2,415)	-
2 (*)	1,110,099	112,989	1,800	73,719	-	14,817	-	-

(*) The above mentioned subsidiaries' financial data are taken from the financial statements prepared for the BRSA as of 31 December 2015.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

h. Information on subsidiaries (Net) (Continued)

3. The movement of the subsidiaries

	31 December 2015	31 December 2014
Balance at the Beginning of the Period	**145,923**	**146,049**
Movements During the Period	**20,457**	**(126)**
Purchases	21,537	-
Transfers	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	(900)	-
Revaluation (Decrease) / Increase	-	-
Provision for Impairment	(180)	(126)
Balance at the End of the Period	**166,380**	**145,923**
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	100	100

4. Sectoral information on financial subsidiaries and the related carrying amounts

Subsidiaries	31 December 2015	31 December 2014
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	142,165	120,629
Finance Companies	-	-
Other Financial Subsidiaries	24,215	25,294

5. Subsidiaries quoted on stock exchange

	31 December 2015	31 December 2014
Quoted on Domestic Stock Exchanges (*)	-	1,079
Quoted on Foreign Stock Exchanges	-	-

(*) Liquidation of Alternatif Yatırım Ortaklığı A.Ş. were approved in extraordinary general meeting dated 29 September 2014 and completed as of 25 November 2015.

i. Information on joint ventures

There are no joint ventures (31 December 2014: None).

j. Information on lease receivables (net)

There are no receivables from lease transactions (31 December 2014: None).

k. Information on hedging derivative financial assets

There are no hedging derivative financial assets (31 December 2014: None).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

l. Information on property and equipment (Net)

31 December 2015	Motor Vehicles	Other Tangible Assets	Total
Cost	28	92,771	92,799
Accumulated Depreciation (-)	28	63,958	63,986
Net Book Value	**-**	**28,813**	**28,813**
31 December 2015			
Net Book Value at Beginning of the Period	-	28,813	28,813
Additions	-	10,230	10,230
Disposals (-), (net)	-	7,864	7,864
Disposals Depreciation (-)	-	4,992	4,992
Impairment	-	-	-
Depreciation (-)	-	8,356	8,356
Cost at Period End	**28**	**95,137**	**95,165**
Accumulated Depreciation at Period End (-)	**28**	**67,322**	**67,350**
Closing Net Book Value at Period End	**-**	**27,815**	**27,815**

31 December 2014	Motor Vehicles	Other Tangible Assets	Total
Cost	28	85,506	85,534
Accumulated Depreciation (-)	26	55,880	55,906
Net Book Value	**2**	**29,626**	**29,628**
31 December 2014			
Net Book Value at Beginning of the Period	2	29,626	29,628
Additions	-	7,674	7,674
Disposals (-), (net)	-	73	73
Impairment	-	-	-
Depreciation (-)	2	8,415	8,417
Cost at Period End	**28**	**92,771**	**92,799**
Accumulated Depreciation at Period End (-)	**28**	**63,958**	**63,986**
Closing Net Book Value at Period End	**-**	**28,813**	**28,813**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

m. Information on the intangible assets

1. Gross carrying value and accumulated depreciation at the beginning and at the end of the period

	31 December 2015	31 December 2014
Gross Carrying Value	71,395	59,618
Accumulated Depreciation (-)	40,763	37,298
Net Carrying Value	**30,632**	**22,320**

2. Information on movements between the beginning and end of the period

	31 December 2015	31 December 2014
Beginning of the Period	**22,320**	**21,009**
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	11,778	4,146
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	-
Impairment Reversal	-	-
Amortisation (-)	3,466	2,835
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	**30,632**	**22,320**

n. Information on investment property

There is no investment property (31 December 2014: None).

o. Movement of assets held for resale and discontinued operations

There is no assets held for sale and discontinued operations (31 December 2014: None).

p. Information on other assets

1. The distribution of other assets:

	31 December 2015	31 December 2014
Other assets		
Receivables from Clearing	54,327	71,311
Assets Held for Sale	50,449	69,243
Prepaid Expenses	27,649	22,851
Colleterals Given for Derivative Transactions	35,989	13,616
Colleterals Given	4,192	4,040
Pos Receivables	27,394	508
Other	24,012	5,225
Total	**224,012**	**186,794**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

p. Information on other assets (Continued)

1. The distribution of other assets: (Continued)

	31 December 2015	31 December 2014
Disposals of Property and Equipment		
Beginning of Period	69,243	80,881
Disposals (-)	(63,715)	(29,360)
Additions	44,286	19,130
Depreciation of Current Period	785	(1,684)
Provisions for Losses	(150)	276
End of Period	**50,449**	**69,243**

2. Other assets in the balance sheet, balance sheet excluding off-balance sheet commitments exceed 10% of the total while at least 20% of their name and the amount of sub-accounts:

