

Takasbank

2015 Annual Report



Takasbank

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General Overview

Trustworthy, effective and innovative clearing & settlement, banking and central risk management at global quality standards.

VISION

"To be a trustworthy, effective and innovative institution which provides clearing & settlement, banking and central risk management services at global quality standards, preferred both in domestic and international markets."

MISSION

"Contributing to the development of markets with reliable and effective post-trade services."

VALUES

> Trust

Adhering to the principle of trustworthiness in Takasbank's relations with its customers, shareholders, stakeholders and employees; executing services in a timely and accurate manner according to providence of clear, accurate and correct information within the concept of mutual trust.

> Stability

As an important infrastructure institution of capital markets providing efficient clearing, settlement and custody services, Takasbank contributes to the financial stability both in organized and over-the-counter markets in Turkey.

> Customer Orientation

Generating solutions contributing to enhance the effectiveness of the financial system in clearing, settlement, custody and other related banking services as well as to the development of markets; developing projects within the framework of current and future needs of customers comprising of intermediary institutions, exchanges and other capital market institutions and working with customers and related institutions in a continuous cooperation, solidarity and coordination environment.

> Effectiveness

Adopting an exploratory and interroga-

tory approach and generating the most appropriate and accurate solutions for the development of Takasbank clearing, settlement, custody and banking services within the scope of sector and market needs by capitalizing on professional expertise and corporate memory at the utmost level.

> Robust Financial Structure

Keeping the financial assets of Takasbank at the level necessary to encompass the risks undertaken and to cover the commitments given to the markets and settlement members, within the framework of the target to launch central counterparty mechanism at the capital markets through effective clearing, settlement and custody services.

> Transparency

Disclosing the necessary notices and announcements to both public and the related parties in an accurate and timely manner, acceptance of the responsibilities and accountability requirements as well as being ready and open to public audit by Takasbank.

> Sustainability

Mitigating risk with continuous improvement approach and adopting innovative and creative solutions by observing the efficiency of the markets to which the service is rendered.



Message from the Chairman

With more than 20 years' experience since its incorporation, Takasbank continues to be a trust element in the capital markets. By replenishing itself and bringing its vigorous aspects more to the forefront, our Bank will continue to fulfill the purpose of its establishment and contribute to our sector.

The banking sector continued its controlled growth in 2015 due to the repercussions of both local and international developments affecting Turkish economy. Whilst the developed countries encountered recession, many developing economies experienced instability as well as difficulties in the balance of payments.

Having left behind an agenda where our country's economy has focused on the global markets, political uncertainty and high volatility in the interest and exchange rates is encouraging us to think positively about achieving a sustainable and solid growth through internally assured stability with confident steps in the upcoming period.

Within the framework of the strategic partnership agreement with Nasdaq, Takasbank continues to carry out its efforts towards renewing and improving its technological infrastructure in order to be able to offer its services in an effective, rapid and uninterrupted manner. The first phase of the BISTECH project having significant importance for the Turkish Capital Markets, was jointly introduced with Borsa İstanbul in the Equity Market on 30 November 2015. With this period of change where we will also acquire the source codes, it will be possible to produce our own technology, create an infrastructure where the regions can connect to each other and market the technology that we have developed to 25 countries through the regional collaborations to be established. Besides that, this process also brings an advantage of playing a determining role in the initiation of the national technology project, in the development of value-added-products as well as in the global competition.

Our Bank also exported its attribute of being a point of trust in the financial markets to the real estate market via the Real Estate Title Deed Transfer System that it introduced on April. This system ensured prevention of problems experi-



*The first phase of the **BISTECH** Project having significant importance for the Turkish Capital Markets, was introduced in the Equity Market.*

enced in the real estate buying and selling transactions during the exchange of the ownership right and the sales amount by enabling the cash subject to the transactions to be transferred through Takasbank as an impartial payment agency.

The Equity Market Settlement System and the Debt Securities Market Settlement System have been accepted as a "security settlement system" pursuant to the Law and Takasbank has been granted an official authorization as the system operator accordingly as a result of the assessment made by the Central Bank of the Republic of Turkey in accordance with the Law on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions and the relevant Regulation.

As of December 2015, total assets of our Bank increased by 29% and reached 7,092 million TL, and its net profit increased by 44% and reached 175 million TL. In the same period, our shareholders' equity reached 911 million TL by an increase of 14%, and we achieved a return on equity level of 19%.

With more than 20 years' experience since its incorporation, Takasbank continues to be a trust element in the capital markets. By replenishing itself and bringing its vigorous aspects more to the forefront, our Bank will continue to fulfill the purpose of its establishment and contribute to our sector. I would like to take this opportunity to extend my sincere thanks on behalf of our Board of Directors and myself to all of our employees who have contributed to the achievement of our Bank's high performance in 2015 with their devoted efforts and fidelity.

Yours sincerely,

Tuncay DINC
Chairman of the Board of Directors



Message from the CEO

In 2015, our Bank expeditiously continued its efforts towards diversifying its services with the restructuring and infrastructure development projects it has achieved in the previous years as well as enabling the markets of our country to attain a more stable and sustainable structure.

Low financing costs prevailing in developed economies, improvements observed in employment, increases in investments as a result of the market confidence rising in the US economy as well as continuing low oil prices in the international markets promote the growth process. Albeit the domestic demand boosting in the Eurozone contributes to economic growth, failing to achieve a strong and stable recovery across the Region limits the revitalization in the developed economies. Whereas in our country, while the positive effects of the achievement of political stability are observed after the general election, due to the increasing geopolitical and economic risks in the nearby geography maintain their importance and many developed countries consecutively changing their interest rates in order to assure financial stability, the growth pace of our country's economy is expected to be around 4%. In parallel with these developments, the annual rate of increase in inflation also rose by 0.6 point and realized as 8.8%. On the other hand, developments experienced both domestically and internationally in

TapuTakas

*With its contemporary, secure and technologic infrastructure, **Real Estate Title Deed Transfer** was put into operation.*

the second half of 2015 caused depreciation in the value of Turkish Lira.

In 2015, our Bank expeditiously continued its efforts towards diversifying its services with the restructuring and infrastructure development projects it has achieved in the previous years as well as enabling the markets of our country to attain a more stable and sustainable structure.

Within the framework of the strategic cooperation agreement signed between Borsa İstanbul Inc. and NASDAQ OMX Group, the clearing and settlement systems of our Bank and the technological infrastructure of these systems were decided to be renewed. Within the scope of the first phase of the project, the improvements in the Equity Market clearing, settlement, default and RTGS DvP systems were introduced as of 30 November 2015. The practices regarding the Futures and Options Market, the Debt Securities Market and the Precious Metals and Diamond Market are still in progress.



The first phase of the Real Estate Title Deed Transfer Project in which TL denominated transactions can be conducted was introduced on 17 April 2015. This project was designed in accordance with the protocol signed with the General Directorate of Land Registry and Cadastre with the aim of preventing the problems experienced in the real estate market of our country when the ownership right and the sale amount change hands and creating a secure and modern technological infrastructure as well as time, labor and cost advantages for all parties.

Practices carried out to expand Takasbank Money Market (TMM) participant base by the participation of the financial institutions comprising of leasing, factoring and consumer finance companies as well as the insurance, life insurance and pension companies were completed as of 10 April 2015 and these institutions began trading in the TMM via internet access.

The software of the PC, Android and IOS applications was completed and started to be used on 25 February 2015 within the context of facilitating the tracking of the contribution amounts deposited by the private pension system participants, the deductions made thereof as well as the amounts directed to the investment.

Within the framework of the Capital Markets Board's regulations regarding mutual funds; Turkey Electronic Fund Trading Platform (TEFAS) started its operations on January 2015 with the new implementing principles. With TEFAS, accessing to a broader investor community and cost-free trading of the investment fund participation certificates via a single account became possible. At the same time, the Fund Information Platform to which all investors are able to access free of charge via www.tefas.gov.tr also became operative, and along with the statistical information about the transactions conducted in TEFAS, the announcements about the founder transfer, merger and liquidation transactions related to the funds are also started to be published.

In 2015 which is a year full of novelties, Takasbank left a successful period behind in terms of the financial results as well. In 2015, our Bank generated a pre-tax profit of 216,417 thousand TL. When compared with the same period of 2014, this figure represents an increase of approximately 44%. Our net interest revenues increased by 40% and our banking service revenues increased by 19% compared with the previous year. As of 2015, our total asset size reached 7,092,438 thousand TL.

In 2015, a total trading volume of 1,029.70 billion TL was achieved by 91 intermediary in-



21.77%
Number of accounts containing private pension funds increased by 1,238,747 in number and reached **6,928,158**

stitutions in Borsa İstanbul Equity Market and Emerging Companies Market, and after the netting procedure, cash settlement of 73.66 billion TL and securities settlement with a market value of 208.80 billion TL were executed.

In Borsa İstanbul Debt Securities Market Outright Purchases-Sales and Repo-Reverse Repo Markets, a total volume of 10,266 billion TL trading was executed in 2015, of which 15 billion TL belongs to the corporate bond trans-

actions. As a result of the multilateral netting process, Takasbank executed cash settlement with a value of 1,111 billion TL (11% of the total exchange trading volume) and securities settlement with the market value of 5,049 billion TL (49% of the total exchange trading volume).

As of end-2015, total number of members in Borsa İstanbul Futures and Options Market where we undertook the Central Counterparty function reached 74, the number of open positions reached 851,749, the market value recorded as 3,143 million TL, and the unilateral trading volume was achieved as 561,587 million TL.

3.7
Average market value of the capital market instruments held under global custody in 2015 reached **3.7 billion €**

As of end-2015, the number of accounts involving private pension funds held with the private pension companies increased by 1,238,747 compared with the previous year and reached 6,928,158 and the fund size held by the participants increased approximately by 10 billion TL and reached 47,984 billion TL. As of 31 December 2015, 19 private pension companies hold 250 private pension funds at Takasbank.

In 2015, a total of 90 institutions - 60 of which are brokerage houses, 8 deposit banks, 5 development & investment banks and 17 financial institutions - traded in Takasbank Money Market (TMM). Total trading volume is realized as 257 billion TL, and the average transaction volume increased to 1.7 million TL.

The number of customers trading in the Securities Lending Market (SLM) reached 3,989, the trading volume reached 5.6 billion TL, and the number of shares subject to the lending transaction reached 1.25 billion TL.

In the Electricity Market comprising of 932 participants where we serve as the central settlement bank, clearing and settlement transactions with a total amount of 28,777 million TL and 28,443 million TL were executed respectively in the Day-Ahead Market and the Balancing Market during 2015.

In 2015, the average market value of the capital market instruments safe-kept under international custody reached 3.7 billion Euro, and the average custody balance increased by 51% compared with the average balance of the previous year. During the course of 2015, the clearing of 7.6 billion Euro worth of transactions was executed, and an average monthly clearing volume of 633 million Euro was recorded.

With the new projects it accomplished, the initiatives it took towards improving the service quality, the cooperation it achieved both domestically and internationally and the importance it attaches to human resources, Takasbank keeps raising the bar every year a little more in accordance with 2023 objectives of Turkey. After a successful year, Takasbank now started a new operating period where it focuses on higher goals. I fully believe that we will achieve these goals with the devoted efforts of our employees as well as the support and the trust of our investors and customers.

Yours sincerely,

Murat Ulus
CEO and Board Member

MILESTONES

NASDAQ® 2015

- › **NASDAQ** Project Phase 1 migration was executed subsequent to the completion of infrastructure application development studies for the Equity Market.
- › Real Estate Title Deed Transfer Project was put into operation.
- › Fund Information Platform was launched.
- › Leasing, factoring, consumer finance companies, insurance and private pension companies began trading in Takasbank Money Market via internet access.
- › TEFAS began trading with the new implementing principles.

2013



- › Title was changed to "Istanbul Settlement and Custody Bank Inc. - Takasbank".
- › Authorized by the Capital Markets Board as the Central Counterparty Institution and started to provide Central Counterparty services firstly to Takasbank Securities Lending Market.
- › Authorized as the Pre-Local Operating Unit (Pre-LOU) for the allocation of Legal Entity Identifier (LEI) Code by the Regulatory Oversight Committee (ROC) under the sponsorship of **CMB**.

2011

- › Takasbank was authorized by the CMB as **FOREX** Trade Repository (TR) institution.
- › Cash settlement and collateral management service as Central Settlement Bank began to be provided to the Turkish Electricity Market.
- › Turkey Electronic Fund Trading Platform (TEFAS) founded by Takasbank and MKK (Central Registry Agency Inc.) began its operations.

Takasbank® 1996

- › **ISE Clearing and Custody Bank, Inc.** was founded upon receiving an investment bank license.
- › Takasbank Money Market commenced its operations.

1992

- › ISE Settlement and Custody Inc. was established.

2014



- › "Central Counterparty" service started to be provided to Borsa Istanbul Futures and Options Market.
- › **ISO 22301** Business Continuity Management System Certificate was granted.
- › **ISO 27001** Information Security Management System Certificate was granted.
- › Portfolio Custody Service began to be provided.

2012



İSTANBUL ALTIN BORSASI

- › Takasbank logo and corporate identity were changed in such a way to be able to reflect in the best way the trust and future oriented targets as the basic values of the Bank.
- › Within the framework of the project for consolidation of the exchanges under a single roof to provide services via a common clearing, settlement and electronic platform, Takasbank was commissioned by **Istanbul Gold Exchange** as the clearing and settlement service provider.

2005

- › Takasbank **Securities Lending Market** started its operations..

2001

- › MKK (Central Registry Agency Inc.) was founded under the leadership of **ISE (Borsa İstanbul)** and Takasbank.



1995

- › Takasbank was authorized by the CMB as the National Numbering Agency.

INTERNATIONAL MEMBERSHIPS

- > European Association of Central Counterparty Clearing Houses (EACH)
- > Federation of Euro-Asian Stock Exchanges (FEAS)
- > Organization of the Islamic Conference (OIC) Member States' Stock Exchanges Forum
- > Institute of International Finance (IIF)
- > International Securities Services Association (ISSA)
- > Association of National Numbering Agencies (ANNA)
- > ISO TC68/SC4 Committee

SERVICES

- > Central Counterparty Service
- > Financial Analysis Service
- > **Market Operation and Cash Credit Service**
- > Takasbank Money Market (TMM) Service
- > Turkey Electronic Fund Trading Platform (TEFAS)
- > Securities Lending Market (SLM) Service
- > Cash Credit Service
- > **Clearing & Settlement Services**
- > Equities and Equity-like Instruments Clearing & Settlement Service
- > Electricity Market Clearing & Settlement Service
- > Derivatives Market Clearing & Settlement Service
- > Precious Metals and Diamond Markets Clearing & Settlement Service

Clearing, settlement, central counterparty and banking services in international standards.

- > Debt Securities Market Clearing & Settlement Service
- > Electronic Warehouse Receipts (EWR) Clearing & Settlement Service
- > **Custody Services**
- > Precious Metals Custody Service
- > Debt Securities Custody Service
- > Debt Securities Corporate Action Service
- > Administration Service for Private Pension Funds Unit Shares
- > Portfolio Custody Service
- > Information Service for Private Pension Fund Unit Shares
- > Physical Custody Service
- > Local Custody Service
- > Global Custody Service
- > Share Certificates Corporate Action Service
- > Book-Entry Custody Service
- > **Collateral Management Services**
- > Electricity Market Collateral Management Service
- > Guarantee Fund Collateral Management Service
- > Leveraged Trading Transactions Collateral Management and CMB Reporting Service
- > Debt Securities Collateral Monitoring (BIAS) Operations
- > Derivatives Market Collateral Management Service
- > **Asset Transfer Services**
- > Debt Securities Transfer Service
- > Equities and Other Equity-like Instruments Transfer Service
- > Local Currency Payment and Transfer Service
- > Foreign Currency Payment and Transfer Service
- > Exchange Traded Fund Service
- > **Data Vending Service**
- > Periodical Information Transfer Service to the Data Vending Companies
- > Instant Information Transfer Service to the Data Vending Companies
- > **Numbering Services**
- > International Securities Identification Number (ISIN) Service
- > Legal Entity Identifier (LEI) Service
- > **Other Services**
- > Takasbank Real Estate Title Deed Transfer Service
- > Collateral Agency Service
- > MKK TL Cash Correspondence Service
- > Fund Valuation and CMB Reporting Service
- > MKK FX Cash Correspondence Service
- > Closed Brokerage Houses Transactions Service
- > Fund Information Platform Service
- > Repo-Reverse Repo Transactions Monitoring and Reporting Service
- > Equity Related Collateral Safekeeping of Brokerage Houses



HISTORICAL DEVELOPMENT OF THE BANK AND THE AMENDMENTS IN ITS ARTICLES OF ASSOCIATION MADE, IF ANY, IN THE ACCOUNTING PERIOD AND THEIR REASONS

Takasbank was founded in 1992 as a joint stock company subject to the provisions of the Turkish Commercial Code, under the leadership of İstanbul Stock Exchange (ISE) with the title of "ISE Settlement and Custody Inc." to provide clearing, settlement and custody service in the capital markets. The company received an "investment banking license" in 1995 to offer banking services associated with it clearing, settlement and custody services and gained a "bank" status and changed its title to "ISE Settlement and Custody Bank Inc.". With the entry into force of the Temporary Article 8 of the new Capital Markets Law No. 6362 on 30.12.2012, Takasbank obtained a "central clearing and settlement institution" status and its title was changed in 2013 to "İstanbul Settlement and Custody Bank Inc.". Upon the legal framework provided by the new Capital Markets Law No. 6362 that has entered into force on 30.12.2012, Takasbank first

began providing the "Central Counterparty Services (CCP)" in the Securities Lending Market (SLM) operated under its roof as of 2 September 2013, and as of 3 March 2014, in the Futures and Options Market (VIOP) at Borsa İstanbul Inc. (BIAS). The CCP service will also started to be provided in the spot equity market and the debt securities market at BIAS upon completion of the technological infrastructure transformation carried out in accordance with the strategic partnership agreement between BIAS and NASDAQ. Although Takasbank is not yet offering the CCP service in the said two markets, it has been authorized by the Central Bank of the Republic of Turkey as the Securities Settlement System operator in accordance with the Law No. 6493 on Payment and Securities Settlement Systems. No amendment was made in Takasbank's articles of association in 2015.

CHANGES IN THE CAPITAL AND SHAREHOLDING STRUCTURE

> The main shareholders of Takasbank and its capital structure as of 31 December 2015 and 31 December 2014 are shown in the following table:

Item No	Shareholders	Current Period		Previous Period	
		Paid-in Capital TL (,000)	%	Paid-in Capital TL (,000)	%
1	Borsa İstanbul A.Ş.	373,515	62.25	373,515	62.25
2	PhillipCapital Menkul Değerler A.Ş.	27,750	4.63	27,000	4.50
3	Tacirler Menkul Değerler A.Ş.	27,750	4.63	27,000	4.50
4	Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38	26,235	4.37
5	T. Garanti Bankası A.Ş.	26,235	4.37	26,235	4.37
6	Türkiye İş Bankası A.Ş.	26,235	4.37	26,235	4.37
7	Türkiye Vakıflar Bankası T.A.O.	26,235	4.37	26,235	4.37
8	Yatırım Finansman Menkul Değerler A.Ş.	9,729	1.62	9,729	1.62
9	Other brokerage houses (36) (previous period 38)	29,845	4.98	7,871	1.31
10	Other banks (10) (previous period 10)	27,971	4.67	49,945	8.34
	Total	600,000	100	600,000	100

> 62.25% of Takasbank shares belong to Borsa İstanbul Inc. While Borsa İstanbul Inc. was originally a public legal entity under the title of İstanbul Stock Exchange, it was transformed to a joint stock company in the status of private legal entity by the Capital Markets Law No. 6362. Established to engage in exchange activities pursuant to the article 138 of the Law, Borsa İstanbul Inc. incorporated all exchanges in our capital markets under a single roof and received its operation permit by the direct registration and promulgation of its articles of association on April 3rd, 2013. Pursuant to the provisions of the Law and applicable regulations, the primary objective and business line of Borsa İstanbul A.Ş. is to ensure that capital markets instruments, foreign currencies, precious metals and stones and other contracts, documents, and

assets deemed eligible by the Capital Markets Board are traded in a facile and secure manner under free trade conditions in a transparent, efficient, competitive, fair and stable environment in accordance with the provisions of the Law and the relevant legislation; to match or facilitate matching of the buy and sell orders for these assets in a manner to finalize them; to create, to establish and develop markets, market places, trading platforms, systems and other organized market places to determine and announce the formed prices; to manage and/or operate the aforementioned or other exchanges or markets of other exchanges; and to engage in other activities stipulated in its articles of association. Changes in the shareholding structure during the current period are shown below:

Former Shareholder	New Shareholder	Share Value (TL)	Ratio (%)
Güven Menkul Değerler A.Ş.	PhillipCapital Menkul Değerler A.Ş.	750,000	0.1250
Güven Menkul Değerler A.Ş.	Tacirler Yatırım Menkul Değerler A.Ş.	750,000	0.1250
Unicredit Menkul Değerler A.Ş.	Yapı Kredi Yatırım Menkul Değerler A.Ş.	45,000	0.0075

CONTACT INFORMATION

Address of the Bank's Headquarters:	Takasbank Genel Müdürlüğü, Şişli Merkez Mahallesi Merkez Caddesi No: 6 Şişli - İstanbul
Web Site of the Bank:	www.takasbank.com.tr
Business Register Entity ID:	276870
Central Trade Registry System (MERSIS) no:	0481002693100015

AFFILIATES

Institution	%
Borsa İstanbul A.Ş.	0.15
Merkezi Kayıt Kuruluşu A.Ş.	64.9
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	4.12
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	10.5
S.W.I.F.T.SCRL	0.02
SASE-Sarajevo Stock Exchange	5

TITLES OF REAL OR LEGAL PERSONS HOLDING QUALIFYING SHARES

With a nominal paid-in capital of 600,000,000.- TL, all the shares to be issued representing Takasbank Class-A and Class-B shares are registered; and these shares are permitted to be transferred only among the exchanges established pursuant to the Capital Markets Law and their members, investment institutions, collective investment schemes, portfolio management companies, mortgage financing companies, central clearing institutions, central custody institutions, publicly-owned joint stock companies listed in the organized markets and the private pension companies that are estab-

lished pursuant to the Private Pension Savings and Investment System Law. Except for Borsa İstanbul Inc., the shares of any single shareholder cannot directly or indirectly exceed 5% of the Bank's capital.

Class-A shares, with a nominal value of 200 TL each, held at Takasbank are exclusively owned by Borsa İstanbul A.Ş. and non-transferable, and no other Class-A shares can be issued in the capital increases. Class-A shares entitle Borsa İstanbul A.Ş. to nominate four seats for the Board of Directors of the Bank.

TITLES OF REAL OR LEGAL PERSONS HOLDING MORE THAN 10% OF THE CAPITAL

As of 31 December 2015, Takasbank has a total number of 54 shareholders. Borsa İstanbul Inc. is the only shareholder with a stake of

more than 10% in the capital, and with a nominal share value of 373,514,742.68.-TL, holds 62.25% of total capital.

INFORMATION ON SHARES HELD BY THE CHAIRMAN AND BOARD MEMBERS, CEO AND THE EXECUTIVE VICE PRESIDENTS

The Chairman and Members of the Board of Directors of Takasbank, Members of the Audit

Board, the CEO and Executive Vice Presidents do not own any shares in the Bank.

INFORMATION ABOUT TRANSACTIONS CONDUCTED BY THE MEMBERS OF THE MANAGING BODY ON THEIR OR OTHERS' NAME WITH THE BANK PURSUANT TO THE PERMISSION GIVEN BY THE BANK'S GENERAL ASSEMBLY AND THEIR ACTIVITIES UNDER THE SCOPE OF THE PROHIBITION OF COMPETITION

The members of the managing body neither have any transaction conducted on their or others' name with the Bank pursuant to the per-

mission given by the Bank's general assembly nor have any activity under the scope of the prohibition of competition.

MAJOR INDICATORS

TL (,000)	2014	2015
Total Assets	5,495,623	7,092,438
Shareholders' Equity	800,244	911,026
Paid-in Capital	600,000	600,000
Operating Profit	150,547	216,418
Interest and Portfolio Revenues	179,323	233,635
Net Profit	121,492	174,728

USD (,000)	2014	2015
Total Assets	2,369,927	2,439,276
Shareholders' Equity	345,096	313,326
Paid-in Capital	258,743	206,356
Operating Profit	64,922	74,432
Interest and Portfolio Revenues	77,331	80,353
Net Profit	52,392	60,094
CBRT'S USD/TL rate taken as basis in the evaluation	2,3189	2,9076

Financial Ratios (%)	2014	2015
Operating Profit / Total Assets	2.74	3.05
Shareholders' Equity / Total Assets	14.56	12.85
Operating Profit / Shareholders' Equity	18.81	23.76

SUMMARIZED FINANCIAL INFORMATION

During the operating year, January 1st-December 31st, 2015, Takasbank achieved;

- > a pre-tax profit of 216.418 thousand TL and a net profit of 174.728 thousand TL,
- > a net interest income of 194.285 thousand TL as a result of 233.635 thousand TL interest income and 39.350 thousand TL interest expense,
- > fee and commission income of 94.924 thousand TL.

DIVIDEND DISTRIBUTION POLICY

Our Bank's profit share distributions are realized pursuant to the resolutions of the General Assembly Meetings. The proposals determined by the Board of Directors within the framework of Dividend Policy are submitted to the agenda of the general assembly meeting and the Dividend Policy is not posted on the corporate

website. No privilege among the shareholders has been specified for distribution of dividend. Each shareholder is entitled to receive a pro-rata dividend.

In 2015, 60.000.000.- TL dividend from 2014 profit was distributed to the shareholders.

INFORMATION ABOUT THE BANK'S OWN SHARES ACQUIRED BY THE BANK

There exists no bank's own shares acquired by the Bank.