None (31 December 2014: None).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities

a. Information on deposits

1. Information on maturity structure of deposits/the funds collected

1.(i). 31 December 2015:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposits	Total
Saving Deposits	**52,036**	**-**	**56,362**	**1,718,980**	**48,754**	**13,078**	**14,985**	**129**	**1,904,324**
Foreign Currency Deposits	**201,932**	**-**	**175,647**	**1,819,601**	**77,905**	**21,342**	**13,276**	**-**	**2,309,703**
Residents in Turkey	195,145	-	175,647	1,628,266	75,792	18,912	13,156	-	**2,106,918**
Residents Abroad	6,787	-	-	191,335	2,113	2,430	120	-	**202,785**
Public Sector Deposits	**17,161**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17,161**
Commercial Deposits	**96,610**	**-**	**691,403**	**545,952**	**25,682**	**74,137**	**19,717**	**-**	**1,453,501**
Other Institutions Deposits	**1,722**	**-**	**6,854**	**17,082**	**9**	**42**	**19,275**	**-**	**44,984**
Precious Metal Deposits	**1,400**	**-**	**-**	**205,125**	**584**	**127**	**774**	**-**	**208,010**
Bank Deposits	**485**	**-**	**198,500**	**119,549**	**31,903**	**-**	**-**	**-**	**350,437**
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	125	-	175,123	87,682	-	-	-	-	262,930
Foreign Banks	360	-	23,377	31,867	31,903	-	-	-	87,507
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**371,346**	**-**	**1,128,766**	**4,426,289**	**184,837**	**108,726**	**68,027**	**129**	**6,288,120**

1.(ii). 31 December 2014:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposits	Total
Saving Deposits	**55,057**	**-**	**45,690**	**1,820,191**	**123,892**	**984**	**15,422**	**-**	**2,061,236**
Foreign Currency Deposits	**225,076**	**-**	**62,261**	**1,186,271**	**9,906**	**17,594**	**14,953**	**-**	**1,516,061**
Residents in Turkey	212,696	-	62,186	1,170,279	9,200	16,470	12,676	-	**1,483,507**
Residents Abroad	12,380	-	75	15,992	706	1,124	2,277	-	**32,554**
Public Sector Deposits	**14,880**	**-**	**-**	**4,140**	**-**	**-**	**-**	**-**	**19,020**
Commercial Deposits	**116,659**	**-**	**532,218**	**1,085,548**	**28,142**	**45,816**	**81**	**-**	**1,808,464**
Other Institutions Deposits	**2,287**	**-**	**3,147**	**53,265**	**26**	**-**	**8,459**	**-**	**67,184**
Precious Metal Deposits	**9,772**	**-**	**10**	**737**	**684**	**588**	**1,653**	**-**	**13,444**
Bank Deposits	**601**	**-**	**-**	**-**	**94,389**	**94,688**	**-**	**-**	**189,678**
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	382	-	-	-	-	-	-	-	**382**
Foreign Banks	30	-	-	-	94,389	94,688	-	-	**189,107**
Participation Banks	189	-	-	-	-	-	-	-	**189**
Other	-	-	-	-	-	-	-	-	-
Total	**424,332**	**-**	**643,326**	**4,150,152**	**257,039**	**159,670**	**40,568**	**-**	**5,675,087**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

a. Information on deposits (Continued)

2. Information on saving deposits insurance

2.(i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund

	Under the Guarantee of Deposit Insurance		Exceeding Limit of the Deposit Insurance	
Saving Deposits	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Saving Deposits (*)	601,328	660,143	1,303,676	1,401,731
Foreign Currency Savings Deposit	106,436	88,973	978,404	453,802
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

(*) Related savings deposits includes the amount of TL 680 straight rediscount - internal efficiency difference.

2.(ii). Saving deposits which are not under the guarantee of saving deposit insurance fund

	31 December 2015	**31 December 2014**
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	87,258	81,015
Deposits and Other Accounts of Property Assets Value due to Crime Which is in the Scope of Article 282 of Numbered 5237 "TCL" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-

b. Information on trading derivative financial liabilities

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Forward Transactions	529	3,237	981	4,779
Swap Transactions	564	8,588	1,425	3,422
Futures Transactions	-	-	-	-
Options	-	478	-	1,822
Other	-	-	-	-
Total	**1,093**	**12,303**	**2,406**	**10,023**

c. Information on borrowings

1. Information on borrowings

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	20,510	136,205	37,236	141,176
From Foreign Banks, Institutions and Funds	354	3,337,201	20,582	1,804,867
Total	**20,864**	**3,473,406**	**57,818**	**1,946,043**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

c. Information on borrowings (Continued)

2. Information on maturity profile of borrowings

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Short-term	20,864	862,125	54,826	1,735,580
Medium and Long-term	-	2,611,281	2,992	210,463
Total	**20,864**	**3,473,406**	**57,818**	**1,946,043**

d. Information on other liabilities

As of 31 December 2015, other foreign liabilities do not exceed 10% of the total balance sheet.

e. Information on financial lease agreements

None (31 December 2014: None).

f. Information on hedging derivative financial liabilities

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge Risk (*)	113	-	8,578	-
Cash Flow Hedge	-	-	-	-
Hedge of Net Investments in Foreign Operations	-	-	-	-
Total	**113**	-	**8,578**	-

(*) Explained in Section Four Note X.

g. Information on provisions

1. Information on general provisions

	31 December 2015	31 December 2014
Provisions for Group I Loans and Receivables	61,137	46,180
Additional Provision for Loans and Receivables with Extended Maturities	1,406	6,380
Provisions for Group II Loans and Receivables	3,645	3,718
Additional Provision for Loans and Receivables with Extended Maturities	15,487	-
Provisions for Non-Cash Loans	8,571	5,886
Other	3,140	840
Total	**93,386**	**63,004**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

g. Information on provisions (Continued)

2. Information on reserve for employment termination benefits

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. Actuarial gains and losses amounting to TL 1,843 occurred at or after 1 January 2015 are accounted for under the equity according to the revised TAS 19 stardard.

Following actuarial assumptions were used in the calculation of total liabilities.

	31 December 2015	31 December 2014
Discount Rate (%)	3.18	3.77
Ratio Used for Probability of Pension (%)	83.33	85.80

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The cap amount of full TL 3,828.37 effective from 1 September 2015 and has been taken into consideration in calculating the reserve for employment termination benefits (31 December 2014: Full TL 3,438.22).

Movement of employment termination benefits liability in the balance sheet

	31 December 2015	31 December 2014
Prior Period Ending Balance	**4,353**	**4,443**
Current Period Service Cost	430	1,483
Interest Cost	513	1,770
Paid Compensation	(4,890)	(3,343)
Pay/Benefit Reductions/Gains or Losses Due to Dismissals	3,593	-
Actuarial Gain/(Loss)	1,843	-
Balance at the End of the Period	**5,841**	**4,353**

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 2,555 as of 31 December 2015 (31 December 2014: TL 3,121).

3. Other provisions

	31 December 2015	31 December 2014
Specific Provision for Unindemnified Non-cash Loan	20,098	15,787
Bonus Provision	8,000	12,200
Provision for the Impairment due Settlement Date	4	8
Other (*)	7,180	2,826
Total	**35,282**	**30,821**

(*) Other line consists of TL 7,176 amounted litigation and claims (31 December 2014: TL 2,822) and TL 4 amounted provisions for disposals of securities (31 December 2014: TL 4).

4. Information on Provisions Related with the Foreign Currency Difference of Foreign Indexed Loans

As of 31 December 2015, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 7,630 (31 December 2014: TL 5,428) are netted with loans in the financial statements.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

h. Information on taxes payable

Information on current tax liability

As of 31 December 2015, current tax liability amounting to TL 24,664 is netted with prepaid taxes which is amounted TL 18,595 and the Bank has TL 6,069 tax liability as of 31 December 2015 (31 December 2014: TL 9,131).

(i) Information on taxes payable

	31 December 2015	31 December 2014
Corporate Tax Payable	6,069	9,131
Taxation of Marketable Securities	8,291	6,190
Property Tax	236	252
Banking Insurance Transaction Tax (BITT)	6,548	7,471
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	518	753
Other	2,866	2,604
Total	**24,528**	**26,401**

(ii) Information on premium payables

	31 December 2015	31 December 2014
Social Security Premiums - Employee	886	874
Social Security Premiums - Employer	1,297	1,279
Bank Pension Fund Premiums - Employee	-	-
Bank Pension Fund Premiums - Employer	-	-
Pension Fund Deposit and Provisions - Employee	-	-
Pension Fund Deposit and Provisions - Employer	-	-
Unemployment Insurance - Employee	63	62
Unemployment Insurance - Employer	127	125
Other	43	60
Total	**2,416**	**2,400**

i. Explanations about deferred tax provision

As of 31 December 2015, the Bank has deferred tax asset amounting to TL 4,806 (31 December 2014: TL 216 defered tax asset) in the financial statements.

As of 31 December 2015 and 31 December 2014, the details of temporary differences and deferred tax assets and liabilities are presented below:

	31 December 2015	31 December 2014
Deferred Tax Assets		
Tangible Assets Base Differences	(506)	(604)
Provisions	3,106	4,118
Valuation of Financial Assets	2,206	(3,298)
Net Deferred Tax Assets	**4,806**	**216**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

j. Information on subordinated loans

1. Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, option to be converted into stock certificate

Issuing Institution	Amount('000)	Opening Date	Maturity	Interest Rate (%)
International Finance Corporation	USD 50,000	29 December 2010	11 year (*)	Libor + 4.50
Black Sea Trade and Development Bank	USD 30,000	29 December 2010	11 year (*)	Libor + 4.50
FMO Amsterdam	USD 25,000	29 December 2010	11 year (*)	Libor + 4.50
DEG KOLN	EUR 20,000	29 December 2011	11 year (*)	Libor + 4.50
EFSE SA. SICAV-SIF	EUR 10,000	29 December 2011	11 year (*)	Libor + 4.50
Commercial Bank of Qatar	USD 125,000	30 June 2015	10 year+1 day	Libor + 6.00

(*) Related loans will be repaid before the maturity date.