LAWSUITS FILED AGAINST THE COMPANY WHICH MAY AFFECT ITS FINANCIAL POSITION AND ACTIVITIES AND INFORMATION ABOUT THEIR POSSIBLE CONSEQUENCES

There is no lawsuit filed against the Bank which may affect its financial position.



A profit distribution policy promoting the Capital Markets

62.25%
Borsa İstanbul Inc.,
373 million TL nominal shares

EXPLANATIONS ABOUT THE ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE COMPANY AND THE MEMBERS OF THE MANAGING BODY DUE TO PRACTICES CONTRARY TO THE PROVISIONS OF THE LEGISLATION

An administrative fine of 20,294.- TL was paid as a result of the delay occurred in the reporting and notification required to be made to the Banking Regulation and Supervision Agency.

THE HOLDING COMPANY AND THE AFFILIATE COMPANY ACTIVITIES

Pursuant to the article 199 of the Turkish Commercial Code numbered 6102; a report has to be issued by the Bank's Board of Directors, within the first quarter of the activity year, about the relations of the Bank with its controlling shareholder Borsa İstanbul A.Ş. and the other affiliate Merkezi Kayıt Kuruluşu A.Ş. (MKK), and the conclusion part of the report had to be included in the annual report. In the conclusion part of the Report issued by the Bank's Board of Directors it is stated as follows:

"The transactions realized with the holding company Borsa İstanbul A.Ş. and the other affiliate MKK are executed within the framework of the capital market and banking regulations. The aforementioned transactions are ordinary business activities as stipulated in the Bank's articles of association and the banking regulation.

All legal transactions executed by our Bank with the holding company Borsa İstanbul A.Ş. and the other affiliate MKK during the activity year 2015 and all measures taken or avoided to be taken on behalf of these companies have been assessed. As regards the activity year 2015, it has been concluded that according to the circumstances and conditions known, the Bank has not suffered any loss due to any transactions made with the holding company or the affiliate, that a suitable counteraction has been provided for each transaction, that there isn't any measure that has been taken or avoided to be taken and which may cause the Bank to suffer any loss, and that there isn't any transaction or measure which requires any benefit and loss reconciliation within this framework."

PROJECTS

Business Service Projects

NASDAQ Project - Phase 1

As part of the strategic partnership agreement



Technological transformation as part of the targets related to the Central Counterparty practice

signed on 20 January 2014 between Borsa İstanbul Inc. and NASDAQ for the revision of Borsa İstanbul order routing system and technical infrastructure, and upon consideration by our Bank of the advantages to be provided to our members by an integrated operation of the order routing system with the clearing and settlement system as well as the inclusion of an efficient and integrated risk management mechanism in the system facilitating achievement of our target defined in our Bank's strategic plan for its Central Counterparty (CCP) practice; the clearing and settlement systems of our Bank and the technological infrastructure of these systems were decided to be renewed.

In the first phase of the technological transformation program scheduled to be introduced in a progressive manner, the infrastructure of the Equity Market was aimed to be modified. Within this scope, for the Equity Market transactions;

- › Clearing and Settlement System
- › Default System
- › RTGS DvP System
- › Collateral Management System
- › Risk Management System

applications were improved, and the clearing, settlement, default and real time gross settlement delivery versus payment systems were presented to the use of our members on 30 November 2015. We aim to serve as Central Counterparty during the course of 2016.

On the other hand, practices for the Futures and Options Market, Debt Securities Market and Precious Metals and Diamond Markets are continuing.

Tapu Takas (Takasbank Real Estate Title Deed Transfer) Project - Phase - 1

The project was developed to prevent occurrence of problems encountered by the buyer and the seller in the real estate market of our country during the exchange of the ownership right and the sale amount. The project ensured;

- › Simultaneous exchange of the property and the cash corresponding to the sale amount,
- › Elimination of the confidence problem between the parties,
- › Removal of the cash carrying risk,
- › Facilitation of quick and cost-efficient transfer. TL denominated transactions, being the first phase of the project, was put into operation on 17.04.2015.

TEFAS (Turkey Electronic Fund Trading Platform Enhancement) Project

Turkey Electronic Fund Trading Platform (TEFAS), whose primary purpose is to contribute to the development of the fund sector, was

put into operation with its revised structure on 9 January 2015. TEFAS assumes an important role in the fast-growing and developing capital markets of our country by becoming a critical actor for our Capital Markets which are undergoing a renewal process in the last couple of years both legally and structurally. The enhancement efforts for the applications as well as the technical performance to facilitate efficiency improvement in the TEFAS system are continued since January 2015, the date on which it has entered into service.

TEFAS - Fund Information Platform Project

On 9 January 2015, the Fund Information Platform to which all investors will be able to access free of charge via the websites of www.fonuturkey.com.tr and www.tefas.gov.tr also became operative simultaneously with TEFAS. In the platform which is containing information about the mutual funds and the private pension funds, some enhancements were affected during the course of the year, and along with the statistical information about the transactions conducted in TEFAS, the announcements about the founder transfer, merger and liquidation transactions related to the funds are also started to be published.

EFT Gateway Project

The interface gateway program procured up until today from the external entities and used in receiving and sending from/to the CBRT of the EFT/ESTS messages processed over our Bank was cancelled; and the new interface program developed by our Bank with its own resources was introduced on 21.12.2015 and became operable. Upon this transmission, the interface program of the CBRT system components comprising of EFT3, POS, ESTS2, HIS, Communication System, CBRT Emergency Application (ADUP4) and Bank Branch Application (BaSub), including the member screens, carried over our Bank was changed.

SWIFT Fees Revisions Project

The necessary infrastructure and automation to enable the Foreign Currency Cash Correspondence Service commissions, Global Custody Service commissions and Local Custody Service to be automatically calculated at the end of the day and accrued at the end of the month was developed and put into service as of 02.04.2015. The fees automation project eliminated another manual workload and the risk of operational loss is minimized, and one more field of the end-to-end automation targeted with the ICSD project was completed.

Financial Institutions TMM Access Project

Practices carried out to expand Takasbank Money Market (TMM) participant base by the

participation of the financial institutions comprising of leasing companies, factoring companies and consumer finance companies were initiated with the presentation and information sharing meetings with the cooperation of the Association of Financial Institutions. Simultaneously, the amendments and arrangements were made in the TMM Procedure, Directive and Agreement; and upon completion of the rating studies and limit allocation process and the software revisions and modifications in TMM applications, hands-on training courses were organized for the functioning of the market and the use of the screens with the attendance of 169 people from 73 financial institutions. The amendments and arrangements were put into operation on 10 April 2015 and the financial institutions began trading in the TMM via internet access.

Information Technologies (IT) Projects

DRC Virtualization Environment Renewal Project

The virtualization infrastructure in the Disaster Recovery Center was comprised of the servers acquired in 2008. With the practices started at the end of May for the renewal of these systems that have completed their life times, a need analyses was conducted at first. After the analysis, the purchasing process was initiated for the necessary hardware.

After the delivery of the hardware at the beginning of August, their installation was affected in September. Upon procurement of the necessary network hardware to the DRC, the new servers were made operational at the beginning of October. Tasks performed by the old systems were transferred to the new systems and the project was completed upon deactivating the old systems.

Service Desk Application Infrastructure Modification Project - Phase 1

The aim of the first phase of the project which started on January 2015 is to put into practice the incident, request and complaint life cycles regenerated within the scope of the continuous improvement project at an automation tool and studies were carried out to make these life cycles operational in the new infrastructure.

At the first side, a portal interface was developed to record the calls. The objective here is to record all calls through a user friendly interface. The second objective is enabling the recorded calls to be analyzed and routed by a single organization. The Member Information Team is commissioned by the Senior Management for the execution of this function.



Fund Information Platform accessible by all investors via www.fonuturkey.com.tr and www.tefas.gov.tr free of charge

Tests for the first phase of the project which started on January were carried out on October and the trainings were also conducted in the same month within the IT teams. With the use of the new service desk by all IT teams at the beginning of November, the first phase of the project became operational. Problems arising thereof were solved during November.

Improvement studies of the new service desk are still continuing, and the studies for the second phase were also initiated on January 2016.

PDC (Primary Data Center) Transfer Project - Phase 1

The purpose of the project is to designate the data center established at Borsa Istanbul within the scope of İstanbul International Financial Center Program as the Primary Data Center and to achieve the transfer of the existing production environment and other associated Takasbank systems to the said data center and begin providing service from the new data center.

The project is divided into phases; and in accordance with Phase-1, our 42 critical services were transferred to the new environment on 09.03.2015. As part of Phase-2, our services being used internally are transferred gradually under the control of the service owners. As the finalization date of Phase-2, movement of the Bank to its new premises constructed in Borsa Istanbul campus is set as the target.

PDC (Primary Data Center) Member Access Project

2015 studies relating to BIAS and Associate Members Network Cloud Configuration VPLS and TTVPN Project, which is another study started in 2014 within the scope of the said initiative, were frozen due to PDC Transfer Project and they are continued from the point they were after the transfer. Consolidation was achieved in the network lines and equipment facilitating access to the Information Technology systems of our Bank and used by our Takasbank, Borsa İstanbul and our MKK associate members, and the accesses were singularized in Borsa İstanbul member access network. A technological revision was made in the network lines of our associate members. With this structure, a broader line width desired by our members can be provided. Accesses to Takasbank, Borsa İstanbul and MKK systems were configured by taking account of the QoS (Quality of Service) policies carried out over the backup MPLS lines as well as of the implementing requirements of all three institutions.

Member Internet Access Project

In order to enable our members wishing to connect to our Bank's Information Technology sys-

tems in order to access our banking systems in a more effective, flexible and cost-efficient manner as well as without compromising security; the access through internet was made possible. The security access restrictions were increased. They were made more secure with additional measures such as Web Application Firewall (WAF), etc. The project also provides to our members an easier and faster access opportunity to the alternative data centers of our Bank in Emergency situations. Along with that, our member is also provided an opportunity of an independent access to the infrastructure, wherever he is in the world, by meeting the prescribed security standards. The project was kick-offed at the first stage with Takasbank Money Market (TMM) member factoring, leasing and consumer finance companies, and continued with the insurance, life insurance and private pension companies.

DRC Backbone Switches Renewal Project

Performance and capacity-related improvements were conducted in the DRC data center network systems established by our Bank in order to ensure uninterrupted delivery of its services in emergency situations. The configured and rapidly introduced core network structure of the backbone switches held in the inventory was replaced with the fiber switches in 2012. The renewed backbone switches have a full fiber and active/active running capacity. With this revision facilitated in an uninterrupted manner, the access among the systems running in the data center for the same purpose is achieved in less than 0.1 millisecond (msec). Upon transfer of our firewall systems to the full fiber infrastructure in the near future, this access between the different networks would have also been increased to the maximum level. With the new modern structure, improvements were also affected in the security structure. DRC internet services were physically transferred to a separate backbone structure. By this way, a memory and processor isolation in our backbone switch structure was ensured against the attacks to be received via internet.

DRC WAN Routers Renovation Project

DRDC (Disaster Recovery Data Center) Router Renovation Project comprising of the infrastructure modification to enhance the communication capacity between our Bank's main and backup data centers is one of the important infrastructure projects carried out in 2015. Our communication with our backup data center (DRDC) is provided with high-speed communication circuits established in the cloud architecture, and by this project, our router network communication system used in cloud communication architecture was modified. With this modification, our existing structure was revised

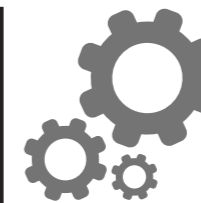
to have automatic backups, and the router device which instantaneously manages multi-directional traffic with the primary data centers and our firewall backup systems running at its background were modified so that they can immediately continue communication with no interruption and without any manual intervention in reacting to the outages which may occur under different scenarios.

PDC (Primary Data Center) Load Balancer Project

The "Network Load Balancer Project", whose installation and configuration were started in 2014 in order to control the access to Takasbank web applications as well as enhance the control mechanisms on load balancing, business continuity and security issues and manage these processes more effectively; is extended across the bank in 2015 by the use of the newly purchased devices for the PDC systems as well. Load Balancer makes possible the end-to-end monitoring of member terminal connection and the determination of real service reaction times. Upon introduction of the project, the Web Application Firewall (WAF) security module which provides application security behind the familiar and traditional security structure on the hardware procured for the internet systems as well as the remote access VPN module which can make verification via SMS are started to be used in our Bank at the PDC location. The modules providing the business continuity of the Load Balancer structure were also made operational and the additional features which will generate added-value in terms of security and performance on the existing critical systems are put into operation as the need arises.

PDC WAN Optimizer Project

Developing the solution that will increase the speed and performance of the communication without disturbing the integrity of access between IT systems in different data centers of our Bank and the members and stakeholders, the WAN Optimizer Project is deployed between Şişli-İstinye and expended in 2015 upon putting the PDC data center into operation. Uninterrupted operation of the office and member network between the locations with the highest performance is ensured. It is observed that the traffic realized between the office network and the PDC data center IT network accelerated in the range of 1-100 times based on the rate of repetitive data. The productivity in the interpreted data traffic is achieved around 80%. The communication security is increased by one more level by facilitating the use of the WAN traffic at the optimum level as possible and the encryption and deduplication of the traffic between the data centers with an algorithm.



Complete and timely executed clearing and settlement, availability ratio above the target level

PDC LAN and Internet Firewall Project

According to our security topology, the data center systems of our Bank are classified into two impact groups based on the Local Area Network (LAN) and internet access security criteria. These accesses and information are secured through our firewall servers and protected by our defense providing IPS systems. Our security protection started in ISP from which we receive service and this protection is also insured through our firewall systems. With this understanding, LAN and internet firewall were deployed as part of the establishment of the PDC, as being the new data center. With the completion of the set-up in 2015, the fiber technology was used in the entire accesses. By this way, the communication between the different segments in the internal network is analyzed in a detailed manner according to the security criteria. This also enables achieving an instant 60 Gbps bandwidth capacity at that moment. That capacity is first provided through this project within the scope of access speed and security to our Bank.

Business Continuity

As a result of the independent external surveillance audit conducted on November 2015 to ensure validity of ISO 22301 Business Continuity Management System (BCMS) Certificate obtained in 2014 as part of the business continuity activities of our Bank, it is reported that the BCMS is carried out in an effective manner in our Bank. As part of the business continuity awareness program conducted in 2015, trainings on 7 different topics were organized in our Bank and a total of 549 people attended to these trainings.

In 2015, the clearing and settlement transactions carried out in the capital markets were executed in a complete and timely manner. Under the initiative of continuous assessment and improvement of the bank processes based on errorless, effective and high-quality service perspectives, a total of 431 improvement requests were filed and 249 of them were completed and put into practice. Corporate architecture efforts were started to be carried out within the scope of automation during the year and the improvements will be continued in 2016. In 2015, the average availability rate of the critical business services of our Bank was achieved above the target level.

Information Security

As part of the information security activities of our Bank; ISO 27001:2005 version Information Security Management System (ISMS) whose certificate has been obtained in 2014 was upgraded to the up-to-date and latest ISO 27001:2013 version through an independent



Faster and easier access to our Bank's alternative data centers in cases of emergency

major audit and we were granted the new certification. Within the scope and period of the same audit, the external surveillance audit on the sound maintenance and continuation of the management system in the organization was also successfully completed.

All actions related to the independent penetration testing conducted in 2014 were performed in accordance with its planning and its reporting to the BRSAs was completed. Subsequently, the independent penetration testing for 2015 was also conducted.

In addition to its workstation version, the information security awareness training was also made available to the employees of the Bank via its smart phone compatible version and receiving e-learning training at any time, at any place and in multimedia environments is made possible.

One of the information security and IT risk studies for 2015 was also the "Incoming Outgoing Information" project executed with the corporate memory, continuity and information management approach referred to in 22301 External Audit Report as the best practice. By the workshops conducted with all business units in accordance with this project, recording of the inventory of the information flows received from the external stakeholders by the organization and processed internally and/or reported to the external stakeholders by being processed internally in the management system platform was achieved.

As part of the information security monitoring activities; the new product acquisition project was performed under the monitoring and auditing of the company user, group and mail boxes and the activities and structures associated therewith.

The vulnerability management system project was performed to carry out the vulnerability screening process conducted within the scope of the information security activities. As a result of the project, many sensors can be used in the vulnerability scans; thus, the load on the network devices is reduced. In addition, the ticketing and archiving features also can be acquired through the project and the detected vulnerabilities can be assigned to the relevant departments and monitored.

MACROECONOMIC OUTLOOK, CAPITAL MARKETS AND TAKASBANK

World Economy

Together with the poor recovery in the developed economies and the slowdown in the



Information security awareness; smartphone compatible e-learning training at any desired time, at any desired place

developing economies, the global economy progresses moderately and maintains its weak and fragile outlook. Although seven years had been passed since the global financial crisis, ensuring a stable and balanced growth at the global level is continued to be the key problem area. In 2015, the world economy is expected to slow a bit compared with the previous year. Slowdown in many developing economies, particularly in China, deteriorations in some of the main economic indicators of US in the first half of the year, slowdown in global trade volume, macroeconomic uncertainties and increased geopolitical risks had an effect on this development. While the commodity prices, especially of the oil, entering into a downward trend since mid-2014 support the growth of the developed economies, they have slowed down the growth of the commodity-exporting countries.

In 2015, a relative recovery period led by the US and some EU countries was observed in the global economy. Upon the recovery in the US economy, the Central Bank of the United States (FED) has raised the interest rates, though limited, on December 2015. FED is expected to raise the interest rates gradually also in the upcoming period depending on the developments. On the other hand, the risk that slowdown in the Chinese economy and the problems in its banking and credit market spreading to its immediate surroundings as well as the world economy through commerce and finance is continuing. In addition, growth in the US economy remains behind the expectation and high unemployment and public debt issues maintain their places on the agenda.

The developed economies continued to experience a modest growth during 2015. The prevailing low financing costs in the developed economies, improvements observed in the employment, increasing investments as a result of the increased market confidence in the US economy and the prevailing low oil prices supported the growth process. Increasing domestic demand in the Eurozone also contributed to the growth. On the other hand, failing to achieve a strong and steady recovery across the Eurozone limits the economic recovery in the developed countries.

Despite the US economy's recovery trend observed in the recent period, the loss of momentum occurred for reasons such as slowdown in the export due to the appreciation of the US Dollar against other currencies in the first half of 2015, negative developments resulting from the adverse weather conditions in the first quarter, decrease in the consumer spending and decline in the commodity prices, etc. has been influential. The US economy is expected

to grow at a rate of 2.8% in 2016. The recovery trend continuing since the last two years in the US economy caused the expectations for the FED's potential interest rate increase to be heightened after the second half of 2015. However, along with the slowdown becoming apparent in the developing economies, particularly in China and the US Dollar's trend to get stronger as well as China's devaluation of its currency three consecutive times on August 2015 increased the concerns regarding that US Dollar would appreciate further and may cause disadvantage in the foreign trade. In the last months of 2015, when FED will start raising the interest rates and how its interest hike policy would be, were monitored closely by the markets. In fact, FED raised its policy interest rate on 16 December 2015 by 25 basis points, to a range of 0.25% to 0.50%, for the first time since 2006. In the Eurozone where 2008 global crisis has turned into the banking and public debt crisis, the depressed growth, low employment, poor demand, deflation risk, increased public debt, unemployment and financial vulnerability continue to be the main problem areas. Although the growth in the Eurozone demonstrates a fragile and inter-country heterogenic structure, the economic recovery continues. Economic activity in the Eurozone increased at a moderate pace in the first three quarters of 2015 under the leadership of large economies.

On 3 December 2015, the European Central Bank (ECB) cut its deposit interest rate by 10 basis points to minus 0.30% to support both economic growth and inflation. It also expanded the scope of its asset purchase program and extended its period to March 2017. An increase in disposable income as a result of the decline in international energy prices, the positive impact of Euro's depreciation on the competitive power and the potential of the quantitative-easing measures launched by the ECB to make the financial conditions more favorable is expected to contribute positively to the growth performance in Eurozone in 2016. The fluctuation experienced in the global financial markets due to uncertainties on FED's monetary policy normalization process also continued in 2015. Along with the increased external financing costs of the developing economies, the prevailing low commodity prices adversely affected the growth in many developing economies, particularly in the Latin America countries.

The global economy tends to recover since 2008 crisis. But this recovery varies among the countries and continues in a moderate and unbalanced structure. FED's starting to raise interest rates as of December 2015, slowdown in the Chinese economy, decline in the commodity prices, increased financial fluctuations, poor

global demand and trade, fluctuant capital inflows and depreciating currencies boost the downward risks especially for the developing economies. Besides these developments, the political uncertainties such as the presidential elections to be made in the United States in 2016, the EU exit referendum to be held in the United Kingdom, etc. and the increased geopolitical risks limit the global growth expectations for the upcoming period.

Turkish Economy

In Turkey, although the positive effects of the achievement of political stability are observed after the general election, the geopolitical and economic risks increasing in the nearby geography maintain their importance. Since the first months of 2015, many developed countries, in particular China, Russia and Brazil, consecutively changed the interests in order to assure financial stability. In addition to the increased geopolitical risks, slowdown in the Chinese economy adversely affects the growth as well as the other macroeconomic balances of many developing countries, particularly of the Far East countries. The growth forecasts of the developing economies were revised by IMF from 4.3% to 4% for 2015 and from 4.7% to 4.5% for 2016.

While the average pace of growth for 2015 in the developed countries except China and India is expected to be achieved at a rate of 1.8%, it is estimated that the Turkish economy will positively separate from these countries and its growth pace will be well above that rate and achieved around 4%. In parallel with these developments, the annual rate of inflation increased by 0.6 points and realized as 8.8%. Along with the reflection of depreciation in Turkish Lira on the highly-currency transitive main merchandise prices, the high rate of increase recorded in the food prices becomes prominent in this development.

In the first two months of 2015, CBRT made conservative cuts in the interest rates due to the positive outlook in the core inflation indicators. However, the unfavorable effect of the adverse developments related to the inflation outlook on the expectations prevented the interest rates from getting cut to lower levels. On the other hand, the developments occurring both in the country and abroad in the second half of 2015 caused the Turkish Lira to lose value. Against this volatility in the currency, the CBRT took steps to increase the average cost of Turkish Lira funding and provide foreign currency liquidity to the market. During this process, CBRT disclosed the steps it will take against the normalization it expects in the monetary policies at the global level. Accordingly, the



Turkish economy's growth pace prevailing above the developing countries' average

CBRT announced that the interest rate corridor will be narrowed and made more symmetric around one-week repo interest rate, starting with the normalization. On the other hand, it is stated that the measures will be executed for the purposes of regulating the foreign currency liquidity in the pre- and post-normalization periods, extending the duration of liabilities of the banking sector and reducing the intermediation costs. The current monetary policy stance will remain tight against the inflation outlook, stabilizing for the FX liquidity and being supportive of the financial stability.

TAKASBANK IN THE INTERNATIONAL MARKETS

› Relations with the International Capital Markets

The dramatic speed of fund flows on international capital markets renders it necessary to increase the productivity, efficiency and reliability of clearing, settlement and custody systems. These are among the most crucial elements of a country's capital markets infrastructure, not only at the level of local capital markets of a country, but also at international markets. The most important factor in constructing a productive, efficient and reliable settlement and custody system is to offer international market players an environment that will ensure a stable technical and regulatory-supervisory infrastructure.

Within the framework of the harmonization of Turkish capital market with the international capital markets, Takasbank complies with all international standards regarding the securities clearing, settlement and custody systems, particularly the legal framework, operational reliability, operational efficiency and transparency, settlement principles, settlement hours, protection of customer assets and regulatory-supervisory issues.

During the course of 2015, Takasbank continued practices with regard to the constitution of the framework demonstrating its compliance with the CPMHOSCO principles for financial market infrastructures. This framework is expected to be completed and published in the first months of 2016 on Takasbank website.

In addition, within the scope of the 18-months long EU project recently initiated by the Capital Markets Board, several activities are planned for enhancing the compliance of the Board's regulations and practices with the EU standards and improving the administrative capacity. In this context, an introductory presentation of our bank was made to the experts commissioned in the project, who wish to know the in-

stitutions in the market as well as to understand the functioning. Besides, their detailed questions regarding the clearing and settlement transactions as well as the CCP services were also answered by the managers of the related departments.

Upon closely monitoring the regulation and practices of other capital markets; Takasbank continuously improves its clearing, settlement and payment systems as well as increases the competitive strength of our country in international markets through the risk mitigation and efficiency enhancement practices it undertakes. Within this framework, practices related to the other phases of the new clearing and settlement infrastructure, BISTECH project as well as the central counterparty and other information technology projects continued in 2015. Takasbank continued to carry out its practices in 2015 to get the place it deserves among the international capital market institutions. In this context, together with BIAS and the MKK, it engaged in close cooperation with both international and regional clearing, settlement and custody institutions. Moreover; as part of the objective of becoming a regional finance center, it also organized several trainings and workshops for the development of the regional capital markets.

In the meeting held with the Korea Securities Depository on March 2015, the cooperation opportunities were discussed and a wide ranging assessment was made. Also the necessary documentary support was provided to the company representatives.

An introductory presentation explaining Takasbank and its place and role in the Turkish Capital Markets was made in the cooperation meeting held on April 2015 with the executive representatives of the Islamabad Stock Exchange and Next Capital under the convenorship of the Honorary Consulate of Pakistan in Turkey and the potential areas of cooperation between Takasbank and the capital market institutions of Pakistan were evaluated.

Pre-feasibility practices were carried out in the May-June 2015 period within the scope of the "Mega Islamic Bank" project planned to be established in order to meet the financing needs of the Islamic banks as well as the financing needs of the investment projects that will lead the economic development of the OIC countries, in a centralized manner. Subsequently, the assessment results were conveyed to the related institutions. Studies are carried out with the relevant institutions in a coordinated manner and contributions are being made under the said project.

General information was presented about our Bank and the significance of Takasbank role and functions in the capital market was discussed in the meeting organized with the senior representatives of Kenyan Capital Markets Authority on September 2015. In this context, the operating structure of TEFAS in which they particularly interested and its contribution to the capital markets were explained. In the same vein, a presentation about our Bank was also made to the Bangladesh Commission within the same month.