TL equivalent of the subordinated loan is TL 767,558 (31 December2014: TL 329,826).

The subordinated loan does not have the option to be converted into stock certificate. The Bank has the option to pay back the loan at the end of the fifth year.

2. Information on subordinated loan

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	452,505	-	69,953
Other Foreign Institutions	-	315,053	-	259,873
Total	**-**	**767,558**	**-**	**329,826**

k. Information on shareholders' equity

1. Presentation of paid-in capital (As of nominal; non-adjusted amounts according to inflation)

	31 December 2015	31 December 2014
Common Stock (*)	620,000	620,000
Preferred Stock	-	-

(*) It refers to the nominal capital.

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling (As of nominal; non-adjusted amounts according to inflation):

The Bank applies registered share capital system. As of 31 December 2015 the registered share capital ceiling amount is TL 1,000,000. The Bank's paid-in-capital consists of 620,000,000 shares and each share amounts to TL 1.

3. Information about the share capital increases and their sources in the current period

None.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

k. Information on shareholders' equity (Continued)

4. Information on additions from revaluation reserves to capital in the current period

None.

5. Information on capital commitments, up until the end of the fiscal year and the subsequent interim period

None.

6. Information on prior period's indicators on the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk limits and legal limits.

7. There is no privileges given to shares representing the capital

8. Information on marketable securities valuation reserve

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	(400)	-
Valuation Difference	(16,041)	(11,396)	(6,420)	266
Foreign Currency Difference	-	-	-	-
Total	**(16,041)**	**(11,396)**	**(6,820)**	**266**

9. Information of the previous year profit distribution

Bank profit distribution for the year 2015 was not yet prepared by the Board of Directors of the Bank, therefore the amount of distributable profit for 2015 is undecided.

III. Explanations and Notes on Off-Balance Sheet Accounts

a. Information on off balance sheet commitments

1. The amount and type of irrevocable commitments

According to Direct Debiting System, there is TL 228,546 irrevocable loan commitments as of 31 December 2015 (31 December 2014: TL 237,190).

2. Type and amount of probable losses and obligations arising from off-balance sheet items

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-Balance Sheet Commitments".

2.(i). Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial guarantees and other letters of credit

	31 December 2015	31 December 2014
Guarantees and Colleterals	551,332	12,776
Bank Acceptance Loans	35,849	43,905
Letter of Credits	345,843	362,242
Total	**933,024**	**418,923**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes on Off-Balance Sheet Accounts (Continued)

a. Information on off balance sheet commitments (Continued)

2.(ii). Guarantees, sureties and other similar guarantees

	31 December 2015	31 December 2014
Temporary Letter of Guarantees	59,692	77,099
Definite Letter of Guarantees	1,955,045	1,544,226
Advance Letter of Guarantee	87,614	85,710
Letter of Guarantees Given to Customs	126,668	145,692
Total	**2,229,019**	**1,852,727**

3.(i). Total amount of non-cash loans

	31 December 2015	31 December 2014
Non-cash Loans Given Against Cash Loans	424,226	274,297
With Original Maturity of 1 Year or Less than 1 Year	424,226	274,297
With Original Maturity of More than 1 Year	-	-
Other Non-cash Loans	2,737,817	1,997,353
Total	**3,162,043**	**2,271,650**

3.(ii). Information on concentration of non-cash loans

	31 December 2015				31 December 2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**11,155**	**0.93**	**9,638**	**0.50**	**19,277**	**1.50**	**15,032**	**1.52**
Farming and Livestock	10,046	0.83	9,638	0.50	18,172	1.41	15,032	1.52
Forestry	803	0.07	-	-	677	0.05	-	-
Fishing	306	0.03	-	-	428	0.03	-	-
Manufacturing	**261,376**	**21.50**	**542,470**	**27.86**	**285,668**	**22.22**	**497,937**	**50.49**
Mining	8,026	0.66	28,315	1.45	12,312	0.96	28,734	2.91
Production	227,003	18.67	471,878	24.24	243,922	18.98	430,291	43.63
Electric, Gas, Water	26,347	2.17	42,277	2.17	29,434	2.29	38,912	3.95
Construction	**298,331**	**24.54**	**349,250**	**17.94**	**337,845**	**26.28**	**215,713**	**21.87**
Services	**588,043**	**48.38**	**912,820**	**18.59**	**599,050**	**46.60**	**206,627**	**20.95**
Wholesale and Retail Trade	199,074	16.38	161,545	8.30	276,947	21.54	111,977	11.35
Hotel and Food Services	10,066	0.83	1,926	0.10	13,555	1.05	3,229	0.33
Transportation and Telecommunication	67,366	5.54	114,091	5.86	70,394	5.48	25,646	2.60
Financial Institutions	162,719	13.39	570,795	1.01	111,748	8.69	5,907	0.60
Real Estate and Leasing Ser.	567	0.05	520	0.03	2,241	0.17	338	0.03
Professional Services	144,463	11.88	63,370	3.26	116,663	9.08	59,073	5.99
Education Services	589	0.05	-	-	506	0.04	-	-
Health and Social Services	3,199	0.26	573	0.03	6,996	0.54	457	0.05
Other	**56,688**	**4.65**	**132,272**	**35.11**	**43,637**	**3.39**	**50,864**	**5.16**
Total	**1,215,593**	**100.00**	**1,946,450**	**100.00**	**1,285,477**	**100.00**	**986,173**	**100.00**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes on Off-Balance Sheet Accounts (Continued)

a. Information on off balance sheet commitments (Continued)

3(iii). Information on non-cash loans classified in Group I and Group II

31 December 2015	**Group I**		**Group II**	
	TL	**FC**	**TL**	**FC**
Non-Cash Loans (*)				
Letters of Guarantee	1,151,685	1,000,895	63,908	12,531
Bank Acceptances	-	35,849	-	-
Letters of Credit	-	345,843	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	551,332	-	-
Total	**1,151,685**	**1,933,919**	**63,908**	**12,531**

31 December 2014	**Group I**		**Group II**	
	TL	**FC**	**TL**	**FC**
Non-Cash Loans(*)				
Letters of Guarantee	1,277,217	566,629	8,260	621
Bank Acceptances	-	43,905	-	-
Letters of Credit	-	361,578	-	664
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	12,776	-	-
Total	**1,277,217**	**984,888**	**8,260**	**1,285**

(*) The amount of non-cash loans of customers which were classified as non-performing receivables is TL 42,735 (31 December 2014: TL 29,491).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes on Off-Balance Sheet Accounts (Continued)

b. Information on derivative financial instruments

	31 December 2015	31 December 2014
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	**9,334,449**	**4,008,025**
Currency Forward Transactions	334,900	522,604
Currency Swap Transactions	7,659,775	2,928,089
Futures Transactions	-	-
Options	1,339,774	557,332
Securities Options	-	-
Interest Related Derivative Transactions (II)	**1,119,428**	**-**
Forward Rate Agreements	-	-
Interest Rate Swaps	1,119,428	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Transactions (III)	**46,690**	**-**
A. Total Trading Derivative Transactions (I+II+III)	**10,500,567**	**4,008,025**
Types of Hedging Transactions		
Fair Value Hedges	220,000	220,000
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivatives	**220,000**	**220,000**
Total Derivative Transactions (A+B)	**10,720,567**	**4,228,025**

c. Investment Funds

As at 1 July 2015, Investment funds Alternatifbank A.Ş. B Tipi Likit Fon and Alternatifbank A.Ş. B Tipi Özel Sektör Odaklı Tahvil Bono Fon are transferred to Ak Portföy Yönetimi A.Ş.. Also the Alternatifbank B Tipi Değişken Fon, Alternatifbank A.Ş. A Tipi Değişken Fon and Alternatifbank A.Ş. A Tipi Hisse Fon are also transferred to Fokus Portföy Yönetimi A.Ş. dated 31 December 2015.

The Bank's agency contract with Alternatif Yatırım A.Ş. has terminated by mutual agreement as of 30 June 2015.

d. Information on contingent liabilities

Outstanding legal claims against the group have been considered as contingent liabilities amounting to TL 11,738 and TL 7,176 provisions is provided against these legal cases (31 December 2014: Contingent liability: TL 5,662, Provision: TL 2,822).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement

a. Information on interest income

1. Information on interest income on loans

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Short-term Loans	541,037	49,979	610,946	38,808
Medium/Long-term Loans	198,405	168,304	181,461	40,931
Interest on Loans Under Follow-up	9,353	-	4,074	1
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total (*)	**748,795**	**218,283**	**796,481**	**79,740**

(*) Includes fee and commission income received for cash loans.

2. Information on interest income on banks

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
From the CBRT (*)	1,461	1,733	-	-
From Domestic Banks	8,224	225	982	122
From Foreign Banks	766	136	45	40
Headquarters and Branches Abroad	-	-	-	-
Total	**10,451**	**2,094**	**1,027**	**162**

(*) Interest incomes from Turkish Lira and Foreign Currency reserves, unrestricted accounts and reserve options which provided by CBRT has shown in "From the CBRT" line.

3. Information on interest income on marketable securities

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
From Trading Financial Assets	450	18	4,692	13
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	42,940	17,051	41,521	2,058
From Held-to-Maturity Investments	-	-	119,421	-
Total	**43,390**	**17,069**	**165,634**	**2,071**

4. Information on interest income received from investments in associates and subsidiaries

	31 December 2015	31 December 2014
Interest Received from Associates and Subsidiaries	1,542	1,363

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

b. Information on interest expense

1. Information on interest expense on borrowings

	31 December 2015		31 December 2014	
	TL	**FC**	**TL**	**FC**
Banks	1,895	67,060	2,332	43,253
CBRT	-	-	-	-
Domestic Banks	1,866	3,263	2,279	4,215
Foreign Banks	29	63,797	53	39,038
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	24,869	-	9,022
Total (*)	**1,895**	**91,929**	**2,332**	**52,275**

(*) Includes fee and commission expense related with cash loans.