Through EACH membership obtaining information about CCP activities in EU, expressing views, enhancing the relationships and cooperation with the members

On October 2015, Takasbank contributed to the practices carried out under the leadership of the CMB for the establishment of a trading platform, market or exchange which will be jointly accessible by the COMCEC (Committee for Economic and Commercial Cooperation of OIC) and will enable the trading of real estate-backed capital market instruments in the secondary markets. The feasibility studies of the project are still continuing.

On November 2015, we participated the 9th Meeting of the OIC Member States' Stock Exchanges Forum organized and hosted by Borsa İstanbul and the COMCEC Capital Market Regulators Forum organized and hosted by the CMB. In addition, we also attend the Second International Islamic Finance and Economics Conference and a vision for the potential development of the Islamic capital markets was gained.

Along with these activities, the information requests of the international capital institutions for Takasbank's CCP service also continued in 2015 subsequent to the launching of CCP service on September 2013 for the Securities Lending Market operated by Takasbank and on March 2014 for Borsa İstanbul Futures and Options Market. In this context, due diligence meetings were conducted and views were exchanged with the CCP institutions providing this service in the international arena. Besides, information was conveyed to the World Bank representatives about the private pension system in Turkey.

Furthermore, within the framework of the workshops organized with the Kazakhstan Stock Exchange representatives on June 2014 in Kazakhstan and on December 2014 in Turkey and in which information was shared on issues related to T+2 settlement, collateral and default management; the procedure prepared by Kazakhstan Stock Exchange for T+2 clearing cycle was reviewed on February-March 2015 by Takasbank Equity Clearing and Settlement Team and our comments were submitted to them.

In line with the efforts for the establishment of either a reciprocal or a multiple electronic trade connection planned to be developed by BIAS with the foreign exchanges, the cooperation practices are continued to be carried out during the course of 2015. As part of the studies carried out in 2015 between Pakistan Stock Exchange and Borsa İstanbul within the scope of the Capital Market Linkages Project, detailed information was provided to the representatives of Pakistan Stock Exchange regarding the clearing and settlement processes and subsequent operational work steps together with the MKK representatives via teleconference.

Cooperation with international and regional clearing, settlement and custody institutions



The Capital Market Linkages Project and dual-quotation business model were discussed by taking into account the reciprocal legal, technical and operational processes in the cooperation meeting held on 23-26 November 2015 with the Bosnia-Herzegovina Stock Exchange "Sarajevo Stock Exchange-SASE" and the Registry of Securities of the Federation Bosnia-Herzegovina-RVP" representatives. In the first feasibility assessment of the project, the inadequacy of the technical messaging infrastructure of SASE and RVP was detected and the legal obstacles were identified in the account opening processes. These issues are required to be solved in order for the project to proceed.

› International Memberships

European Association of Central Counterparty Clearing Houses (EACH)

EACH has been established in 1992 in order to represent the common interests of the Central Counterparty clearing houses operating in the European countries. It has 20 members providing Central Counterparty services from 16 different European countries.

During EACH General Assembly meeting held on October 7, 2014, Takasbank had become a member to the European Association of Central Counterparty Clearing Houses.

Through EACH membership, Takasbank has the opportunity both to obtain information on central counterparty practices conducted within the EU and to express its views relating to these issues as well as to enhance the relationships and cooperation with the Central Counterparty institutions being members to the association.

Federation of Euro-Asian Stock Exchanges (FEAS)

The Federation of Euro-Asian Stock Exchanges - FEAS, which has been established in 1995 has a total of 49 members consisting of 33 stock exchanges, 11 clearing, settlement, custody and other institutions (affiliate members) and 5 bilateral members. A total of 31 countries are represented at FEAS. As an affiliate member of FEAS, Takasbank had shared its knowledge and experience extensively with other clearing, settlement and custody institutions and had the opportunity to further develop existing relationships.

Organization of the Islamic Conference (OIC)

Founded in 2005, the Organization of Islamic Conference (OIC) Member States' Stock Exchanges Forum aims to promote cooperation among stock exchanges operating in OIC countries. As well as stock exchanges, post-

trade institutions operating in the capital markets may also actively participate in the activities of the Forum. The Forum has a total of 79 members consisting of 57 stock exchanges and 22 clearing, settlement and custody institutions. Takasbank participated the Forum's 9th meeting organized in Istanbul on November 19, 2015.

Institute of International Finance (IIF) Membership

Takasbank is a member of the Institute of International Finance (IIF), which is an association of financial institutions with more than 450 members. Having become a member in January 2008, Takasbank participates in annual IIF meetings to exchange ideas, develop business relationships and cooperate with high-level executives of some of the world's leading financial institutions. Takasbank attended the IIF Board Meeting held on October 9-10th, 2015 in Lima, Peru.

International Securities Services Association (ISSA) Membership

ISSA (International Securities Services Association) has been founded in 1979 under the leadership of Citibank, Deutsche Bank and UBS (Union Bank of Switzerland). The members of the ISSA are banks providing custody services, clearing houses, deposit taking institutions, exchanges and assets management companies. The aims of ISSA are to develop convenient solutions to mitigate risks in the securities services sector and to increase the effectiveness as well as to increase international cooperation in the sector, to strengthen the communication between service-providers and regulatory bodies. In order to realize these aims, ISSA Symposiums and other meetings and conferences are organized, work groups are formed and various information materials are published. ISSA membership provides Takasbank opportunity to monitor the developments in the global securities sector.

› Presentation of Takasbank Services via Detailed Questionnaires Received from International Institutions

In order to introduce Takasbank services, mainly the CCP services, within the scope of the customer analysis assessments in 2015, Takasbank responded to detailed questionnaires sent by international institutions.

During 2015, detailed questionnaires mainly related to the CCP services and the portfolio custody services presented to collective investment schemes had been answered and subsequent meetings were held with the representatives of these institutions at Takasbank.

› Activities for the Implementation of International Standards in Turkey

- › ISIN (ISO 6166) and CFI (ISO 10962) codes used for the numbering of securities,
- › MIC code (ISO 10383) used for the identification of markets,
- › The ISO 17442 - LEI - Legal Entity Identifier code used to identify the legal entities being a party to the financial transactions,
- › BIC code (ISO 9362) used to identify the banks,
- › IBAN code (ISO 13616) which is the international customer bank account number standard, are applied as standards in the Turkish finance markets.

Takasbank serves as the National Numbering Agency since 1995, and it allocates internationally compatible ISIN - ISO 6166 and CFI - ISO 10962 codes to all financial instruments issued in Turkey and the Legal Entity Identifier (LEI) codes requested by the local and foreign legal entities.

› Representation Practices for International Standards

ISO TC68/SC4 Committee Membership

Takasbank is representing Turkey on behalf of the Turkish Standards Institute (TSE) in the ISO TC68/SC4 Committee of the International Standards Organization (ISO), which develops international standards for securities and related financial instruments.

Takasbank also acts as the President and Vice-President of the Working Group for National Market (MTC43 Mirror Committee - Turkey), established to monitor standardization work of the ISO TC68/SC4 Committee for securities and other financial instruments, to contribute to the development of standards and to ensure the application of these standards in Turkey. The Group is comprised of the entire capital market, through involvement of the CBRT, the Banks Association of Turkey, the Turkish Capital Markets Association, custodian banks, commercial banks, investment banks and brokerage houses.

Throughout 2015, Takasbank contributed to the revision of the Classification of Financial Instruments Codes (CFI) - ISO Standard 10962 by the ISO TC68/SC4 Working Group 6 and participated in the Advisory Group on the long term CFI (AGOLT CFI) established in the second half of the year. In addition, it also takes active part in the practices of Working Group 8 which develops entity legal forms (ELF).

Takasbank participated in ANNA General Assembly meeting held on June 4-5, 2015 at Dublin and hosted by the Ireland Stock Exchange.



Representing Turkey on behalf of the Turkish Standards Institute in TC68/SC4 Committee

Association of National Numbering Agencies (ANNA) Membership

The Association of National Numbering Agencies (ANNA) is an international organization with 90 full members and 26 associate members worldwide. National numbering agencies, authorized to assign ISIN codes to securities in their respective countries, are eligible for membership of the organization.

As the national numbering agency in Turkey, Takasbank has been an active member of ANNA since 1995 and serves as the member of the Technical Committee of ANNA Service Bureau (ASB) aiming to collect ISIN codes and basic securities information on a web-based platform, while offering these codes and information as a product for financial institutions. The ASB database serves as a valuable source for international finance markets as the largest ISIN and CFI database in the world with data from 123 countries and 60 local and two international settlement and depository institutions (Euroclear and Clearstream).

REPRESENTATION AND PRESENTATION

As Takasbank provides support in terms of participation and sponsorship to the various events related to the sector in which it provides services through the reliability factor it possess, it also carries out 360° communication strategy within the scope of the introduction of services developed for different target groups. By this way, utmost care was given to the advertising of the company alongside the promotion of products.

On 06.05.2015, a member briefing with the theme "Risk and Collateral Management Framework to be Applied to the Equity Market Following BISTECH Migration and Central Counterparty (CCP) Service". In addition, trainings were conducted for the Electricity Market participants on 5th, 12th and 19th of December at Ankara, Istanbul and Izmir consecutively.

Within this context, Takasbank participated in the "5th International Energy and Value Conference" organized under the aegis of the Ministry of Energy and Natural Resources on 07-09.05.2015 at Kadir Has University Cibali Campus. At this conference, transformation of Turkey from an energy bridge to an energy hub and establishment of an Energy Exchange were discussed in detail.

The "Mega Islamic Bank" meeting organized in Saudi Arabia on 02-03.06.2015 by the Islamic Development Bank (IDB) was attended at the CEO level.



01-012345
ISIN - ISO 6166 and CFI - ISO 10962 codes allocation to all financial instruments issued in Turkey

"The Effect of Technological Progress on Banking" seminar organized in İstanbul on 06.06.2015 and the "G20 Global Islamic Finance Conference "Benefits and Challenges" İstanbul Finance Summit" organized in İstanbul on 31 August - 1 September were attended at the CEO level.

Takasbank was represented at the CEO level in the "İstanbul Finance Summit" organized in İstanbul on 08-10.09.2015, in the "Mobilizing Islamic Finance for Long Term Investment Financing G20 Conference" organized in İstanbul on 18 November 2015, and in the "Second International Islamic Finance and Economics Conference" organized in İstanbul on 19 November 2015.

Takasbank contributed to the sector-related events by attending the ceremony organized for marking the "5th Anniversary of Warrants" on 02.10.2015 at Borsa İstanbul with the participation of Deutsche Bank and Is Investment, as the pioneers of the warrant market and participating as a sponsor to the IOSCO C5 Committee Event held on April 2015 under the coordination of the Capital Markets Board.

Takasbank provided support to the "2015 Turkey Financial Literacy Survey" conducted with the coordination of the Capital Markets Board and with the cooperation of Borsa İstanbul Inc., Turkish Capital Markets Association, Takasbank, Central Registry Agency and Capital Markets Licensing, Registry and Training Agency; and Takasbank participated as a speaker at the senior management level in the Capital Markets Congress organized with the strategic partnership of Borsa İstanbul, Takasbank, Turkish Capital Markets Association, Bloomberg HT and Endeavour on 15-17.10.2015 and the promotion of our services was made in our stand set up in the fair area throughout the Congress.

After the launching of the newly developed Takasbank Title Deed Transfer service, Takasbank participated in the events organized by the General Directorate of Land Registry and Cadastre and made presentations to the large advisory companies operating in the real estate industry.

As in past years, information about the services of our Bank and the corporate developments were also shared in 2015 with the related parties and the public through our website as well as the press bulletins. In line with its vision, Takasbank aims to act more actively in the international arena. To this end, Takasbank hosted the representatives of foreign institutions and also supported the international conferences, symposiums and panels as a spokesman and a sponsor in 2015.

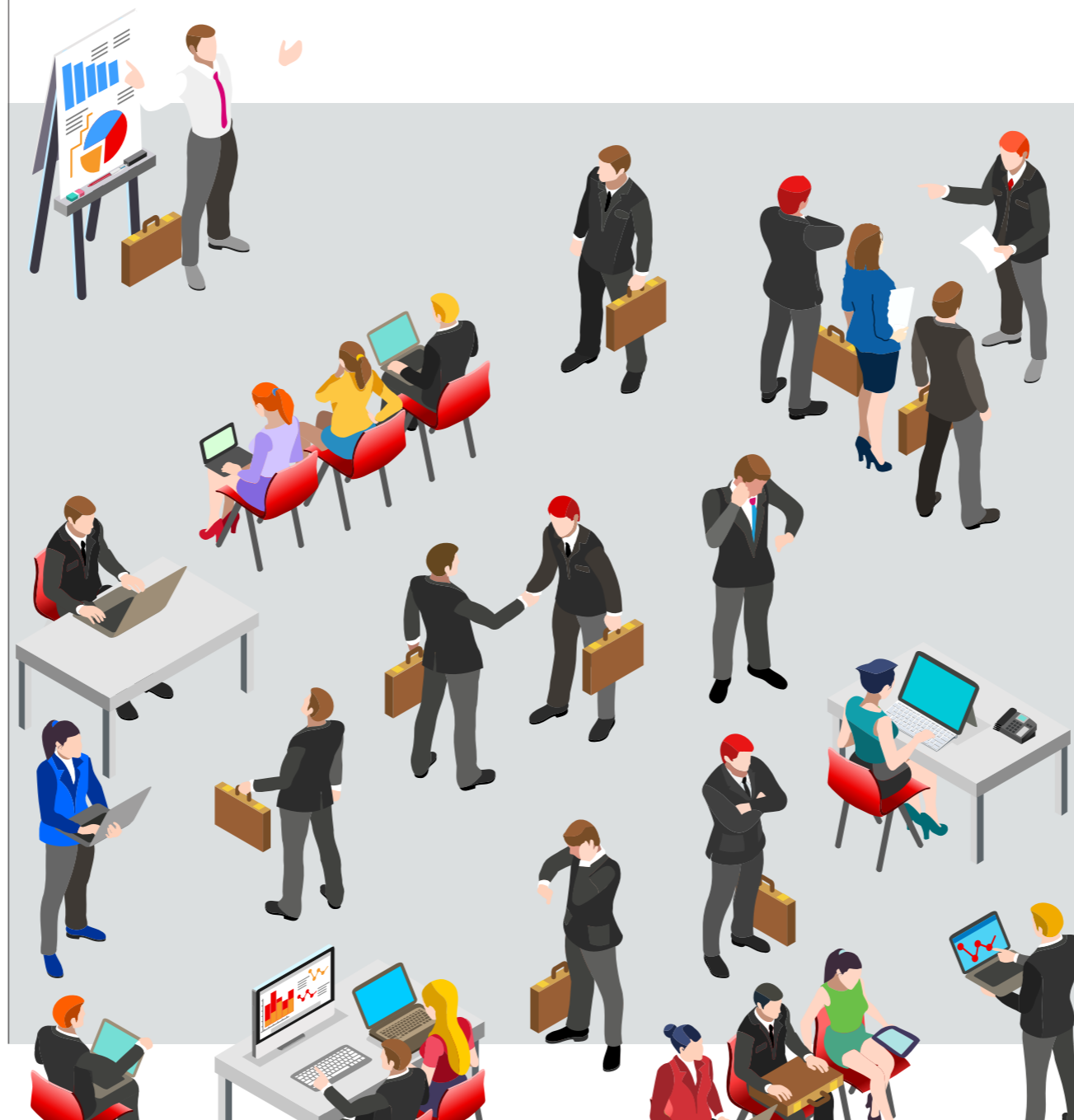


Active participation in the national and international events in accordance with its vision

Moreover, our CEO participated on behalf of our Bank in the "Portfolio Management Sector Meeting" organized on 08.12.2015 in İstanbul and in the conferences organized on 11.12.2015 in İstanbul with the theme "Borsa İstanbul's Global Journey on its 142nd Anniversary" and on 22.12.2015 again in İstanbul with the theme "Public Offering Problems and Solutions".

HUMAN RESOURCES PRACTICES

The efforts to establish a modern corporate culture focused on sustainable growth and the practices towards the enhancement of personnel motivation were continued to be carried out in 2015 as well.



Parallel to the gradual increase of Takasbank's diversity of service range and intensity of activities, its number of employees reached 284, comprising of 163 male and 121 female people, at the end of 2015. As of end-2015, its managerial staff is composed of 57 people including the CEO and Executive Vice Presidents Executive Vice President, Directors, Managers and Supervisors and we have 9 Board Members including the CEO.

Takasbank, along with efficient performance rewarding activities in 2015, Takasbank has conducted practices aiming at keeping the personnel's motivation high, such as increasing the salary and other financial rights above the inflation rate and granting premiums after the suc-



Motivation and performance enhancement through its mission and target compatible HR strategies

cessful execution of projects. During the year, various events have been organized to improve the relations between the employees and such activities will also continue in the future.

Adopting the human resource as the most important asset according to its vision of sustainable growth, Takasbank aims to improve the development of personnel through formulation of proper human resources strategies compliant with its mission and targets to enhance communication and satisfaction.

Takasbank continued its approach of applying objective assessment criteria to meet labor force requirements. The personnel employed in the year to serve in the operational units were given an orientation training program introducing the organization.

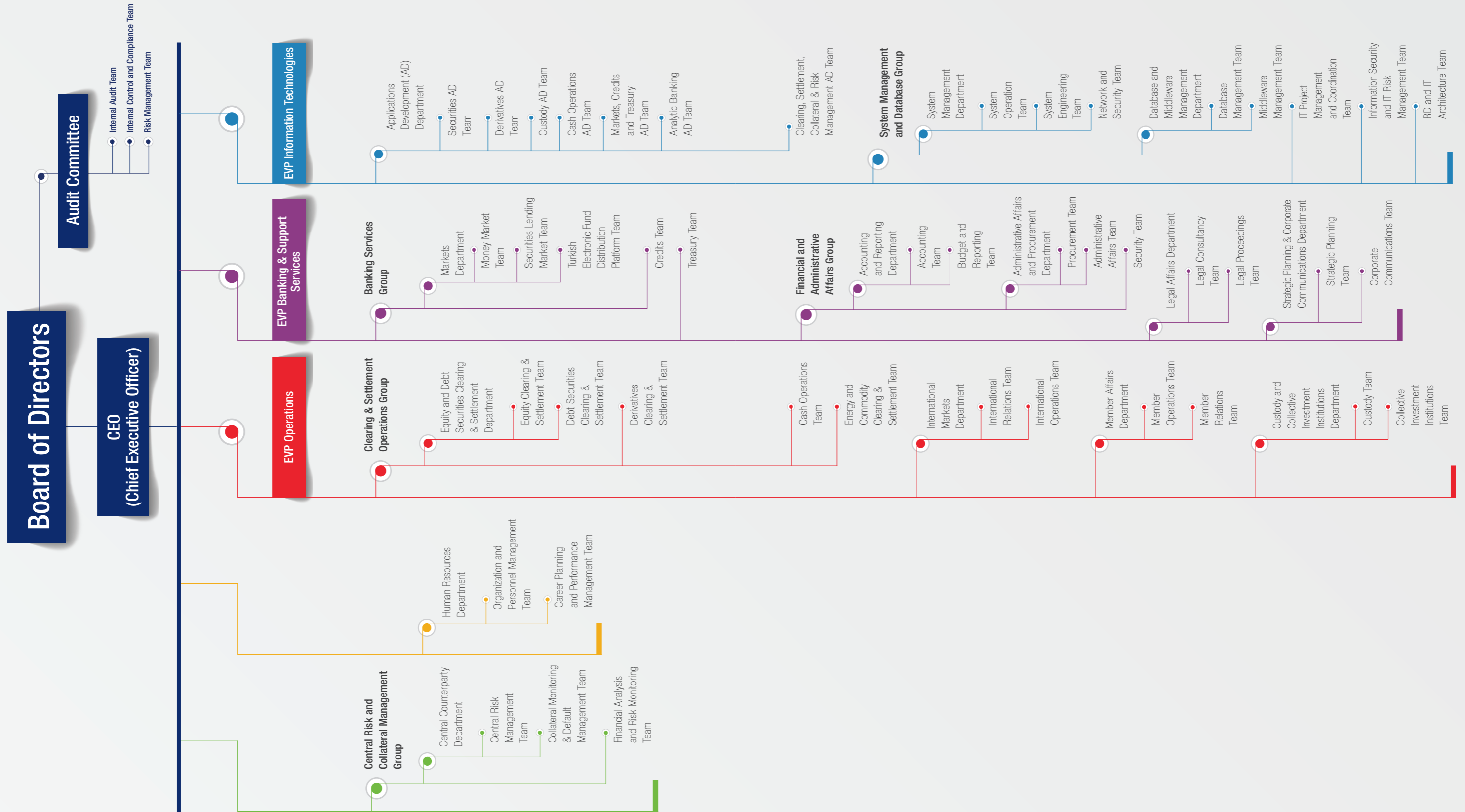
The training activities have been carried on in a supplementary manner to the other human resources practices, consistent with the corporate targets. Within the framework of technical, professional and personal development trainings, each personnel had undergone a training of an average of 37 hours. Furthermore, contributions were made for the foreign language trainings and training leaves were allowed to our employees who continue their post graduate/PhD degree studies. 22% of our employees hold PhD and master's degrees, 65% of them have bachelor's degrees and 13% of them are high school and primary school graduates.

The ERP project practices which would decrease the operational costs and risks in the Human Resources processes, ensure the active participation of the employees in these processes, support the effective use of the labor force and provide the accurate and reliable keeping of human resources data were continued and put into practice.

The liabilities arising within the scope of the 6331 numbered Law on Occupational Health and Safety are fulfilled within the Human Resources Department. Along with satisfying the legal compliance requirements by the practices performed, occupational health and safety culture has been formed among the employees and the employees have been included in the processes.

In January, the Employee Satisfaction Survey 2015 has been conducted and according to the survey results, feedback had been received on the working life, processes and operations. Assessments have been initiated in order to develop action for the development of the corporate culture as well as arrangements for the improvement of the working environment as well as increasing motivation.

ORGANIZATION CHART



2015 activities

2015 has been a year where Takasbank developed the risk, collateral and default management principles to be applied in the markets in which it provides Central Counterparty (CCP) service and continued to carry out the designing efforts to offer the CCP services also in different markets.



Central Counterparty

The legislation practices for enhancing the compliance with the international regulations in the CCP services were continued at full speed.

CENTRAL COUNTERPARTY

The achieved success of the Central Counterparty (CCP) institutions regarding the limitation of systemic risk contagion in 2008 global crises has led the expectations of the regulatory and supervisory authorities from these institutions to increase after the crisis and an extremely comprehensive rules and principles system required to be observed at a global scale in the CCP activities has arisen. In our country, on the other hand, within the legal framework provided by the new Capital Markets Law No. 6362 as well as in accordance with the legislation it has established based on the international principles; Takasbank first began providing the Central Counterparty Services as of 2 September 2013 in the Securities Lending Market (SLM) operated under its roof, and as

of 3 March 2014, in the Futures and Options Market (VIOP) at Borsa İstanbul Inc. (BIAS).

2015 has been a year where Takasbank developed the risk, collateral and default management principles it will apply in the markets to which it provides Central Counterparty service and continued to carry out the design efforts to offer the CCP service also in different markets.

In 2015, the efforts carried out in accordance with the strategic partnership between BIAS and NASDAQ for the transformation of technological infrastructure were continued. The risk management system to be used in the Equity Market in which the CCP service is scheduled to be launched in 2016 was put into practice. The design practices for the technological transformation of the BIAS Futures and Options





Market at which we currently provide the CCP services and of the Debt Securities Market to which the CCP service is scheduled to be provided in 2017 were continued.

By taking account of the process relating to the recognition of our CCP activities by the European Securities and Markets Authority (ESMA), the principles to be applied by Takasbank in the CCP risk, collateral and default management activities were stipulated, as internal legislation, with three separate Regulations approved by our Board of Directors. Recognition by ESMA shall enable Takasbank to provide central counterparty-backed clearing and settlement services to the institutions domiciled

in the European Union (EU), on the one hand and on the other hand allow the CCP members operating in our country as a subsidiary of the institutions domiciled in EU to benefit from the low risk weights prescribed for the "Qualified CCP" institutions at BASEL III in their parent company's consolidated capital adequacy calculations for their open positions in the markets to which Takasbank provides CCP service. Efforts regarding ESMA recognition process are carried out in a coordinated manner with the Capital Markets Board.

The Banking Regulation and Supervision Agency's new Capital Adequacy Regulation compatible with "Qualified CCP" arrange-

ments within the scope of BASEL III was published in the Official Gazette dated 23 October 2015 and will enter into force on 31 March 2016. The condition for being eligible as a "Qualified CCP" pursuant to BASEL III is that local legislation and rules applied to the CCP activities must be compatible with the CPM-IOSCO Principles for Financial Market Infrastructures.

Within this context, our CCP activities' compliance with CPMHOSCO Principles was self-assessed and the assessment results was disclosed publicly at our corporate website via the "Assessment of Takasbank's Compliance as Central Counterparty against the CPMHOSCO Principles for Financial Market Infrastructures published on April 2012" headed document dated 31.12.2015. In addition, an application was filed to the Capital Markets Board to declare us as a "Qualified CCP" in accordance with BASEL III and the BRSA regulations to be entered into force on 31 March 2016.

FINANCIAL ANALYSIS SERVICE

The risks being exposed by our Bank due to its banking, central counterparty and other capital market activities are managed through the credit and placement limits, market risk limits, guarantee and collateral limits and custody lim-

its allocated by our Board of Directors by taking the internal or independent credit ratings and assessment scores of the counterparties as the base. Credit ratings and assessment scores are also used in determining the membership types in the markets to which we provide CCP service.

The creditworthiness of the banks, intermediary institutions and other financial institutions made subject to assessment through Takasbank's internal credit rating and assessment system is stated with a score ranging between TBD-A and TBD-E, from the highest to the lowest, and the total upper level of the limits that can be allocated by Takasbank in favor of each institution for various markets and transactions is designated. The principles for the use of the external credit rating scores have also been determined. The general principles of the credit rating and assessment system used by Takasbank are disclosed in the corporate website of our Bank.