2. Information on interest expense given to investments in associates and subsidiaries

	31 December 2015	31 December 2014
Interest Paid to Associates and Subsidiaries	5,671	1,118

3. Information on interest expense to marketable securities issued

	31 December 2015	31 December 2014
Information on Interest Expense to Marketable Securities Issued	23,461	18,903

4. Information on interest rate and maturity structure of deposits

		Time Deposit						
	Demand Deposit	**Up to 1 Months**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**Over 1 Year**	**Accumulated Deposit**	**Total**
Turkish Lira								
Bank Deposits	-	360	-	-	-	1	-	361
Savings Deposits	-	5,633	178,794	6,821	962	1,595	3	193,808
Public Deposits	-	22	657	-	-	-	-	679
Commercial Deposits	-	39,785	110,545	3,319	3,286	1,686	-	158,621
Other Deposits	-	576	8,098	1	-	1	-	8,676
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	281	-	-	4	-	285
Total	**-**	**46,376**	**298,375**	**10,141**	**4,248**	**3,287**	**3**	**362,430**
Foreign Currency								
Foreign Currency Account	-	2,860	43,190	660	486	396	-	47,592
Bank Deposits	-	6,549	-	-	-	-	-	6,549
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	**-**	**9,409**	**43,190**	**660**	**486**	**396**	**-**	**54,141**
Grand Total	**-**	**55,785**	**341,565**	**10,801**	**4,734**	**3,683**	**3**	**416,571**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

c. Information on dividend income

There is no dividend income as of 31 December 2015 (31 December 2014: 197).

d. Information on trading income/loss (Net)

	31 December 2015	31 December 2014
Income	**10,691,157**	**6,429,567**
Income from Capital Market Transactions	6,401	26,083
Derivative Financial Transactions	723,988	325,607
Foreign Exchange Gains	9,960,768	6,077,877
Loss (-)	**10,731,321**	**6,459,021**
Loss from Capital Market Transactions	1,922	27,384
Derivative Financial Transactions	652,355	324,650
Foreign Exchange Loss	10,077,044	6,106,987
Net Income/(Loss)	**(40,164)**	**(29,454)**

e. Explanations about other operating income

	31 December 2015	31 December 2014
Reversal of Specific Loan Provisions (*) (**)	145,434	53,193
Gain on Sale of Property, Plant and Equipment	14,159	14,480
Provision for Communication Costs Received from Customers	1,981	3,220
Provision for the Expenses Recovered from Customers	3,303	2,335
Commissions Received from Subsidiaries	210	417
Other	4,466	6,600
Total	**169,553**	**80,245**

(*) The Bank has disposed non performing loan corresponds to provision amount of TL 15,199 and has collected TL 2,500 on 31 March 2015.

(**) The Bank has disposed non performing loans correspond to provision amount of TL 113,584 to Güven Varlık Yönetim A.Ş and has collected TL 4,650 on 5 May 2015.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

f. Provision expenses related to loans and other receivables

	31 December 2015	31 December 2014
Specific Provisions for Loans and Other Receivables	163,562	110,165
III. Group Loans and Receivables	38,067	5,646
IV. Group Loans and Receivables	54,285	44,236
V. Group Loans and Receivables	71,210	60,283
General Provision Expenses	30,498	-
General Provisions for Possible Risks	-	-
Marketable Securities Impairment Expense	4,924	13,848
Financial Assets at Fair Value Through Profit or Loss	3,372	13,518
Available-for-sale Financial Assets	1,552	330
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	8,986	6,412
Total	**207,970**	**130,425**

g. Information related to other operating expenses

	31 December 2015	31 December 2014
Personnel Expenses	158,318	149,335
Reserve For Employee Termination Benefits	-	-
Unused Vacation	-	-
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	8,356	8,417
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	3,466	2,835
Impairment Expenses of Equity Participations Accounted for under Equity Method	-	-
Impairment Expenses of Assets Held For Sale	-	-
Depreciation Expenses of Assets Held for Sale	586	1,684
Impairment Expenses of Tangible Assets Held for Sale	-	-
Other Operating Expenses	87,715	77,578
Operational Lease Expenses	31,062	27,782
Maintenance Expenses	1,073	985
Advertising Expenses	1,811	1,398
Other Expenses	53,769	47,413
Loss on Sales of Assets(**) (***)	129,033	4,996
Other (*)	23,090	19,439
Total	**410,564**	**264,284**

(*) Other operating charges is TL 5,557 (31 December 2014: TL 4,822) except premium of SDIF and tax.

(**) The Bank has disposed non performing loan corresponds to provision amount of TL 15,199 and has collected TL 2,500 on 31 March 2015.