In 2015, 234 banking, intermediary institutions, factoring, leasing and finance companies operating in Turkey were assigned an internal credit rating and assessment score, and by using these scores, the maximum limits that can be granted in accordance with the banking, central counterparty or other capital market activities were determined.

Million TL	TOTAL CASH (TL)	TOTAL NON-CASH (TL)	ACCEPTED GUARANTIES (TL)
TBD-A	6,107	4,543	6,455
TBD-B	387	911	820
TBD-C	3	164	48
TBD-D	-	12	20
TBD-E	-	-	-
TOTAL	6,497	5,630	7,343

Breakdown of cash and non-cash risks and accepted guarantees by the internal credit rating and assessment scores as of 31.12.2015.



A credit rating and assessment score for

234

banks, intermediary institutions, factoring, leasing and finance companies

Market Operation and Cash Credit

With TEFAS, the successful fund managers who cannot adequately market the investment fund participation certificates due to the problems they encountered in the distribution networks get the opportunity to reach a broader investment community, whereas the investors become able to trade the investment fund participation certificates of any institution they wish over a single account without any charge and by making a yield comparison.

SECURITIES LENDING MARKET (SLM) SERVICE

As of the end of 2015, the number of intermediary institutions authorized to trade in the Securities Lending Market is 56, and the number of representatives is 243. In 2015, a total of 41,381 lending contracts were executed through the transactions conducted by 65 intermediary institutions over the propriety accounts of 3,989 customers, 35 mutual funds and trusts and 90 portfolio accounts.

In the Securities Lending Market, the trading volume reached 5.6 billion TL in 2015, and the number of shares subject to the lending transactions was achieved as 1.25 billion.

Within the total securities lending transactions; the share of the mutual funds and trusts was realized as 24.99%; the share of the securities lent by the intermediary institutions from the customer accounts was realized as 33.64%; and the share of securities lent from their own portfolios was realized as 41.37%. When they are analyzed from the viewpoint of the borrowers, it is seen that 76.85% of the total borrowing transactions is comprised of the securities borrowed by the intermediary institutions on behalf of their customers. 22.61% of the total borrowing transactions consists of the securities borrowed for the intermediary institutions' portfolio accounts and 0.54% of them consists of the securities borrowed for the mutual funds and trusts.



76.85%
Share of the intermediary institutions' customers in total for the borrowing transactions

Our practices carried out to continuously enhance the service quality of the services provided by our Bank were also continued in 2015 in accordance with the requests received from the members and the revisions made in the system. Within this context;

- As part of transition to BISTECH system, revisions were made to enable the functioning of the Securities Lending Market to comply with the system. Since the current submarket/market structuring was changed in the intra-day valuation of the SLM as a result of a single session started to be used in the Equity Market in the new system and again as part of BISTECH transition, the definition of the securities being subject to the transaction in the SLM was revised.
- Brochures were also continued to be delivered to the investors in 2015 for the development and promotion of the SLM. With the affect of these efforts, the number of customers engaging in lending transactions reached 3,989 in 2015.
- Studies for introducing the SLM member screens as a web service were also continued during 2015 and this is intended to be launched in the first half of 2016. With this application, the aim is to enable the members using the SLM member screens to access the data provided by Takasbank via their own systems. Through the developed web services, the member will be able to access the information provided by Takasbank in accordance with the granted authorizations; thus, the infrastructure which will facilitate expanding the base of



SECURITIES LENDING MARKET 2015 DATA		
	Total	Daily Average
Number of Orders	104,536	413
Number of Contracts	41,381	164
Number of Shares	1,249,155,419	4,937,373
Trading Volume (TL)	5,564,613,286	21,994,519

BREAKDOWN OF THE TOTAL TRADING VOLUMES OF THE SECURITIES LENDING MARKET ACCORDING TO THE INDEX (2015)				
	BIST 30	BIST 100 (Excluding 30)	BIST (Excluding 100)	Exchange Traded Fund
TL	4,765,106,080	657,426,039	140,888,897	1,192,269

2015/MONTHS	SLM Transaction Volume (TL)	SLM Number of Transactions	Number of Trading Members
January	950,149,713	138,034,987	57
February	508,316,670	93,552,947	55
March	402,601,679	90,763,907	59
April	385,980,819	82,728,707	56
May	483,413,127	87,794,841	54
June	489,763,105	106,205,119	55
July	340,617,461	74,794,407	51
August	312,747,935	83,163,841	53
September	317,454,710	97,596,214	48
October	547,789,977	130,743,304	48
November	495,410,915	137,289,144	47
December	330,367,173	126,488,001	50

2015/MONTHS	Number of Traded Securities on SLM	Monthly Number of Contracts
January	126	4,829
February	121	3,142
March	125	2,944
April	129	3,335
May	111	3,688
June	139	3,965
July	127	3,094
August	113	2,599
September	113	2,373
October	138	4,378
November	127	3,746
December	148	3,288

MEMBERS AND SUB MEMBERS OF SECURITIES LENDING MARKET		
2015	Number of Borrowers	Number of Lenders
Intermediary Institution	64	49
2015	Number of Borrower Sub-Member	Number of Lender Sub-Member
Proprietary Account	77	36
Customers Account	1,544	2,618
Mutual Fund / Investment Trust Account	7	29
Total	1,628	2,683

the lending transactions by enabling them to be conducted by the customers of the member would have been prepared.

➤ To introduce a record-based risk monitoring in the SLM, the studies with the MKK were initiated during the course of 2015 and they are

now at the finalization stage. While, in the current practice, an account-based risk monitoring is conducted; with the new application, a customer-based risk monitoring can be made in the cases that the customers trade by using different accounts at different institutions.

TAKASBANK MONEY MARKET (TMM) SERVICE

Takasbank Money Market Regulation and its Procedure stipulating the principles and procedures for the operation of the TMM were updated by making amendments thereto in order to expand the range of Takasbank Money Market service, comply with the developing and changing market conditions, meet the requests received from the members and as well as to comply with the legislation to which our Bank is subject due to the services it provides. The Procedure entered into force on 10 April 2015.

Accordingly;

➤ "Takasbank Money Market Letter of Undertaking" was revised to a bilateral agreement stipulating the reciprocal rights and obligations of the parties and its name was changed as "Takasbank Money Market Agreement".

➤ The "Member" definition was expanded, and it is made possible for the institutions defined in the Leasing, Factoring and Financing Companies Law and those engaging in activities in the financial markets subject to the Insurance Law and the Private Pension Savings and Investment System Law to become a participant in the TMM.

➤ On the buy side of the TMM, the initial margin rate required to be maintained up to 125% of the bid order amount is reduced to 110%, and the minimum margin rate being 115% of the total borrowing amount is reduced to 105%.

➤ The method adopted in determining the rate to be used for the calculation of the default interest amount was changed and the compliance with the Central Clearing and Settlement Regulation of our Bank is ensured.

➤ With the revisions affected in the collateral valuation haircuts of the collateral types, the uniformity between the markets operated by our Bank within its structure and the markets to which it provides Central Counterparty Service is achieved.

The practices conducted to enable the leasing, factoring and financing companies being a member of the Association of Financial Institutions to become a participant in the TMM were completed as of 10 April 2015 and the members of the Association began trading in the

TMM. As of 14 September 2015, the insurance and pension companies also became eligible to be a participant in the TMM and they continue to complete their membership process.

231 people from 103 institutions participated in 22 hand-on trainings organized in a total of 12 days during 2015 for our new market participants and current members for the training on the market operation and screen usages.

The access opportunity to the TMM member screens were first provided to the leasing, factoring and financing companies on 10 April 2015 and to the insurance and pensions companies as of 14 September 2015. The efforts on providing service to the market member banks and intermediary institutions via the internet are also continuing, and the access opportunity via the internet is planned to be provided to all our members in 2016.

On the other hand, studies for introducing the TMM member screens as a web service were also continued during 2015 and it is intended to be launched in the first half of 2016. Through the developed web service, our members will get the opportunity to transmit their TMM transactions to the TMM via their own systems in accordance with the granted authorizations.

➤ In 2015, a total of 90 institutions, consisting of 60 brokerage houses, 8 deposit banks, 5 development and investment banks and 17 financial institutions, traded in Takasbank Money Market.

➤ In 2015, the total trading volume had its peak since the inception date of the market and reached 257.24 billion TL; whereas, the average transaction size increased to 1.7 million TL.

➤ The daily average trading volume was recorded as 1.02 million TL; whereas the total number of transactions and the daily average number of transactions were realized as 147,843 and 584 respectively.

➤ 45 financial institutions completed their TMM membership process and became ready to trade; and 17 financial institutions starting to trade as of April 2015 achieved 16% of total transactions on the buy side.

➤ In 2015, the share in the total trading volume

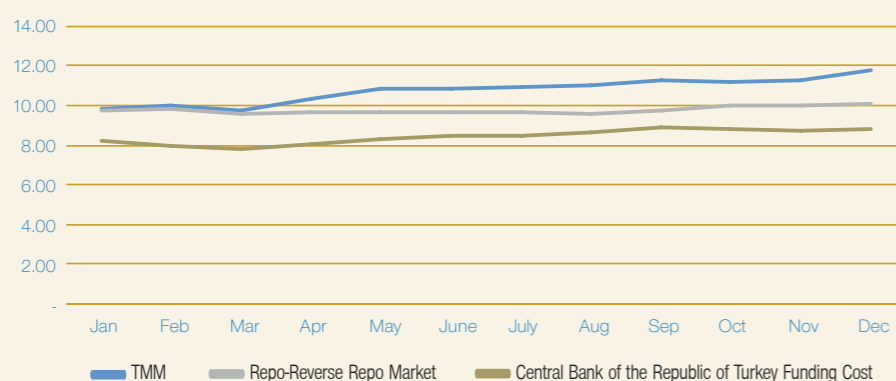


2015
Portfolio
Management
Industry
Innovation
Award to
TEFAS

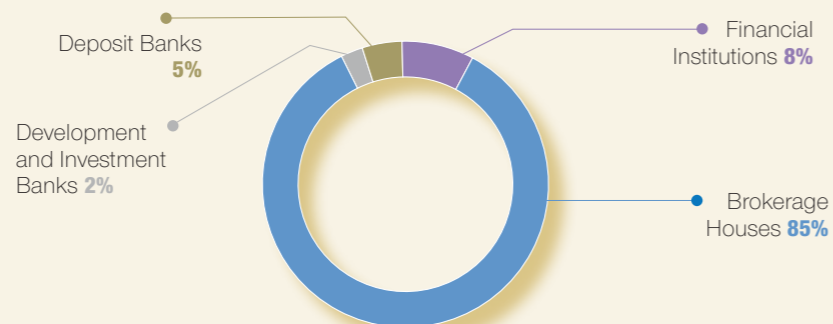
AVERAGE DAILY TRANSACTION VOLUMES IN TAKASBANK MONEY MARKET

Months	Average Transaction Volume (TL)	Average Number of Transactions
January	878,376,429	534
February	925,977,150	523
March	817,164,000	513
April	885,745,190	528
May	951,085,632	549
June	1,016,601,727	561
July	1,010,105,955	564
August	1,076,658,857	605
September	1,101,870,900	621
October	1,114,421,190	630
November	1,186,466,952	678
December	1,220,405,478	698

DAILY INTEREST WEIGHTED AVERAGES (%)



BREAKDOWN OF TAKASBANK MONEY MARKET TRANSACTION VOLUME (%)



of the mutual funds and trusts traded in the TMM reached 169 billion TL.

➤ In 2015, 66% of the transactions on the sell side in TMM was conducted on behalf of the mutual funds and trusts, 14% of them was conducted on behalf of the portfolio accounts of the intermediary institutions and the remaining

20% was conducted on behalf of the customers of the intermediary institutions. Whereas; 81% of the total transactions on the buy side consists of the transactions conducted by the intermediary institutions for the portfolio accounts and 16% of it consists of the transactions conducted by the financial institutions.

TURKEY ELECTRONIC FUND TRADING PLATFORM SERVICE

Within the framework of the Capital Markets Board regulations for the mutual funds; Turkey Electronic Fund Trading Platform (TEFAS) started its operations on January 2015 with the new implementing principles. By this way, competition comes to the forefront and the fund performance becomes a key factor.

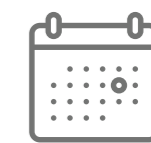
In 2015, 93 institutions, comprising of 44 brokerage houses, 23 banks and 26 portfolio management companies, traded in TEFAS. As of end-December, a total of 263 funds were made subject to trading. Total trading volume and the average trading volume in TEFAS realized respectively as 13,599,013,610.00 TL and 54,834,732 TL, and the annual average trading volume increased by 78.35%. 23.89% of total trading volume consists of the transactions conducted by the brokerage houses, 65.34% of it consists of the transactions conducted by the banks and 10.77% of it consists of the transactions conducted by the portfolio management companies.

On 3 November 2015, an all-time trading volume record of 135.2 million TL was achieved. In parallel with the trading volume, the number of instructions also increased in TEFAS and reached up to 15,944 daily instructions in total.

During the year, improvements were made both in technical and implementation areas to enhance the efficiency of both TEFAS and the

Fund Information Platform. As part of these improvements;

- The implementation of interest accrual is started to the balances of our members held at "TEFAS Cash Debt Closing Account No.95" as of 15:45.
- Performance enhancement was made on the messaging processes between TEFAS and MKK systems.
- The valuation haircuts of the government domestic debt securities and TL denominated lease certificates issued by the Under secretary at of Treasury Asset Leasing Company that are held by our members as provision for the funding limit allocated by Takasbank were differentiated for purposes of compliance with the CCP Regulation.
- Upon the relevant fund founders' written request, the implementation of providing a link from the Fund Information Platform to the announcements published on the Public Disclosure Platform website about the founder transfer, merger and liquidation transactions of the funds is started.
- The software revisions were conducted in the Fund Information Platform in order to make the mutual fund types subject to the analysis in the Platform compatible with the Umbrella Fund Types designated in accordance with the Communiqué on Principles Regarding Mutual Funds.
- The screen which will enable the fund founders/operators to notify information on the liquidation status of the member funds to TEFAS



80.2 million TL
Takasbank's daily average cash credits

	BROKERAGE HOUSES (TL)	NUMBER OF BROKERAGE HOUSES	%	BANKS (TL)	NUMBER OF BANKS	%	PORTFOLIO MANAGEMENT COMPANIES	NUMBER OF PORTFOLIO MANAGEMENT COMPANIES	%	TOTAL (TL)	AVERAGE (TL)
January	186,352,833	29	25.96	451,040,837	20	62.83	80,455,479	9	11.20	717,849,149	44,865,572
February	255,081,982	33	29.86	514,420,871	21	60.22	84,792,067	12	9.93	854,294,920	42,714,746
March	267,058,179	24	34.39	374,930,715	21	48.27	134,679,069	14	17.30	776,667,963	35,303,089
April	246,975,352	30	29.93	445,097,041	21	53.94	133,041,551	12	16.10	825,113,945	39,291,140
May	237,214,732	27	19.57	830,132,282	20	68.49	144,659,525	13	11.90	1,212,006,539	63,789,818
June	252,468,560	30	17.94	968,552,137	18	68.82	186,353,426	15	13.20	1,407,374,123	63,971,551
July	189,933,425	29	17.60	787,029,749	18	72.95	101,911,452	11	9.45	1,078,874,626	49,039,756
August	217,084,065	28	18.30	843,987,050	18	71.14	125,262,035	9	10.60	1,186,333,150	56,492,055
September	195,285,355	28	19.99	711,877,642	19	72.87	69,803,674	10	7.14	976,966,672	48,848,334
October	292,509,892	27	25.42	744,086,344	19	64.66	114,230,271	7	9.93	1,150,826,507	54,801,262
November	314,110,155	28	19.98	1,064,897,151	18	67.73	193,330,082	13	12.30	1,572,337,389	74,873,209
December	595,098,165	29	32.34	1,149,766,186	18	62.47	95,504,279	14	5.19	1,840,368,627	80,016,027
Year of 2015	3,249,172,695			8,885,818,005			1,464,022,910			13,599,013,610	54,834,732

2015	BROKERAGE HOUSES	BANKS	PORTFOLIO MANAGEMENT COMPANIES	TOTAL
NUMBER OF MEMBERS	71	49	47	167
NUMBER OF TRADING MEMBERS	44	23	26	93



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became operational.

➤ The maximum time period of the analysis available on the Fund Information Platform was increased from 3 years to 5 years, and thus, it is made possible for the site visitors to make analysis in a broader time interval.

➤ The statistical reports about the transactions conducted in TEFAS are started to be published on the Fund Information Platform.

The improvement study to make different applications possible on fund basis in the daily trading principles of the participation unit shares and the arrangements for conducting the trading of fund participation unit shares in foreign currency are scheduled to be concluded and put into operation in 2016.

The meeting with the theme "Portfolio Management Industry to Reach 100 Billion TL and its Contribution to Turkish Economy" organized by the Turkish Institutional Investment Managers' Association with the support of the Capital Markets Board was conducted in Grand Hyatt İstanbul on December; and in the event, the advertisement film prepared for the promotion of TEFAS and the Fund Information Platform under the leadership of Turkish Capital Markets Association and with the supports of BIAS, our Bank, Central Registry Agency Inc. and the portfolio management companies met with the audience for the first time. At the end of the meeting, Takasbank was granted the "2015 Portfolio Management Industry Innovation Award" with its TEFAS System.

Fund Based Traded Value in 2015

Fund Type	Traded Value (TL)	Ratio
Debt Instruments Umbrella Fund	4,787,748,964.25	35.21%
Variable Umbrella Fund	3,763,408,784.24	27.67%
Debt Instruments Umbrella Fund (Short-term)	1,657,205,709.75	12.19%
Stock Umbrella Fund	1,619,099,811.52	11.91%
Variable Fund	781,581,398.96	5.75%
Fund Of Funds Umbrella Fund	353,196,431.76	2.60%
Money Market Umbrella Fund	205,094,074.59	1.51%
Participation Umbrella Fund	204,235,582.60	1.50%
Precious Metals Umbrella Fund	182,905,101.29	1.34%
Notes and Bonds Fund	22,304,547.99	0.16%
Balanced Umbrella Fund	12,714,313.09	0.09%
Foreign Securities Fund	5,337,816.24	0.04%
Index Fund	3,021,174.39	0.02%
Short-term Notes and Bonds Fund	983,739.70	0.01%
Balanced Fund	122,183.32	0.00%
Intensive Equity Fund	42,788.95	0.00%
Gold Fund	11,187.69	0.00%
TOTAL	13,599,013,610.32	100.00%

FUND INFORMATION PLATFORM SERVICE

The new web-based Fund Information Platform which had been established, together with TEFAS, to contribute to the funds sector by raising the awareness of the investors, enabling access to the information about the funds from a single point and enhancing transparency in the funds sector started providing service. The Platform is freely accessible via www.fonturkey.com.tr and www.tefas.gov.tr.

During the course of 2015, promotional and informational activities were performed for

TEFAS and the Fund Information Platform in both printed and visual media, through meetings, panels, speeches and articles. In addition, the customer information leaflets prepared by our Bank to introduce TEFAS and the Fund Information Platform were delivered to our members requesting them.

During the year, improvements were affected both in technical and execution areas to enhance the efficiency of both TEFAS and the Fund Information Platform.

CASH CREDIT SERVICE

The Credit Regulation of our Bank stipulating the principles and procedures of the operation of the Cash Credit and the Cash Credit Procedure prepared on the basis of this Regulation were updated by being amended so as to cover the cash and non-cash credits to be required by the markets in which our Bank acts or plans to act as Central Counterparty as well as our commitments thereof, and entered into force as of 22 July 2015. Within this scope;

The "Credit granting scope and credit types" classification was broadened as "Cash credits", "Non-cash credits and commitments", "Eligible guarantee and collateral limits" and "Custody limits"; and TEFAS Funding Credit, Debt Securities Credit and Settlement Credit were added to the foresaid cash credit types; and the CCP Limits included under the heading of non-cash credits and commitments were separated into two as "Nominal-Based" and "VaR-Based".

The "Credit customers" definition was restated as such to cover both the participants of the credit types that our Bank currently grants and plans to grant as well as the participants of the markets in which it acts and plans to act as Central Counterparty.

The necessary improvements on the system were made upon inclusion of our Bank in the transfer of commercial credit files with which the limit and risk, place of business, address, contact, export/import and security information of the receivables regarding the cash and

non-cash credits and the funds as well as activities is shared by the banks. The reporting is started to be made on a monthly basis via the file transfer system to the Banks Association of Turkey Risk Center as of 1 July 2015.

In 2015, as part of the limit allocation and notification service;

➤ The credit limits of a total of 61 institutions, consisting of 40 brokerage houses and 21 banks, were updated.

➤ Upon the request by the Association of Financial Institutions for its members to participate to Takasbank Money Market, TMM limits were allocated to a total of 97 financial institutions, consisting of 64 factoring, 21 leasing and 12 financing companies, to enable them to trade in the market.

➤ In accordance with the Central Counterparty service, custody limits were allocated to 3 global custody institutions used as a foreign correspondent by our Bank in its global custody services.

In 2015, as part of the Cash Credit service;

➤ Takasbank daily average cash credits reached 80.2 million TL as a result of the utilization by 14 brokerage houses.

➤ Cash credit interest revenue was recorded as 9,108 thousand TL. The maturities of the cash credits were mainly overnight.

The number of the brokerage houses' customers that have signed a pledge agreement to transfer securities to the Cash Credit collateral account increased from 761 to 783.

AVERAGE CASH CREDIT PLACEMENTS AND LOAN INTEREST REVENUES IN 2015

Months	Average Placement (TL)	Interest Revenues (TL)
January	70,006,774	633,644
February	95,456,786	780,256
March	90,391,452	805,485
April	93,471,333	846,220
May	102,445,323	990,613
June	70,725,700	664,390
July	57,157,677	562,492
August	68,148,355	672,542
September	57,616,633	573,411
October	68,947,645	692,819
November	98,659,600	946,839
December	90,380,758	938,886
TOTAL	80,161,111	9,107,597


257.24
billion TL
Highest total trading volume in Takasbank Money Market's history

Clearing & Settlement and Custody

In 2015, 1,029.70 billion TL trading volume was achieved in the Equity Market and Emerging Companies Market; and cash settlement worth 73.66 billion TL and equities settlement with a value of 208.80 billion TL were executed.

EQUITIES AND OTHER EQUITY-LIKE INSTRUMENTS CLEARING AND SETTLEMENT SERVICE

Clearing and settlement of the transactions executed on Borsa İstanbul Equity Market and Emerging Companies Market are conducted on the second business day following the trade day (T+2) in book-entry form and in accordance with the Delivery versus Payment (DvP) principle, by netting of buy and sell transactions.

In 2015, the total trading volume of 91 brokerage houses in the Equity Market and Emerging Companies Market reached 1,029.70 billion TL. After the netting procedure, Takasbank executed cash settlement of 73.66 billion TL (7.15%) and equities settlement with a total market value of 208.80 billion TL (20.28%).

In the Gross Settlement System established for the shares in which the netting process had been decided to be removed as a result of the BİAŞ Automatic Session Suspension System and the shares traded at the Free Trade Platform, the gross settlement was applied in 2015 to the shares of 20 companies. In the system which can also be operated on investor basis, gross settlement was not applied to any investor during 2015.



DAILY AVERAGE TRADING VOLUMES IN BIST EQUITY MARKET (million TL)

Months	Stock Exchange Trading Volume	Net Settled Cash	Net Settled Equities	BIST100 Index
January	4,560	285	975	88,946
February	4,666	293	931	84,148
March	4,735	353	984	80,846
April	4,159	277	830	83,947
May	4,498	308	906	82,981
June	4,043	270	782	82,250
July	3,458	259	728	79,910
August	3,258	276	698	75,210
September	2,862	233	635	74,205
October	4,266	304	838	79,409
November	4,445	328	912	75,638
December	3,916	305	700	71,727

DERIVATIVES MARKET CLEARING AND SETTLEMENT SERVICE

Takasbank also began providing CCP services for the trades executed at Borsa Istanbul Futures and Options Market (VIOP) to which clearing & settlement, risk management and collateral management services are provided by our Bank as of 03.03.2014. Accordingly, Takasbank acts as the buyer against the seller and as the seller against the buyer and in case of a default in profit/loss distribution and physical delivery, our Bank's capital can also be used along with the trade collateral and the guarantee fund contribution amounts with the purpose of ensuring the fulfillment of the obligations arisen from default in profit/loss distribution and physical delivery.

Within the scope of this service; opening of the accounts that will trade in the Futures and Options Market (VIOP), management of the trade

collateral and guarantee fund contribution amounts, accruing interest on cash collateral, post-trade real-time risk management via SPAN, pre-order real-time risk management via SPAN for the risky accounts, position building, making profit/loss calculations, executing margin calls, physical delivery for the physically-settled contracts, physical delivery default and accrual operations and collateral default and accrual services are provided.

As of end-2015, the total number of active members in the Futures and Options Market (VIOP) is 74. As of 31 December 2015, the number of open positions at VIOP reached 851,749, and their market value increased to 3,143 million TL. As of the same date, the trading volume is 1,816 million TL and the total number of open accounts is 107,274.

YEARLY DATA ON BORSA İSTANBUL FUTURES AND OPTIONS MARKET (VIOP) SERVICE

	2013	2014	2015
Trade Collateral Value (million TL)*	1,797.32	1,818.84	2,196.74
Guarantee Fund Collateral Value (million TL)*	124.38	164.70	191.93
Trading Volume (million TL)	143,096.40	430,091.43	561,587.23
Profit/Loss (million TL)	2,642.73	6,662.60	8,280.44

(*) As of the end of the term

DEBT SECURITIES MARKET SETTLEMENT SERVICE

In 2015, the total trading in the BIAS Debt Securities Outright Purchases and Sales and Repo-Reverse Repo Markets transact at 10,266.24

billion TL; and 15.07 billion TL of that amount constituted the Outright Purchases and Sales Market corporate bonds transactions.

As a result of the multilateral netting process, Takasbank executed cash settlement transactions with a volume of 1,110.58 billion TL, which accounts for 10.82% of the total trad-

ing volume and securities settlement transactions with a volume of 5,049.38 billion TL, which accounts for 49.18% of the total trading volume.

MONTHLY AVERAGE TRADING VOLUME, BIAS DEBT SECURITIES MARKET (million TL)

Months	Securities Settlement Volume	Cash Settlement Volume	Stock Exchange Trading Volume
January	22,051.30	3,912.38	33,545.13
February	21,442.31	4,578.15	31,092.06
March	23,421.16	4,435.12	33,025.91
April	23,267.42	4,980.13	34,161.55
May	20,309.19	4,381.36	35,718.91
June	20,910.53	4,877.54	40,439.81
July	20,129.11	4,910.84	39,530.10
August	19,822.15	3,948.84	43,929.27
September	18,610.19	4,318.37	49,366.00
October	17,762.55	3,902.69	49,290.47
November	16,452.07	3,970.97	47,279.97
December	15,558.87	4,411.80	48,703.59

ELECTRICITY MARKET CLEARING AND SETTLEMENT SERVICE

Authorized as the central settlement bank for the trades executed at Electricity Market after December 2011, Takasbank has provided 932

members with cash clearing and collateral management services in 2015. The transaction volume data in 2015 is presented below.

TRANSACTION VOLUME DATA IN 2015

	Day-Ahead and Intra-Day Markets (Advance) (TL)	Balancing Market (Invoice) (TL)
January	3,177,022,107.42	2,733,965,178.46
February	2,236,694,183.78	2,136,899,267.08
March	2,066,527,215.84	2,166,034,900.08
April	1,506,980,197.08	2,401,862,953.14
May	1,565,431,432.78	2,348,498,278.16
June	2,070,136,851.60	2,288,806,108.26
July	2,451,447,000.20	2,491,059,957.02
August	3,037,189,054.38	2,615,135,132.72
September	3,118,083,656.58	2,335,893,793.18
October	2,081,681,098.24	2,143,198,491.64
November	2,211,144,747.98	2,142,247,650.20
December	3,254,503,788.84	2,639,169,536.80
YEARLY TOTAL	28,776,841,334.72	28,442,771,246.74

ELECTRONIC WAREHOUSE RECEIPTS (EWR) CLEARING AND SETTLEMENT SERVICE

In 2012, joint activities were performed by İzmir Commodity Exchange, Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (ELİDAŞ), MKK (CSD of Turkish Capital Markets) and Takas-

bank for the creation, trading, clearing and settlement processes of the Electronic Warehouse Receipts (EWR). At the first stage, cotton-based electronic warehouse receipts to be

traded were created and the studies related to the clearing and settlement processes were completed. In 2013, EWR trading transactions were started in İzmir Commodity Exchange and the clearing and settlement of the executed transactions were concluded by Takasbank. Clearing and settlement transactions protocol was signed in 2013 with the Commodity Exchanges of İzmir, Ankara, Konya and Polatlı; with the Commodity Exchanges of Bandırma and Gaziantep in 2014; and with the Commodity Exchange of Lüleburgaz in 2015 and these exchanges became a member of Takasbank.

Clearing & settlement of EWR traded on Electronic Trading Platforms within Commodity Exchanges are also executed by Takasbank via method of Real Time Gross Settlement DvP transfer. Registration, compensation and warehouse fees are collected from the cash creditor member at the time of Real Time Gross Settlement DvP transfer and the registration and compensation amount are transferred to the Commodity Exchange and the depository fee is transferred to the Licensed Warehouse account.

Volume information of the transactions executed in 2015 is given in the following table:

Period	Number of Contracts	Quantity	Amount
January	1	26,340	22,652.40
February	13	1,263,100	971,991.52
March	30	5,624,880	4,500,877.44
April	84	10,686,560	9,027,416.97
May	43	5,538,820	4,389,009.66
June	16	1,634,750	1,320,592.50
July	2,349	43,250,810	34,392,554.80
August	1,361	37,010,793	28,475,893.53
September	643	21,223,155	14,180,391.12
October	461	17,886,269	11,883,014.80
November	879	47,144,618	31,982,864.24
December	306	16,890,879	11,424,377.70
General Total	6,186	208,180,974	152,571,636.68

The clearing and settlement of EWR transactions belonging to 4,659 barley and wheat-based contracts with a volume of

107,354,425.66 TL executed in Ankara, Konya, Lüleburgaz, Polatlı Commodity Exchanges was finalized.

PRECIOUS METALS MARKET CLEARING AND SETTLEMENT SERVICE

Cash clearing, settlement and collateral management transactions of the precious metals trading performed in Borsa İstanbul A.Ş. Precious Metals and Diamond Markets are also executed by Takasbank and these trades have been performed since February 4, 2013 through the accounts opened with Kuveyt Türk Katılım Bankası A.Ş. designated as the correspondent bank.

bank screens via internet.

In 2015, Takasbank executed cash settlement of 9.17 billion USD for Gold/Dollar transactions, 1.08 billion TL for Gold/TL transactions; 2.16 million Euro for Gold/EUR transactions; 160.61 million USD for Silver/Dollar transactions and 255.41 million TL for Silver/TL transactions.

Furthermore, collateral at the amount of USD 3.82 million, EUR 300 thousand and TL 1.5 million is held as of 31 December 2015 at Kuveyt Türk Katılım Bankası A.Ş. designated as our correspondent bank.

DEBT SECURITIES CUSTODY SERVICE

Takasbank provides custody services for government domestic debt securities (GDDS) to the

banks, brokerage houses, mutual funds and private pension funds, mutual trusts, real-estate mu-


Cash settlement of **9.17 billion USD** for AU/\$ transactions, **2.16 million EURO** for AU/€ transactions

GOVERNMENT DEBT SECURITIES YEARLY CUSTODY BALANCES

Years	(Million TL)		(Million USD)
	Average Nominal	Average Market Value	Average Market Value
2006	39,725.88	33,188.07	23,486.00
2007	36,796.28	32,217.53	27,661.66
2008	38,908.52	34,173.06	22,596.75
2009	42,795.09	39,459.17	26,206.53
2010	41,072.65	40,126.52	25,955.06
2011	48,650.41	48,541.25	25,460.93
2012	49,818.44	50,686.38	28,433.96
2013	50,605.89	52,728.55	24,705.31
2014	55,900.75	57,009.04	24,584.52
2015	56,740.06	57,315.55	19,712.32

tual trusts, insurance and private pension companies and portfolio management companies.

the accounts of Takasbank held with Merkezi Kayıt Kuruluşu A.Ş. (CSD of Turkish capital markets). In recent years, a noticeable increase has been observed in the issuance of corporate bonds and yearly corporate bond depository balances of Takasbank are presented in the following table:

Balances of the corporate bonds owned by the mutual and private pension funds, mutual trusts, real-estate mutual trusts, insurance and private pension companies are monitored in

YEARLY CDS DEPOSITORY BALANCES

Years	CDS (million TL)	Change
	Daily Average Nominal	Ratio
2010	244.11	2,550.49%
2011	3,538.99	1,349.75%
2012	7,086.38	100.24%
2013	12,228.42	72.56%
2014	16,457.88	34.58%
2015	21,722.45	31.99%

PHYSICAL CUSTODY SERVICE

As of 31.12.2015, stocks with the nominal value of 220,849,637 TL comprising of 4,336,830 certificates are held in our fungible custody;

whereas, stocks with the nominal value of 11,628,530 TL comprising of 1,919,050 certificates are held in our non-fungible custody.

GLOBAL CUSTODY

Global custody service offered by Takasbank covers settlement, custody, corporate actions and related money transfer transactions for capital market instruments traded in international capital markets.

ing of banks, brokerage houses, pension and mutual funds and other financial institutions and has end-to-end STP operational flow. Global custody network includes international central securities depositories (ICSDs) and global custodians. Takasbank Global Custody Service provides access to more than 65 markets across the world.

Takasbank provides its Global Custody Service since 1997, to a total of 190 members consist-

Global Custody Members	Number of Accounts
Investment Funds	83
Private Pension Funds	67
Banks	18
Brokerage Houses	17
Exchange Traded Funds	1
Other	4

The average market value of the capital market instruments held under global custody in 2015 achieved a stable increase and reached

3.7 billion EUR. The average custody balance in 2015 increased by 51% in comparison to the average balance of the previous year.

Months	Global Custody Balance (Million EUR)
January	2,575
February	2,681
March	2,856
April	3,050
May	3,120
June	3,239
July	3,366
August	3,336
September	3,340
October	3,497
November	3,716
December	3,675

Global custody settlement volume in 2015 increased by 44% compared with the previous year and reached 7.6 billion EUR. The monthly average settlement volume climbed to 633 mil-

lion EUR; with peaks in July and August, reaching 1.1 million and 937 million respectively. In the last month of the year, it was recorded as 776 million EUR.

Months	Global Custody Settlement Volume (Million EUR)
January	423
February	302
March	598
April	379
May	596
June	716
July	1,113
August	937
September	524
October	634
November	593
December	776

In 2015, 17,219 transactions were executed and the monthly average transaction number increased by 50%, reaching approximately 1,500. The settlement transactions made up

44% of this number, while corporate actions transactions and wire transfers constituted 24% and 32% of it respectively.

Months	Global Custody Transaction Volume (number)
January	1,039
February	936
March	1,453
April	1,127
May	1,330
June	1,281
July	1,613
August	1,550
September	1,813
October	1,634
November	1,617
December	1,826

Transaction Type	Global Transaction Volume (number)
Settlements	7,595
Cash Transfer	5,533
Corporate Actions	4,091

CENTRAL CUSTODY SERVICE FOR FOREIGN ASSETS HELD IN PRIVATE PENSION FUNDS AND MUTUAL FUND PORTFOLIOS

Within the framework of the "Regulation Regarding to Principles of the Establishment and Activities of Private Pension Funds published in the Official Gazette numbered 28586 and dated March 13, 2013 as well as the "Communique on the Principles of the Portfolio Custody Service and the Institutions Rendering this Service number III-56.1 dated July 2, 2013", Takasbank has been officially authorized to provide custody services for the assets held

in the mutual and private pension funds' portfolios.

Within this scope, currently, central custody service is provided to 67 private pension funds and 83 mutual funds investing in international markets. The number of private pension funds in Takasbank system increased by 20% and the number of mutual funds increased approximately threefold in 2015.

BOOK-ENTRY CUSTODY SERVICE

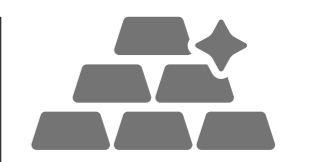
The dematerialized securities of the collective investment schemes are held at the central depository institutions as a sub-account of Takasbank; and as of 31.12.2015, share certificates

with the market value of approximately 8,850 million TL are safe kept in the Central Registry Agency in book-entry form.

PRECIOUS METALS CUSTODY SERVICE

The precious metals included in the portfolio of the collective investment schemes are safe kept at Takasbank. The custody process is handled at the accounts opened as a sub-account of Takasbank in the name of the relevant Collective Investment Scheme at Borsa

İstanbul Inc. providing physical custody service for the precious metals. As of 31.12.2015, the collective investment schemes' gold custody balance is 8,375 kg and the market value of the aforesaid gold is approximately 830 million TL.



8,375 kg
830 million TL year-end gold custody balance of the collective investments schemes



44,384

Number of private pension system participants logged into e-Government Takasbank Integration Platform

PORTFOLIO CUSTODY SERVICE

With the new Capital Markets Law, prominent structural changes were also effected in the collective investment schemes industry as it was the case in many areas of our capital markets. Subsequently, the collective investment schemes which bear great significance for our capital markets were entirely renewed in accordance with the EU legal acquis. With the new Law, it was ensured that the mutual funds are established by the portfolio management companies, the custodian and the administrator are separated from each other by concrete lines, and that the rights, duties and liabilities of each institution are explicitly defined.

In line with this critical change and by taking

into account the requests of the sector from Takasbank, the necessary infrastructure to provide "Portfolio Custody Service" to the portfolio management companies by Takasbank was prepared as a result of a year-long study. Takasbank's application for offering portfolio custody service in accordance with the "Communique on the Principles of the Portfolio Custody Service and the Institutions Rendering this Service" (Serial No: III-56.1) was received favorably by the Capital Markets Board on 24 July 2014. In 2015, Takasbank continued to give the portfolio custody service it has started to provide since 22 December 2014 also to the collective investment schemes established and transferred according to the new legislation.

LOCAL CUSTODY SERVICE

Takasbank offers settlement and local custody services to international institutions. Under the scope of local custody service, the international institutions may open a custody account

at the counters of Takasbank and benefit from settlement services and other related custody services including money transfer, corporate actions and reporting.

SHARE CERTIFICATES CORPORATE ACTION

For the shares under custody accounts for the collective investment schemes, corporate action rights, such as capital increase and dividend distribution are executed by Takasbank.

In 2015, 15 issuers executed capital increase through rights issues; 34 issuers conducted capital increase through bonus issues and 188 issuers affected dividend distribution.

DEBT SECURITIES CORPORATE ACTION SERVICE

Takasbank also provides corporate action services for Government Domestic Debt Securities (GDDS) and Corporate Bonds to which it provides custody service. The redemption/coupon payments made during 2015 are presented in the table below:

	GDS (million TL)	CDS (million TL)
Redemption	10,585.12	43,539.68
Coupon	4,374.48	899.56

INFORMATION SERVICE FOR PRIVATE PENSION FUND UNIT SHARES

During 2015, 44,384 participants logged into the e-Government Takasbank Integration Platform that has been made operational in 2013 for the private pension system participants; and 3,907 participants asked for daily SMS, 5,231 participants asked for daily movements email, 6,321 participants asked for monthly balance email and 5,450 participants asked for a monthly movement email. Within the context of monitoring via TakasNet, the tracking of the contribution amounts deposited by the private pension system participants, the

deductions made therefrom and the amounts directed to the investment, the software of the PC, Android and IOS applications was completed and started to be used on 25 February 2015. Practices for controlling of the contribution amounts deposited by the Private Pension System participants to be appropriately directed to the investment by the companies according to the fund allocation rates in the contracts were started and the program is intended to be put into operation as of February 2016.

PRIVATE PENSION FUNDS UNIT SHARES MANAGEMENT

Takasbank has been providing custody services as a custodian to the private pension companies since 2003 in accordance with the Private Pension Saving and Investment System Law, Article 17, and Regulation on Principles of Establishment and Activities of the Pension Mutual Funds, Articles 28, 29 and 31.

companies increased by 1,238,747 as of December 31, 2015 and reached to 6,928,158 in number in comparison to the last year. The fund size owned by the participants increased approximately by TL 10 billion, reaching to TL 47,984 billion.

The number of accounts containing private pension funds held with the private pension

19 private pension companies had 250 pension funds held with Takasbank as of December 31, 2015.

Months	Funds Value (million TL)	Balanced Accounts
January	39,455	5,799,345
February	39,183	5,909,328
March	40,034	6,003,443
April	40,717	6,096,878
May	41,701	6,189,794
June	42,471	6,300,512
July	43,345	6,404,204
August	43,686	6,491,046
September	44,367	6,577,788
October	46,176	6,669,647
November	46,760	6,782,926
December	47,983	6,928,158

Other Services

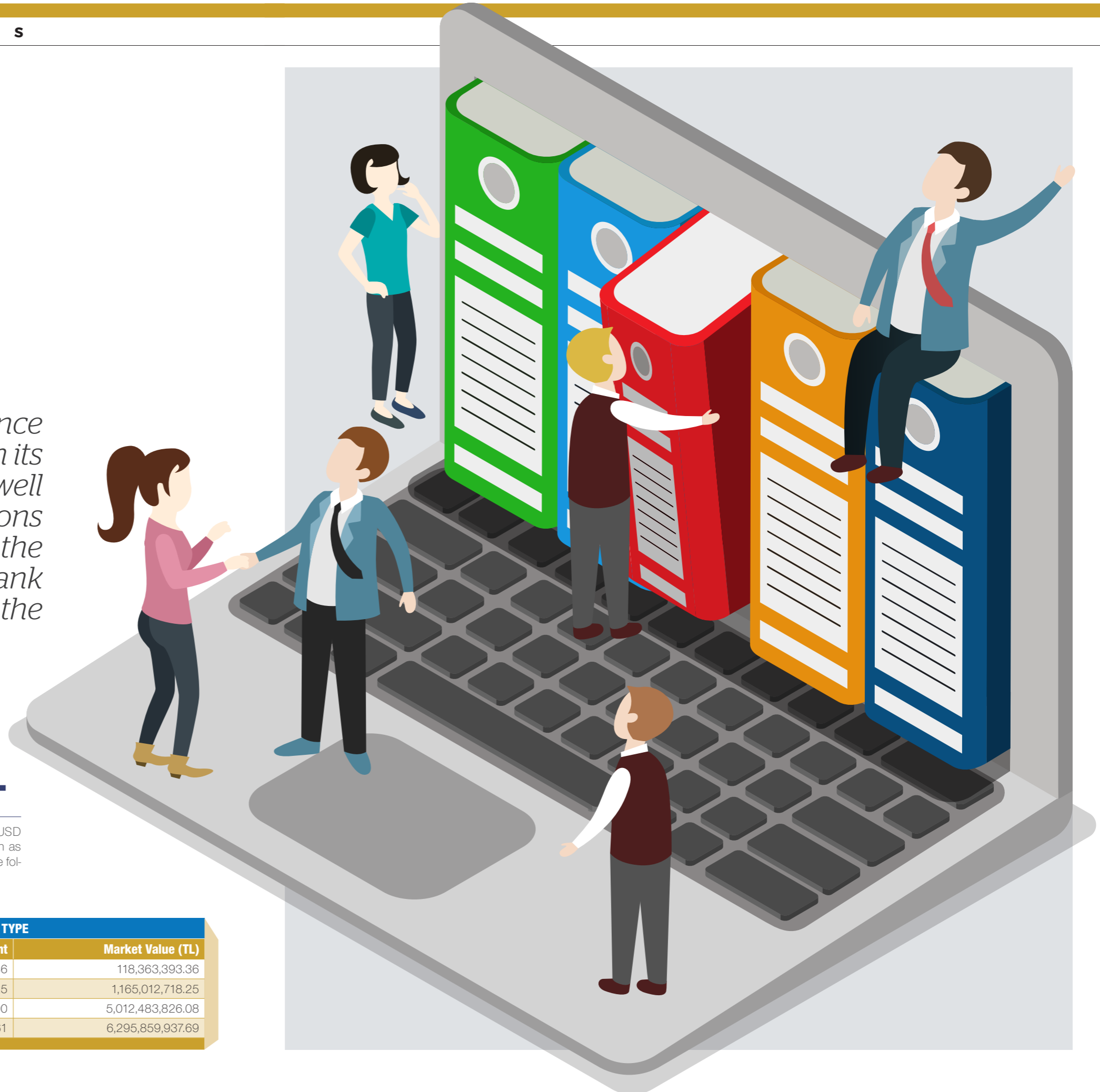
Generating solutions that will enhance the efficiency of the financial system in its clearing, settlement and custody as well as the banking services and applications associated there with and contribute to the developments of the market, Takasbank offers its broad services portfolio to the use of its members.

DEBT SECURITIES COLLATERAL MONITORING (BIAS) SERVICE

BIAS Debt Securities Market trading limit provisions and the International Bond Market Collaterals are monitored with Takasbank and the amount of "Trading Limit Provision" was 6,295 million TL, and the "International Securities

Market" collateral amount was 1.5 million USD as of December 31, 2015. The distribution as per the types of collaterals are shown in the following table:

BREAKDOWN OF TRADE LIMIT PROVISIONS BY COLLATERAL TYPE		
Collateral	Nominal/Amount	Market Value (TL)
Cash	37,296,217.36	118,363,393.36
Letter of Guarantee	749,251,298.25	1,165,012,718.25
Government Bond	4,961,134,600.00	5,012,483,826.08
Total	5,747,682,115.61	6,295,859,937.69



INTERNATIONAL BOND MARKET COLLATERALS

Collateral	Foreign Exchange Code	Nominal/Amount	Market Value (TL)	Market Value (USD)
Total letter of guarantee	USD	100,000.00	290,760.00	100,000.00
Total government bond	TL	4,280,300.00	4,189,759.74	1,440,968.34
Total		4,380,300.00	4,480,519.74	1,540,968.34

ELECTRICITY MARKET COLLATERAL MANAGEMENT SERVICE

The total market value of the collaterals safe kept at Takasbank for Electricity Market trading was 357,575,463.96 TL as of December 31, 2015. The collateral safe kept with the bank

is comprised of cash collateral in the amount of 356,261,002.60 TL; 57,480 EUR and 293,067.09 USD as well as Government Debt Securities with a market value of 279,691.04 TL.

GUARANTEE FUND COLLATERAL MANAGEMENT SERVICE

Takasbank executes management of the guarantee fund established for Borsa İstanbul VIOP transactions and the total guarantee fund contribution of VIOP clearing members amounts

to 192 million TL as of the end of 2015. Cash contributions in Turkish Lira correspond to 104 million TL of the fund.

LEVERAGED TRANSACTIONS COLLATERAL MANAGEMENT AND REPORTING SERVICE TO CAPITAL MARKETS BOARD

In the aftermath of the global financial crisis, regulations were put in place for the transfer of over the counter derivatives transactions to the organized platforms and central clearing of these transactions in order to eliminate the counterparty risk while reporting was to be made to the trade repository institutions. In parallel to these practices in the international markets, the Capital Markets Board of Turkey has for the first time regulated the leveraged F/X transactions that constitutes an important part of the over the counter derivatives market with the "Communiqué on Principles of Leveraged Trading (LT) and Organizations to Perform Such Trading", which was effective on August 31, 2011.

With these regulations, it became mandatory

that, related to customer accounts, all leveraged transactions realized in the customer accounts, assets transfers, realized profit and losses derived from the closed positions, potential profit and loss amounts related to open positions, all kinds of commission fees, fees and tax amounts accrued on the accounts, as well as information on the collateral status on the accounts, are reported to Takasbank, which had been authorized by the Capital Markets Board as a trade repository institution for the Leveraged Transactions.

By the end of 2015, the market consisting of 42 institutions, safe kept collateral with a value of 614.9 million TL in 94,305 accounts while the number of open accounts was 148,078.



42 companies,
148,078
accounts,
614.9 million ₺
worth of
collateral
in the
Leveraged
Trading

YEARLY ANNUAL DATA ON LEVERAGED TRANSACTION OPERATIONS

	2012/12	2013/12	2014/12	2015/12
Number of Members	23	33	39	42
Number of Accounts	16,670	43,194	78,755	148,078
Number of Accounts with Collateral	11,527	29,581	51,377	94,305
Collateral Amount (million TL)	139	281	449	615
Value of Open Interest (million TL)	2,851	5,326	8,557	12,682
Total Trading Volume (million TL)	1,102,364	2,953,147	4,569,463	9,809,279
Daily Average Trading Volume (million TL)	4,224	11,813	18,205	39,237

DERIVATIVES MARKET COLLATERAL MANAGEMENT SERVICE

Within the scope of this service, the real-time risk monitoring in Borsa İstanbul Futures and Options Market (VIOP) is executed by using SPAN (Standard Portfolio Analysis of Risk), an internationally recognized and commonly used

risk calculation algorithm. The market value of transaction collaterals under Takasbank management is 2,197 million TL as of the end of 2015 and 1,825 million TL of the aforementioned collateral is cash in Turkish Lira.

DEBT SECURITIES TRANSFER SERVICE

In 2015, Takasbank provided to its customers a total of 730,158 million TL/nominal debt securities transfer service, of which 727,844.86

million TL/nominal consists of free of payment transfers and 2,313.63 million TL/nominal consists of RTGS DvP transfers.

Type	Quantity	Nominal (million TL)
Real Time Gross DVP	3,264	2,313,63
Free Transfer	151,367	727,844,86
Total	154,631	730,158

EXCHANGE-TRADED FUNDS SERVICE

In 2015, fund share creation and redemption transactions in total amount of 7,885.26 million TL were executed in the exchange traded

funds based on the share certificates, precious metals, government debt securities and foreign securities.

EQUITIES AND OTHER EQUITY-LIKE INSTRUMENTS TRANSFER


Transfer of securities with market value of 485.92 billion TL and 488.53 billion TL cash transfer in 2015 are executed in the RTGS DvP transfer system allowing simultaneous securities and cash transfer. Of these operations, 2.79 billion TL was settlement-defined RTGS DvP transfers. Furthermore, collective investment schemes executed free of payment transactions with a market value of 40.41 billion TL in total.

transmit their orders of Real Time Gross DvP Settlement transfers via SWIFT and SWIFT transactions are directly input into Takasbank Real Time Gross Settlement DvP System. In 2015, 60.81% of the Real Time Gross Settlement DvP orders have been submitted through SWIFT system. Real Time Gross Settlement DvP System also allows the organizations to execute pre-matching electronically. The ratio of the orders of Real Time Gross Settlement DvP transfers with forward value date entered in the system for pre-matching via Takasbank screens or SWIFT, was recorded as 73.91% in the same period.

Due to the integration of the Real Time Gross Settlement DvP transfer system with SWIFT system, SWIFT member organizations can

FOP AND RTGS DVP SETTLEMENTS IN 2014 (BILLION TL)

Period	Free of Payment	Real Time Gross Settlement DVP	Total Transactions
January-February	8.59	89.75	98.34
March-April	8.20	97.44	105.64
May-June	6.29	83.35	89.64
July-August	5.15	65.26	70.41
September-October	5.41	69.27	74.68
November-December	6.77	80.86	87.63
Total	40.41	485.92	526.33



7,885.26
million ₺
fund share
creation
and
redemption
transactions
conducted
in the ETFs
in 2015

FOREIGN CURRENCY PAYMENT AND TRANSFER

Takasbank members can use USD or EUR cash amounts they transfer to Takasbank cash correspondents for their collateral and clearing transactions. Moreover, they can transfer the amounts in their cash accounts held with Takasbank to any other clearing member's account at Takasbank or they can transfer to any other bank's account via SWIFT system.