(***) The Bank has disposed non performing loans correspond to provision amount of TL 113,584 to Güven Varlık Yönetim A.Ş and has collected TL 4,650 on 5 May 2015.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

h. Explanations on profit and loss from continuing operations before tax

Profit before tax consists of net interest income amounts to TL 511,637 (31 December 2014: TL 458,247), net fee and commission income amounts to TL 62,617 (31 December 2014: TL 42,211) and total other operating income amounting to TL 169,553 (31 December 2014: TL 80,245).

i. Provision for taxes on income from continuing operations

As of 31 December 2015, the Bank has current tax expense amounting to TL 24,664 (31 December 2014: TL 32,098), and deferred tax expense amounting to TL 934 (31 December 2014: TL 5,622 deferred tax income).

j. Information on net income/loss for the period

1) Interest income from ordinary banking transactions is TL 1,071,060 (31 December 2014: TL 1,048,698), interest expense is TL 559,423 (31 December 2014: TL 590,451).

2) Information on any change in the accounting estimates has no profit/loss effect on current period or consequent periods.

k. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

Fees and Commissions Paid Other	**31 December 2015**	**31 December 2014**
Debit Card Fees and Commissions	2,026	1,735
Fees and Commissions on Foreign Currency Transactions	1,790	742
CBRT Interbank Money Market	1,278	4,115
Pos Transaction Commissions Paid	843	781
Commisions Granted to Correspondent Banks	797	560
Transfer Commissions	463	27
Commissions for Effective and Future Transactions	287	359
Other	4,624	1,846
Total	**12,108**	**10,165**

Fees and Commissions Received Other	**31 December 2015**	**31 December 2014**
Credit Card Pos Commissions	7,390	6,363
Insurance Commissions	3,076	4,053
Account Management Fee Commission	2,591	4,635
Transfer Commissions	1,951	2,593
Expertise Commissions	1,839	3,638
Banking Service Income	1,060	3,170
Other (*)	25,287	979
Total	**43,194**	**25,431**

(*) TL 23,380 of this account, consist of guarantee fees.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and Notes on Changes in Shareholders' Equity

a. Information on profit distribution:

None.

b. Information on available for sale financial assets:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year profit and loss statement but recognized in the "Marketable securities value increase fund" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

c. Information on increase/decrease amounts result from the merger:

None.

d. Information on share issue premium:

Explained in details in note XIX of section three.

VI. Explanations And Notes on Statement Of Cash Flows

a. Information on cash and cash equivalent assets:

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

2. Effect of a change on the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

3 (i). Cash and cash equivalents at the beginning of period:

	31 December 2015	31 December 2014
Cash	**97,541**	**87,661**
Cash Equivalents	**352,502**	**503,363**
CBRT	249,772	405,700
Deposits in Bank and Other Financial Inst.	102,730	97,663
Money Markets	-	-
Total Cash and Cash Equivalents	**450,043**	**591,024**

The total amount from the operations occurring in the prior period is the total cash and cash equivalents amount at the beginning of the current period,

3(ii). Cash and cash equivalents at the end of the period:

	31 December 2015	31 December 2014
Cash	**80,405**	**97,541**
Cash Equivalents	**1,205,727**	**352,502**
CBRT	244,340	249,772
Deposits in Bank and Other Financial Inst.	611,387	102,730
Money Markets	350,000	-
Total Cash and Cash Equivalents	**1,286,132**	**450,043**

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes on Statement Of Cash Flows (Continued)

b Information on cash and cash equivalents that are not in use due to legal limitations and other reasons:

None.

c. The effects of the change in foreign exchange rates on cash and cash equivalents:

Increase in "Other Account" amounting to TL 803,367 (31 December 2014: TL 607,022 increase) which is classified under "Operating profit before changes in operating assets and liabilities" basically includes Fee and Commissions, Other Operating Expenses excluding Personnel Expenses, Foreign Exchange Gains/Losses as well as Provision and Depreciation that do not create cash in/outflow.

Decrease in "Net increase/decrease in other liabilities amounting to TL 86,399 (31 December 2014: TL 1,368,234 decrease) which is classified under "Operating profit before changes in operating assets and liabilities" includes changes in Miscellaneous Payables, Other Liabilities, Taxes Payable, Charges, Duties and Premiums.

The effects of the change in foreign exchange rates on cash and cash equivalents is calculated approximately TL 341,253 as of 31 December 2015 (31 December 2014: TL 78,560).

VII. Explanations And Notes on Bank's Risk Group

a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period

1. 31 December 2015

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Bank's Risk Group (*)(**)	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-cash**
Loans and Other Receivables						
Balance at the Beginning of the Period	1	2,333	28,423	74,604	57,545	70,868
Balance at the End of the Period	55,395	1,897	79,726	53,526	130,282	26,379
Interest and Commission Income Received	1,542	660	5,056	9,821	4,071	826

(*) Defined in the 49th article of paragraph 2 of the Banking Act No. 5411.

(**) The information in table above includes banks as well as loans and receivables.

2. 31 December 2014

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Bank's Risk Group (*)(**)	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-cash**
Loans and Other Receivables						
Balance at the Beginning of the Period	4	149	64	60,722	2,120	61,483
Balance at the End of the Period	1	2,333	28,423	74,604	57,545	70,868
Interest and Commission Income Received	1,363	4,458	99	1,269	199	1,010

(*) Defined in the 49th article of paragraph 2 of the Banking Act No. 5411.