Foreign currency payment and transfer opera-

tions are executed as part of the collateral operations executed by Takasbank. Intermediary institutions can transfer USD or EUR amounts held with their Takasbank accounts to other bank accounts via their own terminals or through SWIFT system upon a written instruction. In addition, the transfer transactions of the members between their USD and EURO free current accounts at Takasbank also became operational on 15 October 2014.

TOTAL QUANTITY AND VALUE OF INCOMING/OUTGOING CASH MESSAGES IN THE PERIOD OF 2013-2015 (EURO)			
Year	Incoming/Outgoing	Total Quantity	Total Value (million EUR)
2013	Outgoing	2,407	10,883
	Incoming	1,245	10,869
2014	Outgoing	1,931	10,771
	Incoming	1,140	10,794
2015	Outgoing	1,886	10,773
	Incoming	1,169	10,774

TOTAL QUANTITY AND VALUE OF INCOMING/OUTGOING CASH MESSAGES IN THE PERIOD OF 2013-2015 (USD)			
Year	Incoming/Outgoing	Total Quantity	Total Value (million USD)
2013	Outgoing	4,686	27,561
	Incoming	4,363	27,630
2014	Outgoing	5,439	31,538
	Incoming	5,514	31,684
2015	Outgoing	5,613	25,874
	Incoming	5,635	25,933

LOCAL CURRENCY PAYMENT AND TRANSFER SERVICE

With respect to local currency payment and transfer services, Takasbank provides the services via CBRT Payment Systems (EFT, EMKT, POS, HIS) for use by its members and also uses these systems in the services it provides. Takasbank has enabled the brokerage houses

to have access to EFT and EMKT systems through Takasbank Electronic Transfer System. Takasbank has an important place in EFT system with the synergy generated by TETS and other services it provides.

TOTAL QUANTITY AND VALUE OF INCOMING/OUTGOING CASH MESSAGES IN THE PERIOD OF 2013-2015			
Year	Incoming/Outgoing	Total Quantity	Total Value (million TL)
2013	Outgoing	357,775	2,379,558
	Incoming	223,816	2,462,261
2014	Outgoing	341,884	2,228,140
	Incoming	235,513	2,230,193
2015	Outgoing	340,631	2,502,003
	Incoming	269,123	2,500,632

ALLOCATION OF LEGAL ENTITY IDENTIFIER (LEI) CODES

At 2009 Pittsburg submit in which Turkey also took part, G-20 countries have decided to take some measures in order to improve the risk management in the financial markets, reduce the operational risks therein and facilitate the execution of financial transactions in a transparent structure and prevent the occurrence of the financial crisis or mitigate their effects. In accordance with these measures, Global LEI Foundation (GLEIF) founded and began its operations in 2014 to enable the trades conducted by the market participants being a party to the financial transactions to be monitored in a centralized system.

Within this scope, in addition to Takasbank securities numbering services, Takasbank obtained required prefix (7890) to allocate legal entity identification code for financial institutions from Financial Stability Board with the sponsorship of the Capital Markets Board of Turkey. Takasbank has been allocating pre-LEI (Legal Entity Identifier) codes in accordance with the ISO 17442 standards since July 31,

2013. Furthermore, Takasbank was endorsed by Regulatory Oversight Committee (ROC) as the authorized local operating unit in 2013. Takasbank has technical and legal infrastructure necessary to allocate pre-LEI codes to financial institutions operating not only in Turkey but also worldwide. With this regard, local and international institutions may apply to obtain LEI code, update their information, pay their annual maintenance fee through Takasbank web portal through the following address www.leiturkey.com. In 2015, Takasbank has assigned pre-LEI codes to 38 local and foreign institutions. Additionally, 1 institution transferred its existing LEI codes to Takasbank.

During the course of 2015, Takasbank diligently participated in the preparation and constitution of the Master Agreement to be signed between GLEIF and pre-Local Operating Units. The pre-Local Operating Units signing this agreement and passing the accreditation process will become a holder of a GLEIF certificate as local operating unit.

ALLOCATION OF ISIN AND CFI CODES

Takasbank was authorized as "National Numbering Agency of Turkey" in 1995 by the Capital Markets Board of Turkey and since then it has been allocating international securities

identification code (ISIN - ISO 6166) and financial institution classification codes (CFI - ISO 10962) to the securities and other financial instruments issued in Turkish market.

ISIN CODES ALLOCATED BY TAKASBANK IN 2015	Quantity
VIOP Options	2,739
Foreign Warrants	1,462
Domestic Warrants	1,305
Electronic Commodity Certificates	301
Bank Bills	495
VIOP Futures	193
Corporate Bonds	182
Structured Debt Instruments	121
Government Debt Securities	106
Mutual Funds	56
Index	41
Sukuk	36
Stock Rights	17
Stock	9
Sukuk-Undersecretariat of Treasury	9
Pension Funds	4
Receipt	4
Asset Guaranteed Securities	1
Total	7,081

7890



ISO17442

Allocation of LEI codes compatible with the international standards over www.leiturkey.com for local and international institutions



Ability for the brokerage houses to access **EFT** and **ESTS** systems via **TETS**

FUND MANAGEMENT SERVICE

In 2015, Takasbank aimed to receive the maximum return achievable with the minimum risk in accordance with the framework set forth in the legislation and based on the market conditions by ensuring the continuity of the main activities and financial strength of the Bank. To that end, contribution of the interest income to its finan-

cial structure increased by 31.58% compared with the previous year. In line with the collateral management, it is ensured that the funds of the Banks and its customers were invested on a best-effort basis in the markets and with the time periods suitable for their purposes and the interests of their beneficial owners.

BREAKDOWN OF TOTAL REVENUES AND FUND MANAGEMENT REVENUES IN YEARS

Years	Total Revenues (thousand TL)	Gross Fund Management Revenues (thousand TL)	Share of Fund Management Revenues (%)
2010	74,995	37,969	50,60
2011	96,635	43,814	45,30
2012	147,238	78,025	53,00
2013	195,190	111,614	57,20
2014	264,533	170,834	64,58
2015	338,743	224,527	66,30

MEMBER INFORMATION MANAGEMENT SERVICE

The membership and account opening operations of the financial institutions receiving service within the scope of the Capital Market transactions and the relevant markets continued increasingly in the operating year of 2015. During the year, leasing companies, factoring

companies, finance companies and the real estate portfolio management companies are included in the membership types, and 249 accounts detailed in the following table were opened upon signing of their agreements.

MEMBER ACCOUNTS (AS OF 31 DECEMBER 2015)

Membership Type	Quantity
Brokerage Houses	77
Banks	41
Electricity Market Members	932
Pension Companies	19
Factoring Companies	32
Leasing Companies	11
Financing Companies	4
Real Estate Investment Trusts	31
Real Estate Portfolio Management Company	3
Venture Capital Trusts	15
Participation Banks	5
Precious Metals Brokerage Houses	72
Institutional Investors	17
Portfolio Management Companies	48
Insurance Companies	6
Mercantile Exchanges and Licensed Warehouses	17
Mutual Trusts	10
Foreign Institutions Getting Local Custody Services	1
Total	1,341

ACCOUNTS OPENED IN 2015

Account Type	Quantity
Brokerage Houses	2
Banks	1
Electricity Market Members	103
Pension Funds	5
Factoring Companies	32
Leasing Companies	12
Financing Companies	5
Real Estate Portfolio Management Company	3
Real Estate Investment Trusts	4
Venture Capital Trusts	4
Participation Banks	1
Precious Metals Brokerage Houses	2
Portfolio Management Companies	10
Insurance Companies	2
Mercantile Exchanges and Licensed Warehouses	6
Investment Funds	57
Total	249

Again in 2015, the account relationship of the following organizations with Takasbank was terminated in accordance with their requests.

Account Type	Quantity
Brokerage Houses	3
Banks	3
Stock Exchange Investment Fund	3
Electricity Market Members	24
Pension Funds	1
Financing Companies	1
Venture Capital Trusts	1
Precious Metals Brokerage Houses	2
Portfolio Management Companies	2
Mercantile Exchanges and Licensed Warehouses	1
Investment Funds	101
Mutual Trusts	2
Foreign Institutions Getting Local Custody Services	1
Total	145

PERIODICAL INFORMATION TRANSFER SERVICE TO DATA VENDORING COMPANIES

As part of the Periodical Information Transfer Service to Data Vending Companies, the consolidated securities balances of the mutual trusts, pension funds and mutual funds as well as fund portfolio breakdown information, fund company information, fund analyses and infor-

mation about the funds traded in the Turkey Electronic Trading Platform were furnished to the data vendors in 2015.

As of 1 April 2015, the data vending service provided by our Bank within the scope of

the Data Vending Cooperation Agreement signed between Borsa İstanbul Inc., Central Registry Agency Inc. and our Bank has started to be provided in accordance with the provisions of the agreement executed between BIAS and Data Vending Companies. As of end-2015, data is provided to 4 receivers and 3 sub-receivers.

BROKERAGE HOUSE TRANSACTIONS SERVICE

Transactions related to the brokerage houses whose activities were suspended pursuant to the legislation and the instructions of the Capital Markets Board are continued throughout 2015.

COLLATERAL AGENCY SERVICES TO MORTGAGE FINANCING FIRMS

For funding the housing loans granted by Şeker Mortgage Finansman A.Ş., Takasbank has provided collateral and account management service for the loan to be utilized by Şeker Finans under the loan contract signed between Şeker Mortgage Finansman A.Ş. and Overseas Private Investment Corporation (OPIC).



Data Vending Cooperation between Takasbank, Borsa İstanbul and MKK

The reception, review and storage of the mortgage documents delivered by the housing finance organization to which service has been provided under the agreement made in 2011 continued throughout 2015. In 2015, a total of 643 loan files - 390 of which being credit files and 253 being restructuring files - were received and the total number of files reached to 4,942 as of December 31, 2015. The average loan amount per file was recorded as 101,000 TL.

TAKASBANK REAL ESTATE TITLE DEED TRANSFER OPERATIONS SERVICE (TAPUTAKAS)

TapuTakas was developed in accordance with the "Final Protocol" signed on 08.12.2014 with the General Directorate of Land Registry and Cadastre to prevent problems encountered by the buyer and the seller in the real estate market of our country during the exchange of the ownership right and the sale amount, by ensuring;

- Simultaneous exchange of the property and the sale amount,
- Elimination of confidence problem between the parties,
- Removal of cash handling risk,
- Facilitation of quick and cost-efficient transfer,

thereby to establish a modern, secure and technological infrastructure and create time, labor and cost advantages for all parties Thus,

REPO-REVERSE REPO TRANSACTIONS AND MONITORING AND REPORTING SERVICE

Repo and reverse repo operations and transactions with breached maturity executed by the brokerage houses and banks outside Borsa İstanbul should be reported to Takasbank. Moreover, securities subject to such transac-

TL denominated transactions, being the first phase of the project, was put into operation on 17.04.2015.

tions should be safe kept at Takasbank. In this respect, the following table shows monthly breakdown of securities of the brokerage houses and banks kept by Takasbank for repo blockage in 2015.

REPO-REVERSE REPO TRANSACTIONS IN 2015	
Month	Nominal Value (million TL)
January	63,851.26
February	54,672.86
March	56,788.90
April	59,254.97
May	48,798.93
June	57,512.44
July	56,603.15
August	50,662.55
September	47,537.67
October	47,953.34
November	53,282.49
December	54,425.84

BROKERAGE HOUSES COLLATERAL SAFEKEEPING SERVICE

Total amount of the collaterals monitored by Takasbank on behalf of the Capital Markets Board is 89.6 million TL as of 31 Decem-

ber 2015 and its breakdown on the basis of collateral type is presented in the following table:

Type of Collateral	Market Value (TL)
TL	5,911,637.51
Government Bond	30,076,488.77
Letter of Guarantee	53,568,823.00
Total	89,556,949.28



TapuTakas: quick, cost-efficient and risk-free transfer with a modern, secure and technological infrastructure

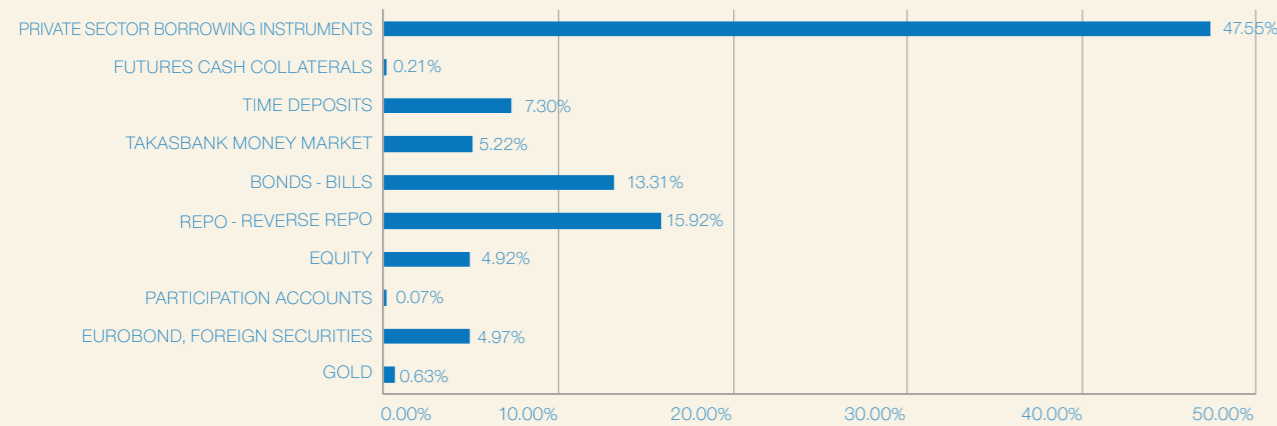


FUND VALUATION AND CAPITAL MARKETS BOARD REPORTING SERVICE

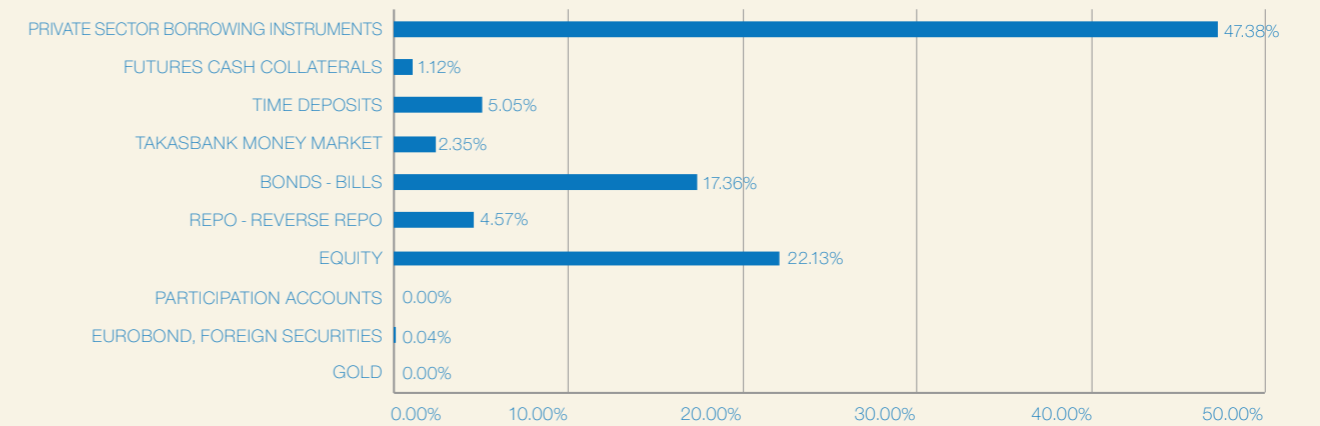
Pursuant to the authorization by the Capital Markets Board and in accordance with the relevant regulation, Takasbank continued to provide custody services to the collective investment schemes and to provide necessary infrastructure for the notification of assets kept under custody outside of Takasbank in 2015. Furthermore,

affecting reconciliation controls of information regarding the unit share values entered into Takasbank system by these institutions and the number of shares in circulation and the fund portfolio values as well as ensuring the correction of unreconciled amounts and reporting such information to the Capital Markets Board were also continued.

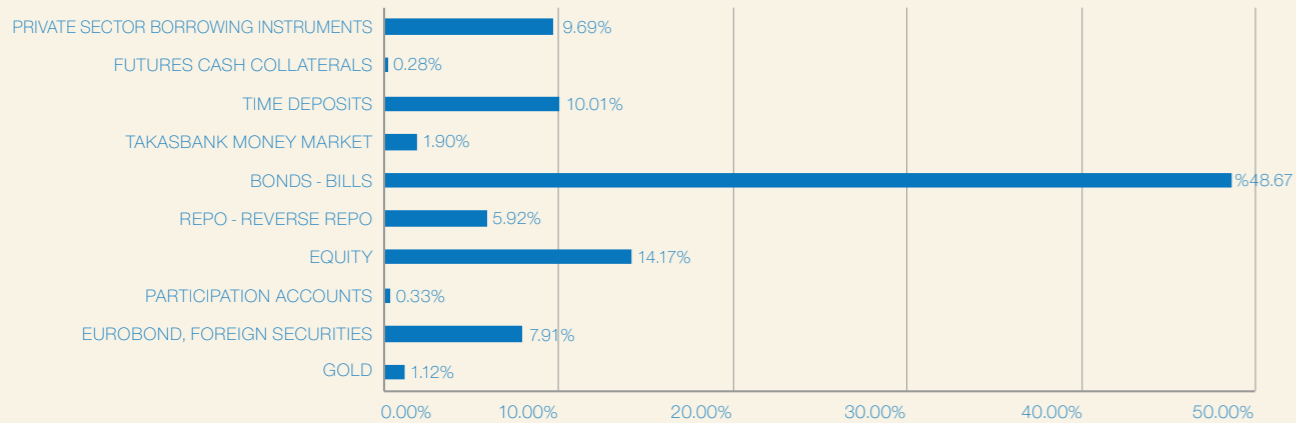
BREAKDOWN OF MUTUAL FUNDS PORTFOLIOS



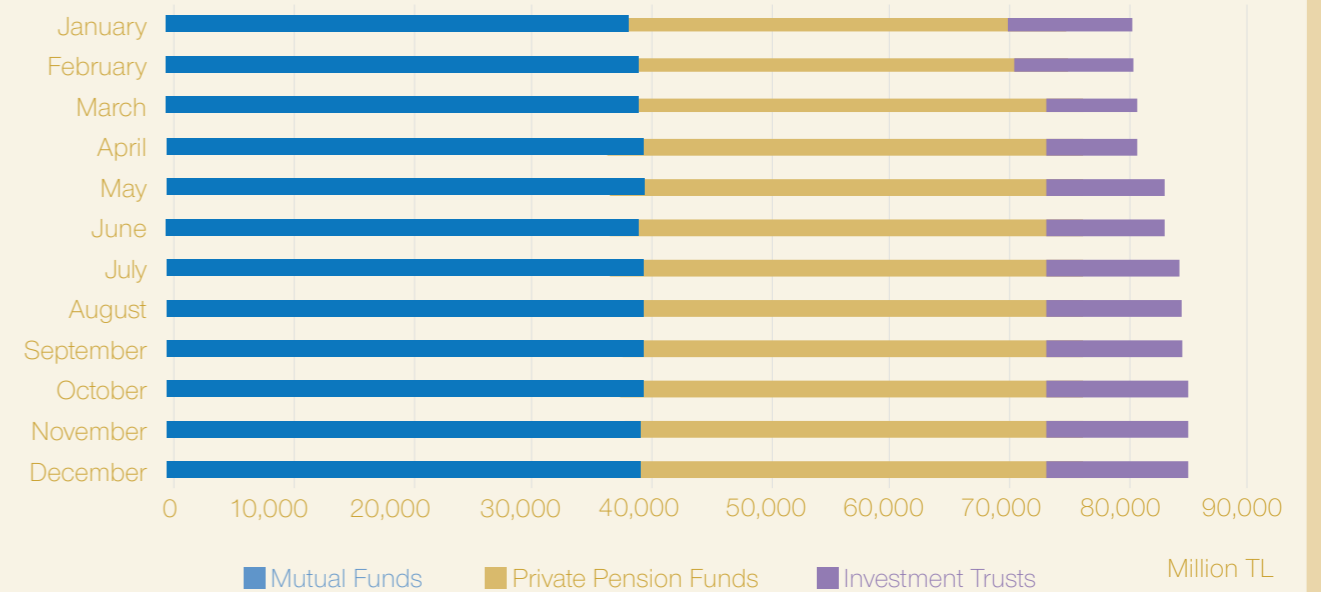
BREAKDOWN OF SECURITIES MUTUAL TRUSTS PORTFOLIOS



BREAKDOWN OF PRIVATE PENSION FUNDS PORTFOLIOS



COLLECTIVE INVESTMENT INSTITUTION SIZES



Management and Corporate Governance Practices

Providing reliable, efficient and innovative services in international quality standards and with its vision of becoming a preferred institution in the international markets, Takasbank considers human resources as its most important asset.



BOARD OF DIRECTORS



TUNCAY DİNÇ

Tuncay DİNÇ, born in Keskin, in 1973, completed his high school education at Lycée de Galatasaray in 1992 and his undergraduate education at Bosphorus University, Business Administration Department in 1997 and is continuing his PhD at İstanbul University. He worked as MT at Kibar Holding in 1997 and served between the years of 1998-2003 as financial analyst, finance officer and he was responsible from finance and administrative affairs at Lafarge Turkey. Between 2003-2007, he held positions at AVEA in Budget Planning Department, Income Assurance Department and also served as manager during the merger process of Aycell and Aria. Transferred in 2007 to Turkish Do&Co founded as a result of Turkish Airlines and Do&Co partnership in the airline catering sector, he worked as CFO and Deputy CEO since its incorporation. He also undertook the responsibility for the establishment of all financial structure and systems of the company as well as the execution of entire purchasing operations. Also served as the founder member and the former chairman of Boğaziçi Managers Foundation, Mr. Dinç has been serving as CEO of Borsa İstanbul since April 2015. Mr. Dinç is married and has 3 children.



BİROL AYDEMİR

Birol AYDEMİR, born in İliç, Erzincan in 1966, completed his undergraduate study at the Department of Public Finance, Faculty of Political Sciences, Ankara University. Birol AYDEMİR worked as specialist at the General Management of Annual Programs and Conjunction Assessment, State Planning Organization between the years of 1994-2001; acted as Head of Finance Department in the same unit between 2001-2002 and served as Deputy Secretary, State Planning Organization during the period 2002-2006. He held the position of President, Social Security Institution in 2006-2008. Mr. Aydemir worked as Deputy Secretary in State Planning Organization in 2008; Planning Advisor at Washington Embassy for the Republic of Turkey during the period 2008-2009; Counselor at Ministry of Labor and Social Security in 2009-2011; and the Chairman of Turkish Statistics Organization in 2011- 2016.



MURAT ULUS

Murat ULUS, born in Kaman, Kırşehir in 1965, graduated from Labor Economics and Industrial Relations, Faculty of Political Sciences, Ankara University. He holds a master's degree from the Department of Financial Economy, Boston University. Mr. Ulus worked as Bank's Sworn Assistant Auditor and later as Bank's Sworn Auditor at Undersecretariat of Treasury between 1987 and 1995. Between 1995 and 1996, Mr. Ulus served as Executive Vice President of Egebank. He worked as Chief Executive Officer of Bank Asya of which he was the founder between the years 1996 and 2000; later he worked as Vice Chairman of Ulusal Pazarlama ve Satış A.Ş. which he founded in 2001; and held Board Membership at Ziraat Bankası between 2003 and 2006. Until 2011, Mr. Ulus served as the first Chairman of the Economic Cooperation Organization Trading and Development Bank, which he founded in 2007. Mr. Ulus serves as CEO of Takasbank since 2011.



SELİM İNCE

Selim İNCE, born in Berlin, Germany in 1971, completed his undergraduate study at Business Administration, Faculty of Economics and Administrative Sciences, Marmara University in 1994. After completing his postgraduate study on Accounting and Finance, at the Business Administration, Institute of Social Sciences at the same university, Mr. İnce started to work as Assistant Specialist at Department of Securities, T. Emlak Bankası in 1994 and later served in the positions of Specialist, Director and Department Manager at Department of Treasury Operations, Ziraat Bankası A.Ş. He still serves as the Head of Treasury Operations Department Ziraat Bankası A.Ş.



EKREM KEREM KORUR

Ekrem Kerem KORUR, born in İstanbul in 1967, completed his studies at Lycée de Galatasaray İstanbul (Galatasaray High School), followed by his undergraduate degree at Department of Economics, İstanbul University Faculty of Economics and postgraduate studies at Colorado University. Mr. Korur started to work at Hak Menkul Kıymetler A.Ş. firstly as assistant specialist in 1991 (its title has been changed to Phillip Capital Menkul Değerler A.Ş. in 2012) and respectively as investment specialist, Executive Vice President and General Manager. Mr. Korur is currently serving as General Manager and Deputy Chairman of the Board of Directors at Phillip Capital Menkul Değerler A.Ş.



GÜZİDE MELTEM KÖKDEN

Güzide Meltem KÖKDEN, born in Taşköprü, Kastamonu in 1969, completed her undergraduate study at Department of International Relations, Faculty of Political Sciences, Ankara University in 1990. Ms. Kökden completed her postgraduate study at the European Law, Institute of Social Sciences at the same university. Mrs. Kökden started her business career at T. İş Bankası A.Ş. in 1991 as investment assistant specialist and held various posts as investment specialist, Assistant Manager, Group Manager and Capital Markets Department Manager. Ms. Kökden is now Foundation Manager, Complementary Social Security and Charity Fund for Employees of Türkiye İş Bankası A.Ş. and Chairman at İş Portfolio Management.



ALİ ŞİR YARDIM

Born in Alanya in 1969, Ali Şir Yardım graduated from the Middle East Technical University, Department of Economics in 1992. Following the training he received at Ziraat Bank Banking School in 1993-1994, Yardım worked as a specialist at Ziraat Bank. During 1995-2012, he worked as assistant auditor, auditor, chief auditor, deputy Chairman of the Audit and Supervision Committee, Executive Assistant and Chairman of the Audit and Supervision Committee at Borsa İstanbul. He is still serving as the Chairman of the Audit and Supervision Committee. He has also undertaken additional responsibilities in other capital markets institutions. During 2012-2013, he was a member of the audit committee of İstanbul Settlement and Custody Bank (Takasbank) and the Central Registry Agency (Turkish central depository, MKK). During 2013-2014, Yardım served as Board Member of the Turkish Derivatives Exchange and the Capital Markets Licensing Registration and Training Institution (SPL). Yardım also undertook active roles in national and continental professional organizations, including posts such as Board Member and Vice Chairman of the Institute of Internal Auditing - Turkey in 2006-2010; and Board Member of the European Confederation of Institutes of Internal Auditing (ECIIA) headquartered in Brussels, in 2007-2010.



SERDAR SATOĞLU

Born in 1972 in Ankara, Serdar SATOĞLU completed his undergraduate education at Ankara University, Faculty of Political Sciences, Department of Finance in 1994 and his master's degree and PhD educations at Marmara University, Banking and Insurance Business Institute. Started his business career in 1995 at Türkiye Vakıflar Bankası T.A.O. as assistant auditor and auditor, Mr. Serdar Satoğlu served as Head of Inspection Board at Vakıf Invest Co. between 2001-2003 and as General Manager between 2003-2010. Mr. Satoğlu has been working as Executive Vice President at Vakıflar Bankası T.A.O. since 2010.



MUSTAFA İLERİ

Born in 1953 in Kumanova, Mustafa İLERİ completed his undergraduate education at İstanbul University Business Administration Department in 1977 and his postgraduate education at the same university in 1979. He worked at Meban Securities as Accounting Manager between 1980 and 1983 at Transtürk Holding as Accounting Manager between 1983 and 1984, and at Pamukbank T.A.Ş. as Head of Administrative Affairs Department between 1984 and 1995. Mr. Mustafa İleri still serves as the Executive Vice President and Board Member at Tacirler Securities and holds office as of May 2014 at Turkish Capital Markets Association as the Member of the Supervisory Board.

STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

Acting Principles of the Board of Directors

The Board of Directors convenes at least once a month and meetings may be held more frequently in cases if deemed necessary. The Chairman of the Board of Directors or the Vice-Chairman, in the absence of the former, is authorized to convoke the Board of Directors for a meeting and determine the agenda. However, each of the members is entitled to request from the Chairman of the Board of Directors the convocation of the Board of Directors or the inclusion of an item on the agenda.

The Board of Directors convenes by the absolute majority of the number of members and resolutions are taken by the majority of the votes of those attending the meeting. The procedures and key principles related to the activities and meetings of the Board of Directors are stated in our Bank's articles of association.

The Board of Directors, which is convening at least monthly pursuant to the Bank's articles of association, had held 15 meetings in 2015. Each of the meetings held at the dates January 29, 2015, February 25, 2015 and October 27, 2015, had not been attended by 1 member. The meetings apart from the above had been attended by all of the members.

The Number, Structure and Independency of the Committees Formed Under the Board of Directors

In accordance with the liabilities laid down in the related legislation, the Audit Committee, the Credit Committee and the Corporate Governance Committee were formed by the Board of Directors of Takasbank in order to provide assistance regarding the practices and operations.

AUDITORS' TERM OF OFFICE AND PROFESSIONAL EXPERIENCE AND NOTES RELATED TO PRIVATE AUDIT AND PUBLIC AUDIT CONDUCTED IN THE ACCOUNTING PERIOD

In 2015 accounting period, Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has conducted independent audit activities at our Bank.

During the accounting period, the BRSA and the CBRT have conducted several audits at our Bank.

INFORMATION ON THE AREAS OF ACTIVITY IN WHICH THE SUPPORT SERVICE IS RECEIVED AND THE PERSONS AND ENTITIES FROM WHOM SUCH SERVICE IS RECEIVED PURSUANT TO THE REGULATION ON BANK'S PROCUREMENT OF SUPPORT SERVICES AND AUTHORIZATION OF SUCH SERVICE PROVIDERS

In 2015, within the scope of the Regulation on Bank's Procurement of Support Service;

- Server hosting service has been received for the Emergency Centre from the Turkish Telekomünikasyon A.Ş.
- Interface software maintenance and support service has been received for the electronic fund transfer and electronic

securities transfer systems from Mor Teknoloji Yazılım İletişim Bilişim Danışmanlık ve Enerji San. ve Tic. Ltd. Şti.

- Connection, maintenance and support service was received for SWIFT server located at the disaster recovery center from Fineksus Bilişim Çözümleri Tic. A.Ş.
- Server hosting service has been received for the Primary Data Center from Borsa İstanbul Inc.

SUMMARY BOARD REPORT

Esteemed Shareholders,

Welcome to the 21st Ordinary General Meeting of our Bank.

We respectfully greet you, our esteemed shareholders, on behalf of the Board of Directors in this meeting where we present to you the Annual Report including Balance Sheet and Profit / Loss statements concerning the operating results for the accounting year 2015 for review and approval.

The slowdown trend prevalent in global economic activity since 2014 also continued in the second half of 2015 as to be more notable in the developing countries. The fluctuations in the financial markets still continue due to the uncertainties about global monetary policies and the concerns on global growth. Despite the slight decrease observed in the interest volatilities right after the first interest hike of FED on December 2015 in line with the expectations, worries over China's economy and the geopolitical developments led to an increase in the fluctuations from the beginning of 2016. The downward trend started in commodity prices at the end of 2015 also accelerated in the recent period. By the effect of these developments, the developing countries also affected significantly from the global fluctuations in this period. The portfolio flows towards these countries continued their weak outlook and the currency volatilities preserved their high levels.

The effects of these developments experienced in the global markets were also observed in the Turkish economy. However, lowered uncertainties in the country and the tight monetary policies adopted by the Central Bank of the Republic of Turkey together with other liquidity and financial stability policies have restricted these effects. National income preserves its moderate growth trend in a steady manner. Despite increased geopolitical risks, the positive impact of the increasing demand of the EU countries on export still continues. When developments regarding inflation are assessed, it is seen that while the developments in energy prices affect the inflation in a positive direction, the increased cost factors limit the improvements in the trend of core inflation.

Having assumed an important mission in restructuring the Turkish capital markets and developing its infrastructure and being referred to as the "Central Clearing and Settlement Institution" of Turkey, Takasbank speeded up its efforts to increase the stability and sustainability of our country's markets. Accordingly; in line with its vision of providing its clearing & settlement services, being one of the basic functions in enhancing the competitive power of the financial markets of Turkey, in an efficient, uninterrupted and reliable manner in international standards, Takasbank successfully continued its activities in 2015 as well.

Conducting its basic activities in an uninterrupted and member/customer-oriented way, our Bank had a very successful year in 2015 in terms of both sustainable growth and profitability. When compared with the previous year, our net profit increased by 43% to 174.7 million TL; whereas our total assets reached 7.1 billion TL.

Intending to introduce its central counterparty services in other markets to which it provides services in the upcoming period, Takasbank strengthens its capital structure by the virtue of this aim. With its 600 million TL paid-in capital, our Bank's shareholder's equity reached 911 million TL as of the end of the year.

In 2015, the preparations for "Recognition as a Third Country CCP by the European Securities and Markets Authority (ESMA)", which is one of Takasbank's priority targets for central counterparty services, were continued in an intensive manner; and an application was filed to the Capital Markets Board to declare Takasbank as a "Qualified CCP" in accordance with BASEL 3 and the BRSA arrangements.

Our Bank also transferred its success of being "a point of trust" it has achieved in the financial markets for a long time to the real estate sector, and the Real Estate Title Dead Transfer system which can be used for all buying and selling transactions conducted by the real or legal persons in the land registry offices was launched in 2015.

As a result of the assessment made by the Central Bank of the Republic of Turkey in accordance with the Law on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions and the relevant Regulation; the Equity Market Settlement System and the Debt Securities Market Settlement System were accepted as "security settlement system" and Takasbank has been granted an operating permit as the system operator accordingly.

Within the scope of the agreement made with Nasdaq by Borsa İstanbul, the new BISTECH Technology developed for Borsa İstanbul's operating system, data vendoring, index calculation, market oversight and reporting systems including also the clearing & settlement and risk management systems of our Bank was put into operation as of 30 November 2015 in the Equity Market as being its first phase. In the later stages of the project, the new BISTECH Technology regarding the Futures and Options Market, Debt Securities Market, Precious Metals and Diamonds Market, Electronic Warehouse Receipts (EWR) and OTC operating systems will be launched.

Our Bank, holding a significant place in terms of the development of the Turkish capital markets, has had a successful year and shall continue to carry on this success in the future years as well by means of the support of you, our dear shareholders.

Our Dear Shareholders,

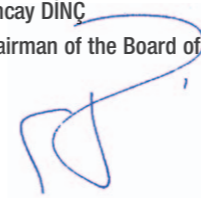
While submitting our Annual Report including the Balance Sheet and Profit/Loss statements showing our works of the year 2015, we do hereby express our gratitude, in the first instance, to the esteemed executives of our capital markets and their personnel, for their support and to yourselves, our dear shareholders and their representatives who have not withheld their confidence in our Bank and have honored our General Meeting.

Yours Faithfully,

İstanbul Takas ve Saklama Bankası A.Ş.

On behalf of the Board of Directors;

Tuncay DİNÇ
Chairman of the Board of Directors



Murat ULUS
CEO and Member of the Board of Directors



EXECUTIVE MANAGEMENT



MURAT ULUS
CEO and Board Member

Term of Office: 06.06.2011 - Currently holds this position

Academic Background:

Bachelor's degree: Ankara University, Faculty of Political Science, Department of Labour Economics and Industrial Relations

Master's degree: Boston University, Financial Economics

Professional Experience:

1987-1995: Undersecretariat of Treasury - Banks Sworn Assistant Auditor, Banks Sworn Auditor

1995-1996: Egebank - Assistant General Manager

1996-2000: Bank Asya - Founder and first CEO

2001-2002: Ulusal Pazarlama ve Satış A.Ş. - Founder and Vice-Chairman of the Board of Directors

2003-2006: Ziraat Bankası A.Ş. - Member of the Board of Directors

2007-2011: Economic Cooperation Organization Trade and Development Bank - Founder and first Chairman

2011-Present: İstanbul Takas ve Saklama Bankası A.Ş. - CEO and Board Member



SEZAİ BERGÖZ
Executive Vice President

Term of Office: 13.04.2007 - Currently holds this position

Responsibility: Clearing and Settlement Operations Group, Member Affairs Department, Custody and Collective Investment Institutions Department, International Markets Department

Academic Background:

Bachelor's degree: Ankara University, Faculty of Political Science, Department of Economics

Master's degree: İstanbul University, Institute of Social Sciences, Capital Markets and Stock Exchanges

PhD: Marmara University, Institute of Banking and Insurance

Professional Experience:

1983-1992: Capital Markets Board - Assistant Auditor, Auditor

1992-2007: Borsa İstanbul A.Ş. - Chairman and Vice-Chairman of the Inspection Committee

2007-Present: İstanbul Takas ve Saklama Bankası A.Ş. - Executive Vice President



CENGİZ ÖZÜBEK
Executive Vice President

Term of Office: 30.01.2013 - Currently holds this position

Responsibility: Banking Services Group, Treasury Team, Strategic Planning and Corporate Communications Department, Financial and Administrative Affairs Group, Legal Affairs Department

Academic Background:

Bachelor's degree: Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration

Master's degree: Marmara University, Institute of Banking and Insurance

PhD: Marmara University, Institute of Banking and Insurance

Professional Experience:

1994-Present: İstanbul Takas ve Saklama Bankası A.Ş. - Assistant Auditor, Auditor, 2nd Manager, Assistant Manager, Manager, Director, Executive Vice President

2012-Present: Merkezi Kayıt Kuruluşu A.Ş. - Board Member



GALİP KARAGÖZ
Executive Vice President

Term of Office: 30.01.2013 - Currently holds this position

Responsibility: Applications Development Department, System Management and Database Group, IT Project Management and Coordination Team, Information Security and IT Risk Team, R&D and IT Architectural Team

Academic Background:

Bachelor's degree: Bosphorus University, Computer Engineering

Master's degree: Beykent University, Institute of Social Sciences, Business Management

Professional Experience:

1991-1997: Bima Bilgisayar A.Ş. - Software Development Director

1997-1999: Escort Yazılım A.Ş. - Software Development Manager

1999-2005: Globis Bilişim A.Ş. - Project Manager

2005-2012: Fintek Finansal Teknoloji Hizmetleri A.Ş. - Director

2012-Present: İstanbul Takas ve Saklama Bankası A.Ş. - Executive Vice President

HEADS OF INTERNAL SYSTEM DEPARTMENTS



LATİF CEM ÖSKEN

Term of Office: 21.06.2013 - Currently holds this position

Responsibility: Acting Manager, Internal Audit Team

Academic Background:

Bachelor's degree: Dokuz Eylül University, Business Administration Department (in English)

Master's degree: Bosphorus University, Management Information Systems

Professional Experience:

2006-2007: Şekerbank T.A.Ş. - Assistant Auditor

2008-Present: İstanbul Takas ve Saklama Bankası A.Ş. - Assistant Auditor, Auditor, Senior Auditor, Senior Specialist, Chief Auditor, Acting Manager



HASAN AYKIN

Term of Office: 01.07.2006 - Currently holds this position

Responsibility: Manager, Internal Control and Compliance

Academic Background:

Bachelor's degree: Bosphorus University, Faculty of Economics and Administrative Sciences, Department of Economics

Master's degree: Marmara University Institute of Banking and Insurance Institute, Capital Market and Stock Exchange

PhD: Kadir Has University, Institute of Social Sciences, Banking and Finance

Professional Experience:

1993-1995: Medya Holding A.Ş. - Capital Markets Assistant Coordinator

1995-Present: İstanbul Takas ve Saklama Bankası A.Ş. - Assistant Auditor, Auditor, Project Manager, Assistant Manager, Chief Auditor, Manager



ELVAN ALTIKULAÇ

Term of Office: 01.11.2011 - Currently holds this position

Responsibility: Manager, Corporate Risk Management

Academic Background:

Bachelor's degree: Ankara University, Faculty of Political Science, Department of Public Administration

Master's degree: Marmara University, Institute of Banking and Insurance, Banking

Professional Experience:

1999-2001: Yaşarbank A.Ş. - Assistant Auditor

2001-Present: İstanbul Takas ve Saklama Bankası A.Ş. - Assistant Auditor, Auditor, Chief Inspector, Assistant Manager, Manager

DIRECTORS



MEHMET AYHAN ALTINTAŞ
Central Risk and Collateral Management



MURAD TULUNAY (*)
System Management and Database



TUNCAY YILDIRAN
Clearing & Settlement Operations



ZİYA MEHMET GÜNAL
Banking Services

MANAGERS



ALİ OSMAN İNAL
IT Project Management and Coordination Team



ASLI MELEK ÖZKAN
Legal Affairs Department



ATA ORKAN GENÇ (*)
Database and Middleware Management Team



BEYHAN ARASAN
Energy and Commodity Clearing & Settlement Team



ELVAN ALTIKULAÇ
Risk Management Team



HASAN AYKIN
Internal Control and Compliance Team



HÜLYA ÜNAL
Custody and Collective Investment Institutions Department



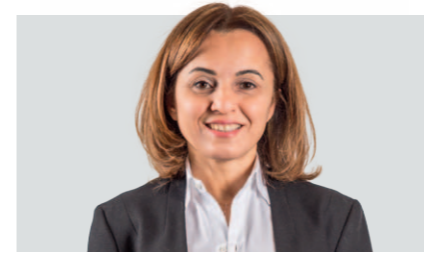
LATİF CEM ÖSKEN (*)
Internal Audit Team



MEHMET ERCÜMENT ARI
Information Security and IT Risk Team



MEHMET ŞENSÖZ
System Management Department



MELTEM ALTINKAYA
Markets Department



MURAT GÖRGÜN
Accounting and Reporting Department



NAZİFE ZEHRA TAŞ
Administrative Affairs and Procurement Department



NAZİR AKBULUT
Security Team



NECDET ŞAHINKÜÇÜR
Human Resources Department



NECLA KÜÇÜKÇOLAK
Derivatives Clearing & Settlement Team



NİYAZİ BURAK AKAN
Central Counterparty Department



OSMAN AKSOY
Member Affairs Department



SADIK KALAYCI
Strategic Planning and Corporate Communication Department



SEMANUR CERRAHOĞLU
Fund Management Team



SERPİL CAN
Cash Operations Department



ŞEBNEM KOCATÜRK
Equity and Debt Securities Clearing & Settlement Department



TANER NARIN
Financial Analysis and Risk Monitoring Team



TOLGA AÇIKÖZ
Database and Middleware Management Department



ZEYNEP ŞAHİN
International Markets Department

(*) (Resigned as of 24.07.2015)

(*) (Resigned as of 02.07.2015)



COMMITTEES AND ATTENDANCE AT COMMITTEE MEETINGS

> Audit Committee

Duty, Authority and Liabilities

Audit Committee is responsible for executing the duties, authorities and responsibilities set forth in the Banking Law No. 5411 and in the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" stipulated by the BRSA.

Members

Serdar SATOĞLU, PhD, Chairman (Board Member)
Selim İNCE (Board Member)

Frequency of Meeting

Monthly

Information About Participation in Meetings

In 2015, 17 meetings were held with the full attendance of the Audit Committee's Chairman and Members.

> Credit Committee

Duty, Authority and Liabilities

The Credit Committee grants credit limits as per the Banking Law and the related regulations and within the framework of the authority granted by the Board of Directors.

Members

Murat ULLUS, Chairman (CEO and Board Member)
Güzide Meltem KÖKDEN (Board Member)
Ekrem Kerem KORUR (Board Member)

Information About Participation in Meetings

Takasbank Credit Committee did not convene in 2015 and all cash and non-cash credit limits were determined by the Board of Directors.

> Corporate Governance Committee

Duty, Authority and Liabilities

> The Corporate Governance Committee provides assistance to the Bank's Board of Directors in constituting the mission and vision of the Bank and oversees the operations of the Bank which are conducted in compliance with such mission and vision.

> The Corporate Governance Committee determines any conflicts of interest arising from failure to provide full compliance to the corporate governance principles and ensures formulation of necessary policies to manage such conflicts of interest.

> The Corporate Governance Committee monitors development and update process of the standards, policies, instructions and implementing procedures concerning the activities and operations of the Bank.

> The Corporate Governance Committee assesses social responsibility projects. The Corporate Governance Committee reviews significant complaints and requests concerning the corporate governance practices and presents its comments and suggestions to the Board of Directors.

Members

Birol AYDEMİR, Chairman (Vice Chairman of the Board)
Ali Şir YARDIM (Board Member)

Frequency of Meeting

Semi-annually

Information About Participation in Meetings

Corporate Governance Committee held two meetings in 2015 with full attendance.

> Strategic Coordination Committee

Duty, Authority and Liabilities

> The Strategic Coordination Committee considers and approves strategic targets to achieve vision of the Bank on the basis of the mission, vision and basic values of the Bank as well as the initiatives to put them into effect;

> The Strategic Coordination Committee monitors progressive steps periodically and decides on necessary changes.

> The Strategic Coordination Committee considers and approves applicability of the feasibility analysis of the improving actions of the company in accordance with the Continuous Service Improvement Process.

› The Strategic Coordination Committee evaluates the progressive steps of the improving actions of the company in the portfolio and decides on necessary changes.

Members

Murat ULLUS, Chairman (CEO and Board Member)
Executive Vice Presidents
Directors
Heads of Internal System Departments
Manager of Strategic Planning and Corporate Communication Department

Frequency of Meeting

Quarterly

Information About Participation in Meetings

The Strategic Coordination Committee convenes periodically in quarterly intervals and had convened 2 times in 2015.

› Asset-Liability Committee

Duty, Authority and Liabilities

The Asset-Liability Committee discusses and evaluates the Bank's balance sheet, income statement, revenue and cost accounts, its budget and fund management strategy, as

well as the implications of local and global developments in money and capital markets for the Bank. The committee designs prospective policies for the Bank based on the current data.

Members

Murat ULLUS, Chairman (CEO and Board Member)
Executive Vice Presidents
Director, Cash Credit Team and the Markets Department
Director, Clearing & Settlement Operations
Director, the Central Risk and Collateral Management
Manager of the International Markets Department
Manager, Treasury Team
Manager, Accounting and Financial Reporting Department
Manager, Markets Department
Manager, Risk Management Team

Frequency of Meeting

Monthly

Information About Participation in Meetings

The number of members having attended the meetings held in 2015 is as follows:

Months	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Number of Participating Members	11	11	11	11	12	12	7	11	11	10	12	10

› Information Technologies Committee

Duty, Authority and Liabilities

› Performance Analyses and ensures prioritization of the benefit-cost analysis of the project portfolio in accordance with the information technologies strategic plan made in accordance with the Bank's strategic plan.

› Evaluates status of the projects and monitors efficiency and effectiveness of use of the information systems and human resources of the Bank.

Members

Murat ULLUS, Chairman (CEO and Board Member)
Executive Vice Presidents
Directors
Managers, IT
Manager, Information Security and IT Risk Team

Frequency of Meeting

Information Technologies Committee convenes quarterly.

Information About Participation in Meetings

Information Technologies Committee had convened 4 times in 2015.



FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE EXECUTIVE BODY AND EXECUTIVE MANAGERS

The financial rights provided to the Board Members, such as remuneration and dividend bonus are determined by the General Assembly Meeting within the framework of the provisions of the Turkish Commercial Code. Rights granted to the executive management, such as remuneration, bonus, etc., are determined within the scope of the Bank's Personnel Regulation, whereas general remuneration increases are put into effect upon approval by the Board of Directors.

Other rights granted to the Board of Directors and executive management such as vehicle allowance, insurance, etc. are determined within the framework of the Personnel Regulation and associated procedures, whereas travelling allowances and expenses payable are determined within the scope of our Bank's Travel Expense Regulation.

No borrowing/lending and guarantor and security relationship has been built with any Board Member and senior management in 2015.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of İstanbul Takas ve Saklama Bankası A.Ş.

Auditor's Report on the Board of Directors' Annual Report within the Scope of Independent Audit Standards

We have audited the annual report of İstanbul Takas ve Saklama Bankası A.Ş. (the "Bank") for the period ended 31 December 2015.

Board of Directors' responsibility for the Annual Report

The Bank management is responsible for the fair preparation of the annual report and its consistency with the financial statements ("financial statements") which are issued in accordance with the "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No. 26333 dated 1 November 2006 and Article 514 of Turkish Commercial Code ("TCC") No. 6102 and "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and 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 the annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on whether the financial information in this annual report is consistent with the Bank's financial statements and reflects the truth, based on our independent audit of the Bank's annual report within the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 and article 397 of the TCC.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of Turkish Standards on Auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.

Opinion

Based on our opinion, the financial information in the annual report of the Board of Directors of İstanbul Takas ve Saklama Bankası A.Ş. is consistent with the audited financial statements and presented fairly, in all material respect.

Other Responsibilities Arising from Regulatory Requirements

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

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


Engin Çubukçu, SMMM
Partner

İstanbul, 24 February 2016

PART I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Article 36 of the Capital Markets Law number 6362 (Law) comprises the provision that the first and second paragraphs of the Law's article 17 related to corporate governance shall also be applied by analogy in terms of the capital markets agencies. Since pursuant to the Law's provisional article 8, İstanbul Takas ve Saklama Bankası A.Ş. (the Bank) is a central clearing agency and central clearing institutions are also considered as capital market institutions in article 35 of the Law, the present Corporate Governance Compliance Declaration has been issued based on the Report format attached to the Corporate Governance Communiqué number II-17.1 of the Capital Markets Board (CMB).

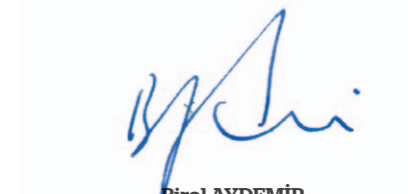
Relying on the fact that a sound corporate management is a key factor for sustainability, the Bank adopts adherence to the four principles of corporate governance based on transparency, equity, responsibility and accountability as a rule; and within this context, a "Corporate Governance Committee" was established in order for its corporate structure, processes and policies to be designed and implemented in accordance with this rule and the "Regulation on Takasbank Corporate Governance Principles" was entered into force.

As mentioned above, it is provided that the capital market organizations, including companies publicly traded companies or deemed so should comply with the Communiqué issued by CMB by analogy. The Bank shall comply with all the principles set forth in the "Regulation on the Principles of Takasbank Corporate Governance" (Regulation) unless it is identified by CMB as to which principles in the Communiqué can be obligatorily complied by.

Yours Faithfully,



Ali Şir YARDIM
Member, Corporate Governance Committee



Birol AYDEMİR
Chairman, Corporate Governance Committee

PART II - SHAREHOLDERS

2.1. Investor Relations Department

Our Bank's management aims at communicating with the investors in a transparent and responsible manner and adopts the principle of treating each shareholder equally. In our Bank, no investor relations department was established. For the sake of managing and strengthening the relations with the investors, the Strategic Planning and Corporate Communication Department as well as the Accounting and Reporting Department exist in the Bank. The Executive Vice President responsible from these departments is constantly in contact with the Committee.