(**) The information in table above includes banks as well as loans and receivables.

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations And Notes on Bank's Risk Group (Continued)

a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period (Continued)

3. Information on deposits of the Bank's risk group

Bank's Risk Group (*)(**)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Beginning of the Period	22,114	536	944,138	453,750	291,313	204,248
End of the Period	49,552	22,114	256,033	944,138	94,743	291,313
Interest Expense on Deposits	5,671	1,118	59,408	49,955	23,253	18,756

(*) Defined in the 49th article of subsection 2 of the Banking Act No. 5411.

4. Information on forward and option agreements and other derivative instruments with the Bank's risk group

Bank's Risk Group (*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Transactions for trading purposes (**)						
Beginning of the Period (***)	-	-	5,411	-	-	-
End of the Period (***)	-	-	13,945	5,411	-	-
Total Profit / Loss	**540**	**1,262**	**(134)**	**(3,091)**	**161**	**384**
Transactions for hedging purposes						
Beginning of the Period (***)		-		-		-
End of the Period (***)		-		-		-
Total Profit / Loss		-		-		-

(*) Defined in the 49th article of paragraph 2 of the Banking Act No. 5411.

(**) The Bank's derivative instruments are classified as "Financial Assets at Fair Value through Profit or Loss" according to TAS 39.

(***) The balances at the beginning and end of the periods are disclosed as the total of purchase and sell amounts of derivative financial instruments.

b. With respect to the Bank's risk group

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank irrespective of the relationship between the parties:

The Bank performs various transactions with group companies during its banking activities. These are commercial transactions realised with market prices.

2. The type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations And Notes on Bank's Risk Group (Continued)

b. With respect to the Bank's risk group (Continued)

	Total Risk Group	Share in Financial Statements (%)
Deposits	400,328	6.37%
Non-cash Loans	81,802	2.59%
Loans	265,403	2.91%
Subordinated Loan	364,763	47.52%

These transactions are priced according to the Bank's pricing policy and they are in line with the market prices.

3. Equity accounted transactions

None.

4. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts

As of 31 December 2015, there is no financial leasing agreement between the Bank and Alternatif Finansal Kiralama A.Ş. Also the agency agreement with Alternatif Yatırım A.Ş. is cancelled on 30 June 2015. The Bank have also cost sharing agreements with Alternatif Finansal Kiralama A.Ş. and Alternatif Yatırım Menkul Değerler A.Ş.

The Bank allocates cash and non-cash loans to the risk group of the Bank within limits of Banking Laws and that amount is 2.83 % of total cash and non-cash loan amount (31 December 2014: 2.34%).

As of 31 December 2015 the Bank have rent agreement with risk group. The Bank have paid the rent expense amounted to TL 4,233 to Anadolu Endüstri Holding and it have been recognized in the profit and loss accounts in the year ended 31 December 2015. Besides, rent expense amounted TL 377 was payed to other risk groups. There is not agreements for purchase and sale of real estate and other assets, operations, research and development, the information obtained as a result of the transfer and management contracts cost of the sevices received from Holding are shared according to pre-determined key.

c. Information regarding benefits provided to the Bank's key management

Benefits provided to the Bank's key management amount to TL 18,644 as of 31 December 2015 (31 December 2014: TL 11,960).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. Explanations and Notes on The Domestic, Foreign, Off-Shore Branches and Foreign Representatives of The Bank

a. Information on the Bank's domestic, foreign branches and foreign representatives:

	Number	Number of Employees			
Domestic Branch	59	1,038			
			Country of Incorporation		
Foreign Representative Office	-	-	-		
				Total Asset	Statutory share capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

b. Explanations on opening, closing of a branch or agency of the Bank or changing its organizational structure significantly

The Bank does not open any new branch in 2015.

IX. Explanations And Notes on Subsequent Events

The Bank's paid-in capital has been decided to increase TL 150,000 in accordance with the Ordinary General Assembly dated 21 January 2016.

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Bank's Operations

Summary information about the Bank's rates from international credit rating agencies

The Bank's ratings from latest report of Fitch Ratings as of March 2015 confirmed as presented below.

Fitch Ratings: March 2015
Foreign Currency

Long Term	BBB
Short Term	F2

Local Currency

Lont Term	BBB+
Short Term	F2
National Note	AAA(tur)
Outlook	**Stable**
Support Note	2
Financial Capacity Note	b+

Moody's: 22 December 2015
Foreign Currency

Long Term	Baa3
Short Term	P-3

Local Currency

Long Term	Baa3
Short Term	P-3
National Long Term	A1.tr
National Short Term	TR-1
Outlook	**Negative**

SECTION SEVEN

DISCLOSURES ON THE INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report

The Bank's unconsolidated financial statements and footnotes to be disclosed to public as of 31 December 2015 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International, a Swiss cooperative) and the auditor's report dated 5 February 2016 has been presented with the unconsolidated financial statements.

II. Explanations and Footnotes Prepared by Independent Auditor

None.