With respect to relations with the investors during the period, the below activities were carried out by the related units:

- 1) Ensuring that the records of the investors are kept accurately, reliably and up-to-date,
- 2) Providing written responses to the requests of the shareholders about the Bank, except any confidential business information not disclosed publicly;
- 3) Ensuring that the General Assembly Meeting is held as per the applicable legislation, articles of association and other internal by-laws of the Bank;
- 4) Preparing the Annual Report for the financial year having ended, which the shareholder may make use of during the General Meeting,
- 5) Ensuring the voting results of the General Meeting are recorded and the reports of the results are sent to the shareholders;
- 6) Executing the capital increase transactions,
- 7) Pursuing and following up any matter related to public disclosure as per the applicable legislation and the information policy of the Bank,
- 8) Announcing of the developments and term's financial data related to the Bank to the investors in a timely manner, keeping the investor relations part in the Bank's web site updated,
- 9) Conducting practices for the development of the Bank's corporate governance applications and submitting them to the Committee assessment.

Throughout 2015, the information inquiries coming from the shareholders related to their shares in our Bank have been responded by the respective business units.

2.2. Exercise of the Shareholders Information Right

Our Bank shows the necessary sensitivity in ensuring to grant the right to information to the shareholders as specified in the provisions of the Turkish Commercial Code and Banking Law (related legislation). No discrimination is made among the shareholders with respect to exercise of the right to information. Therefore, our Bank keeps the necessary communication channels open in order to answer the shareholders' information requests.

The Committee plays an active role in preserving and facilitating the execution of the rights arising from the share ownership, including the right to information and review. The committee is responsible for presentation of the information and explanation that may affect exercise of the rights to the shareholders.

General letters indicating the developments related to the Bank, financial information and news are regularly published in our Bank's corporate website at the address www.takasbank.com.tr. Besides, in the section 'Information Society Services' accessible through the website, the contents to be announced in the website pursuant to article 1524 of the Turkish Commercial Code is published in an updated form.

The appointment of a special auditor is not arranged as a right in the articles of association. The Bank management avoids acts to complicate special audit. Pursuant to the Turkish Commercial Code no. 6102 and the mandatory provisions of the Bank's Regulation on the Principles of Corporate Governance, the shareholders may request special audit for inspection of some events

provided that the right to information and inspection is exercised in advance. The shareholders may request these rights severally in the general assembly even if the matter is not included in the meeting agenda.

The Bank did not receive any request for appointment of a special auditor during the period.

2.3. General Assembly Meetings

The procedures and summons of the General Meeting attendance are publicly disclosed in the document "Internal Directive on the Working Principles and Procedures of the General Meeting" included in the section 'Legal Framework' of our Bank's corporate website.

Our Bank's meetings of the General Assembly are held pursuant to the provisions of the relevant regulation. The meeting of the General Assembly during which the activity results of the year 2014 are assessed had been held on March 27, 2015. The quorum of the Ordinary General Meeting had been realized as 99.30%.

The meeting of our General Assembly had been held at İstanbul Marriott Hotel Şişli, in a manner not causing any inequality among the shareholders, and with minimum cost for the shareholders as far as possible.

In order to ensure our shareholders' participation in the General Assembly, the invitation and agenda including venue and date of the meeting and other information and documents for attendance of our shareholders at the general assembly meeting were sent timely and published in the Turkish Trade Registry Gazette number 8756 dated February 11, 2015 and the newspaper Hürses dated February 13, 2015 as well as in the Bank's website.

The Bank's Annual Report for the year 2014 containing the Balance Sheet and Income Statement for the accounting period of January 1, 2014 - December 31, 2014 as well as the Independent Audit Report, which have been prepared related to the Ordinary General Assembly, the amendments to the articles of association and the "General Assembly Meeting Briefing Document" had been shared with the shareholders and announced in our corporate website within the legal period.

The questions received from the shareholders after announcement of the date of the ordinary general assembly meeting were answered by the Accounting and Reporting Department.

At the General Assembly meeting, the matters presented in the agenda were communicated impartially and in detail by a straightforward and understandable way and opportunity of commenting and questioning was given to the shareholders under equal conditions.

During the Ordinary General Meeting our shareholders have forwarded their requests related to the agenda to the chair of the meeting through motions. Concerning the items 1, 6, 7 and 9 of the General Assembly Meeting's agenda, 6 motions submitted by our shareholders had been voted and accepted in the General Assembly Meeting. Our shareholders that taken floor in the General Assembly Meeting, had not raised any additional question to the chair of the meeting related to the agenda, and have expressed their thanks to the Bank's management and employees.

The poll was held openly by show of hands in the general assembly meeting.

The minutes of the general assembly meeting was sent by fax and/or e-mail to the shareholders upon request, and, subsequently, posted on the company's website and published in the Trade Registry Gazette.

The shareholders, members of the Board of Directors and members of the Audit Committee, officers responsible for preparation of the financial statements, authorized officer of the independent audit firm and other related Bank personnel attended the general assembly meeting; whereas the media organizations did not attend.

2.4. Voting Rights and Minority Rights

Our Bank's shareholders are comprised of Borsa İstanbul A.Ş. as well as banks and brokerage houses.

The shareholders exercise their voting rights pro rata the total nominal value of their shares. Each share has one voting right. There is not any privilege granted to any share group for the voting right.

As per the end of 2015; 62.25% of the Bank's capital belongs to Borsa İstanbul A.Ş., 17.78% to 13 banks, and 19.97% to 40 brokerage houses.

The Bank's articles of association does not include any special provision related to the execution of the minority rights or to cumulative voting.

Pursuant to article 195 related to the holding and affiliated company of the Turkish Commercial Code (TTK), as per the present status, Borsa İstanbul A.Ş. is the holding company in the group of companies system, whereas our Bank and the Central Registry Agency are considered as affiliates. Along with the fact that our Bank holds a nominal share of 634,851 TL in the capital of Borsa İstanbul A.Ş., it is not entitled to vote in the General Assembly Meetings of Borsa İstanbul A.Ş. pursuant to article 389 of the Turkish Commercial Code.

2.5. Dividend Rights

Our Bank's profit share distributions are realized by the resolutions taken at the General Assembly Meetings. The proposals determined by the Board of Directors within the framework of Dividend Policy are submitted to the agenda of the general assembly meeting and the Dividend Policy is not posted on the corporate website

No privilege among the shareholders has been specified for distribution of dividend. Each shareholder is entitled to receive a pro-rata dividend.

In 2015, a profit distribution of 60,000,000.-TL was made to our shareholders.

2.6. Transfer of Shares

Pursuant to the Bank's articles of association and in accordance with the article 493 of the Turkish Commercial Code and also provided that it is not contrary to the capital market regulation; the shares may only be allocated among exchanges, which are established pursuant to the Capital Market Law, and their members as well as investment organizations, collective investment schemes, portfolio management companies, mortgage financing organizations, central clearing and settlement institutions, central custody institutions, publicly held joint-stock companies whose share certificates are traded on organized markets and private pension companies founded pursuant to the Private Pension Savings and Investment System Law.

The share of each associate, except for Borsa İstanbul A.Ş., may not, directly or indirectly exceed 5% of the Bank's capital.

The shares representing the shares of Group A belong exclusively to Borsa İstanbul A.Ş. New shares of Group A may not be created by capital increase.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and its Contents

Our Bank's corporate website available at www.takasbank.com.tr designed both in Turkish and English is used actively; and both current and historical information are published on this website.

Compliance with the values stated in the Corporate Governance Principles is targeted as appropriate as possible on the Bank's website.

On the website; general information about the bank as well as information about the articles of association, general assembly meetings, Bank regulations, unconsolidated financial statements and reports, annual reports and interim operating reports are published. Furthermore, "Information Society Services" section includes all information and documents as per the mandatory provisions of the Regulation Regarding the Websites to be created by Companies as published by the Ministry of Customs and Trade in the Official Gazette of May 31, 2013.

3.2. Annual Report

The Annual Report of our Bank is prepared in such detail that it enables the public to reach accurate and complete information about the activities of the Bank and in compliance with the "Regulation on Preparation and Publication by Banks of Annual Activity Reports" published by the BRSA and the "Regulation on Determination of Minimum Content of Annual Activity Reports of Companies" published by the Ministry of Customs and Trade.

The present Corporate Governance Compliance Statement prepared on the basis of the report format determined by the Capital Markets Board pursuant to article 8 of the Corporate Governance Communique No. II-17.1 of the Capital Markets Board is included in the Bank's Annual Report.

PART IV - STAKEHOLDERS

4.1. Informing the Stakeholders

Stakeholders have access to information related to the Bank through the meetings, presentations as well as news shared with the printed and visual media and via company's website. Furthermore, we also have an intranet service used solely for the information and communication of our employees.

Notification of our personnel about the Bank's general activities and practices is fulfilled through the transmission of emails, the Bank's intranet site and internal bulletins.

4.2. Participation of Stakeholders in the Management

The Bank is regularly in contact the stakeholders, the requests submitted by them to our Bank are evaluated and suggestions for solution are developed.

The function of receiving personnel suggestions is fulfilled by means of meetings, questionnaires, which are organized in certain periods and also by the assessment of notices made through the Bank's intranet.

In order to establish communication channels through which the bank personnel may communicate to the related management levels and departments about problems they encounter and matters they have any doubt and hesitation, a "Procedure for Notification of any Irregularity, Problem or Suspicious Items in the Bank" was generated and openly posted on the intranet of the Bank for access by all personnel.

The requests and suggestions of our members and customers related to our Bank's services are enquired regularly via service satisfaction surveys and customer visits arranged in certain intervals and all such requests are evaluated.

With respect to all services provided by our Bank, we consider the satisfaction of the Bank's customers, i.e. the members and market participants, as one of its primary targets. For this purpose, the satisfaction of the customers is measured by means of methods such as surveys, meetings, collection of requests, and all incoming requests are duly evaluated.

Apart from the customer visits made in 2014, "Takasbank Service Satisfaction Survey" was conducted, containing of 4 main sections in which the service-based and systems' evaluations as well as training requirements, opinions, criticisms and requests are collected. A total of 175 orga-

nizations including brokerage houses, banks, pension companies, leasing companies, factoring companies, institutional investors, mutual trusts, portfolio management companies, electricity companies and participation banks, had participated in the survey. The results showed that the overall satisfaction level of the Takasbank services was 88%. The survey results and the opinions and suggestions expressed by the customers had been evaluated by the Executive Management and the necessary actions had been taken for each suggestion expressed by the customers, particularly training requests, user-friendly screens, performance and speed, the design of the screens, reporting and various process improvement requests.

The Bank adopts continuously improving and developing the services through Continuous Service Improvement Program as a mission.

The complaints, suggestions and requests of the public are evaluated provided that they are communicated to the Bank via the e-mail addresses in our Bank's website.

4.3. Human Resources Policy

The human resources policy of the Bank is public and available at the website www.takasbank.com.tr.

It is the responsibility of the related Executive Vice President at first level and then the CEO for the implementation of the human resources policy in the bank.

The human resources policy of the Bank is briefly, implementing fair and transparent policies to recruit highly qualified personnel with the most appropriate skills in order to provide clearing, settlement and custody services at the highest national and international standards. The personnel is appointed in appropriate roles, where they may deliver performance to the maximum extent and show their creativity and dynamic working spirit while improving their personal and professional skills. The personnel is permanently supported for their personal and professional developments and applied fair and transparent rewarding policies.

The educational levels foreseen for the personnel to be recruited according to their title had been determined within the framework of our Personnel Regulation, and the properties sought at the stage of recruitment are determined by the relevant business units in accordance within the scope of the work to be performed.

The title-based qualifications of our personnel had been determined and the performance assessment system based on the competences for 2014 and 2015 had been applied, and in 2016, the business objective based performance assessment system will be started to applied along with the competences.

The Employee Satisfaction Survey was conducted periodically and feedback had been received regarding the working life, processes and operations according to the survey results. The assessments had been initiated in order to develop actions suitable for the development of the corporate culture by means of arrangements for the improvement of the working environment and increase of motivation.

There has not been any incoming complaint from our personnel regarding any discrimination.

Quality and customer orientation, analytic approach, team spirit, continuous development, devoted working, reliability, impartiality and confidentiality, which constitute the basis of our human resources policy, represents our basic values.

The liabilities arising from the scope of the Occupational Health and Safety Law are fulfilled by the Human Resources Department and by the practices performed. Besides the legal compliance requirements being fulfilled; occupational health and safety culture had been formed among the employees, thus the employees had been integrated into the processes.

4.4. Code of Ethics and Social Responsibility

Our Bank gives utmost care to reflect its corporate perspective of social responsibility in its way of doing business and social projects. It either develops projects or gives support to developed projects that draw attention to the social problems, particularly to the education, and will contribute to the social development of the society.

The Bank commissioned construction of Takasbank Fine Arts and Sports High School in the city of Siirt and still continues to give support to meet the requirements of the high school. Thanks to its institutionalized structure and personnel with high social sensitivity, the Bank conducts social responsibility projects by taking into account the demands and contribution of the organizations/agencies and their personnel with which it has connections.

The code of ethics to be applicable to the Bank activities is appropriately referred to in the internal legislation of the Bank and any amendment thereof are announced to those concerned in the shortest time.

PART V - BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

As per the provisions of the Bank, the general assembly meeting selects members of the Board of Directors, consisting of 4 (four) members to be nominated by Borsa İstanbul Anonim Şirketi, Class-A Shareholder, 2 (two) members nominated by the banks as Group-B shareholders and 2 (two) nominated by the brokerage houses as Class-B shareholders. CEO is the member of the board by nature pursuant to the Banking Law.

Three of the Board members to be appointed among the candidates nominated by the shareholder of Group A, shall act as Independent Board members. At least two of the persons had to work as Independent Board members and should not be in any direct or indirect employment relation with the shareholding associate of Group A.

The preconditions for the Bank's Board members are determined within the framework of the provisions of the relevant regulation.

The office term of the Board Members is 3 years. It is possible to be reselected or reappointed as members of the Board of Directors.

Within the framework of the provisions of the Bank's articles of association, the number of the Board members is 9 (nine). The members' names and surnames are given below and Mr. Birol Aydemir, Mr. Ali Şir Yardım and Mr. Selim İnce are Independent Board Members. The members' background information is continuously updated and posted in the web site's 'Information Society Services' section and also included in the Bank's Annual Report.

Tuncay DİNÇ	Chairman
Birol AYDEMİR	Vice Chairman - Head of the Corporate Governance Committee
Murat ULUS	CEO and Board Member - Head of the Credit Committee
Serdar SATOĞLU	Board Member - Head of the Audit Committee
Ali Şir YARDIM	Board Member - Member of the Corporate Governance Committee
Ekrem Kerem KORUR	Board Member - Full Member of the Credit Committee
Güzide Meltem KÖKDEN	Board Member - Full Member of the Credit Committee
Selim İNCE	Board Member - Member of the Audit Committee
Mustafa İLERİ	Board Member - Substitute Member of the Credit Committee

5.2. Acting Principles of the Board of Directors

The Board of Directors convenes at least once in a month and meetings may be held more frequently in cases if deemed necessary. The Chairman of the Board of Directors or the Vice-Chairman,

absence of the former, is authorized to convoke the Board of Directors for a meeting and determine the agenda. However, each of the members is entitled to request from the Chairman of the Board of Directors the convocation of the Board of Directors or the inclusion of an item on the agenda.

The Board of Directors convenes by the absolute majority of the number of members and resolutions are taken by the majority of the votes of those attending the meeting.

The procedures and fundamental principles related to the activities and meetings of the Board of Directors are stated in our Bank's articles of association.

The Board of Directors, which is convening at least monthly pursuant to the Bank's articles of association, had held 15 meetings in 2015. Each of the meetings held at the dates January 29, 2015, February 25, 2015 and October 27, 2015, had not been attended by 1 member. The meetings apart from the above had been attended by all of the members.

5.3. The Number, Structure and Independency of the Committees Formed Under the Board of Directors

In accordance with the liabilities laid down in the applicable legislation, the Audit Committee, the Credit Committee and the Corporate Governance Committee were formed by the Board of Directors of Takasbank in order to provide assistance regarding the practices and operations.

The Credit Committee is comprised of two members selected among the members having the qualifications specified by the applicable legislation and CEO or his/her deputy to perform the tasks set forth in the Banking Law.

The Audit Committee is comprised of two members bearing the qualifications specified in the applicable legislation and selected from the Board Members to provide assistance to the Board of Directors in performing the audit and supervisory activities and perform the tasks stipulated in the Banking Law as well as the tasks allocated to it by the Capital Markets Board.

The Corporate Governance Committee is comprised of two members selected from the Board Members to organize the relationships of the Bank with the shareholders, stakeholders, regulatory and supervisory authorities as well as the executives and employees in accordance with the principles of honesty, reliability, impartiality, confidentiality and equality and perform the responsibilities of the Bank concerning environment and social life.

The procedures and principles related to selection, tasks and operations of the member of the Committee are set forth in the Bank's articles of association.

5.4. Risk Management and Internal Control Mechanisms

The Bank has established appropriate and effective risk management and internal control mechanisms compliant with the scope and structure of its operations in order to monitor and control the risks it is exposed to.

The said mechanisms are conducted, in accordance with the provisions of the Regulation on the Banks' Internal Systems and Internal Capital Adequacy Assessment Process (ICAAP), by the Internal Control and Compliance Team as well as the Risk Management Team which are independent from each other in administrative terms and which are associated to our Board of Directors through the Audit Committee. As a result of the audits performed by the Internal Audit Team, which reports to our Board of Directors through the Audit Committee; reasonable assurance is provided to the Executive Management regarding the conduct of our Bank's activities in accordance with the relevant regulation, the in-bank strategy, policy, principles and objectives, as well as the sufficiency and efficiency of the internal control and risk management systems.

The procedures and principles related to the operation, efficiency and effectiveness of the Bank's risk management and internal control mechanisms are stipulated in the Regulation on the Bank's

Internal Systems and Internal Capital Adequacy Assessment Process, the good practice guides published by the Banking Regulation and Supervision Agency and in the Bank's internal regulations regarding the relevant teams.

In the establishment and implementation of our Bank's risk management system and internal capital adequacy assessment process, the principle of proportionality is taken into consideration. The Risk Management Team, which manages and coordinates the activities of monitoring, measuring, evaluating, controlling and reporting of the risks to which our Bank is exposed, conducts its activities connected to the Audit Committee and in compliance with the banking regulation within the framework of the internal regulations approved by the Board of Directors. Our Bank's risk management activities focus on the pillar 1 risks (credit, market, counterparty credit and operational risk) as well as on the pillar 2 risks (liquidity risk, interest rate risk in banking book as well as central counterparty business risk and restructuring cost provision) as defined in the banking regulation.

Conducting risk assessment for information technology risks as well as new products and services which the Bank intends to provide, the preparation of risk analysis reports and risk management programs for support services, monitoring risk appetites as well as risk limits and signal values, internal risk measurements and assessments, conducting stress tests and scenario analysis, updating restructuring plan, monitoring and reviewing legal risk based amounts and legal capital adequacy ratios and calculation internal capital requirement ratio within the scope of ICAAP are conducted by the Risk Management Team and reported to the Audit Committee. Within this framework, a total number of 38 reports had been prepared by the Risk Management Team and submitted to the Audit Committee during 2015.

Pursuant to the Regulation on the Bank's Internal Systems and Internal Capital Adequacy Assessment Process as well as the good practice guides published by the Banking Regulation and Supervision Agency, the partial and plenary stress tests had been made with a future-oriented perspective within the scope of the pillar 1 and pillar 2 risks to which the Bank is exposed; and subsequently, capital and liquidity planning had been made ensuring that the Bank shall maintain its activities even under the most adverse circumstances. The Stress Test Report dated December 31, 2014 prepared by the Risk Management Team had been approved at our Bank's Board Meeting Nr.279 dated January 29, 2015; and, the ICAAP Report and its appendices dated December 31, 2014 had been approved at our Bank's Board Meeting Nr.281 dated March 25, 2015. Both reports were submitted to the Banking Regulation and Supervision Agency.

The objectives of the internal audit system includes protection of the Bank's assets; execution of the activities efficiently and effectively pursuant to the Law and other applicable legislation, internal policies and guidelines of the Bank and banking customs; assurance of the reliability and integrity of the accounting and financial reporting system and availability of the information on timely basis, and the operations to this end are executed by the Internal Control and Compliance Team at the bank. Internal audit operations are prepared by the respective team annually and performed in accordance with the Internal Control Program approved by the Board of Directors. 21 discrete services/processes pertaining to the Bank as specified by the Internal Control Program were audited and examined in 2015. The operations subject to audit are audited in the periods determined depending on the risk level attributed to them and presented to the Board of Directors via the Audit Committee quarterly. Furthermore, monitoring of the changes in the legislation concerning the Bank and evaluation of the products and services for compliance with the applicable legislation is performed by the Internal Control and Compliance Team. In 2015, seven reports in total were prepared and delivered to the Audit Committee with four of them issued quarterly and two in connection with the consideration of the new products and services intended to be provided by the Bank for compliance with the applicable legislation and a Validation Report related to the internal validation of the risk measurement methodology based on the model related to economic and/or legal capital adequacy used by the Bank.

The audit practices conducted within the scope of the Bank's Management Declaration regarding efficacy, competency and compliance of the internal controls with respect to the information

systems and banking processes were jointly performed by the Internal Control and Compliance Team and Internal Audit Team in 2015 and three reports issued on these processes were delivered to the Board of Directors and the independent audit firm that audits the information systems and banking process of the Bank.

In order to provide assurance to the executive management that the activities of the Bank are executed in accordance with the Law and other applicable legislation and internal regulations and targets and efficiency and efficacy of the internal audit and risk management systems, the Internal Audit Team of the Bank performs operations for review and audit of the activities of the Bank periodically on risk basis and detection of any errors and misconducts.

The internal audits performed include the verification tasks for the compliance of the values indicated in the Bank's financial statements with the records within the scope of the practices performed to ensure the integrity, accuracy and reliability of the accounting records and financial reportings; supporting the identification of misconducts; reviewing of financial accounts as well as the records and related documents; the identification of risks and control points in the business processes and performing the tests of efficiency and effectiveness of the aforementioned controls as well as control tests for the information systems and processes in which the financial and administrative data are used.

During the year 2015, a total of 18 internal audit reports had been issued as a result of the team and process audits by the Internal Audit Unit and delivered to the Board of Directors upon approval of the Audit Committee.

5.5. Strategic Targets of the Company

The vision and mission, corporate values and strategic targets of the Bank are generated by the Board of Directors and disclosed to the public via the company's website.

Our Bank's vision is determined as "To be a trustworthy, effective and innovative institution which provides clearing & settlement, banking and central risk management services at global quality standards, preferred both in domestic and international markets."

Whereas our Bank's mission is expressed as "Contributing to the development of markets with reliable and effective post-trade services."

"Trust", "Stability", "Market Orientation", "Effectiveness", "Robust Financial Structure", "Transparency" and "Sustainability" are corporate values of the Bank.

The targets of the Bank as well as the related action plans are stated in the strategic plans prepared for a period of 3 years. The actions taken to achieve the specified targets are evaluated by the Strategic Coordination Committee quarterly. The progress related to the strategic plan is monitored by the Board of Directors via the reports presented to the Board of Directors annually.

Our Bank's strategic targets of 2015 are classified under 4 main topics: "Financial", "Customer", "Process" and "Organization/HR".

In the "Financial" group, there is the target "Increasing the Bank's financial power and shareholder value".

As per the "Customer" aspect, there are the targets of "Increasing financial diversity and liquidity of the capital market instruments", "Positioning Takasbank as the regional clearing center/leader" and "Extension of the products and services in the existing and new markets" and "Ensuring sustainable customer satisfaction".

As per the "Process" aspect, there are the targets of "Providing effective, uninterrupted and reliable services at international standards" and "Strengthening the technological infrastructure".

Whereas per the "Organization/HR" aspect, there is the target of "Keeping the human resource competence, educational level, satisfaction and performance at a high level".

The "Strategic Plan Progress Report 2015", which includes the practices performed by our Bank related to its strategic targets in 2015, had been shared with our Board of Directors. When the strategic plan for the period of 2015-2017 is reviewed within the scope of convenient infrastructure, distribution of tasks and regulation arrangements for the realization of our Bank's strategic targets and initiatives, it is seen that the progress towards the strategic targets and objectives of the Bank is in compliance with the road maps pre-determined in 2015.

5.6. Financial Rights

The financial rights provided to the Board Members, such as remuneration and dividend bonus are determined by the General Assembly Meeting within the framework of the provisions of the Turkish Commercial Code.

Rights granted to the Board of Directors and executive management such as vehicle allowance, insurance, etc. are determined within the framework of the Personnel Regulation and associated procedures, whereas travelling allowances and expenses payable are determined within the scope of our Bank's Travel Expense Regulation.

No borrowing/lending and guarantor and security relationship has been built with any Board Member and senior management in 2015.

Financial Information and Risk Management

A mission to establish efficient internal audit, internal control and risk management mechanisms within the scope of the local and international capital market activities.



EVALUATION OF THE AUDIT COMMITTEE

İstanbul Takas ve Saklama Bankası A.Ş.

Evaluation of the Audit Committee on 2015 Activities of Internal Audit, Internal Control and Compliance and Risk Management Units.

Number: 2016/DK/03

İstanbul, 15.01.2016

Takasbank's activities under the scope of internal control, internal audit and risk management are conducted by the Board of Directors, Executive Management, and the personnel on all levels as well as the Internal Audit, the Internal Control and Compliance and the Risk Management Teams, in compliance with the relevant legislations and the Bank's internal regulations.

In 2015, Internal Audit Team performed a periodical and risk-based audit of all the activities of the Bank and assured the Executive Management that all activities were in compliance with the relevant legislation in effect and the Bank's strategies, policies, principles and goals, and concluded that the internal audit and risk management systems were effective and satisfactory.

Risk assessments, internal risk measurements, partial/plenary stress tests, risk monitoring and reviewing activities, internal audit plan, internal audit reports, activity reports of the internal system units, internal control program, support service risk management program, risk analysis reports, technical adequacy reports and the other relevant documents, which have been submitted to our Committee during the year 2015 by the Internal Audit Team, Internal Control and Compliance Team and Risk Management Team, positioned in an administratively independent manner from each other and subordinated to our Board of Directors through our Audit Committee, in accordance with the Regulation on the Bank's Internal Systems and Internal Capital Adequacy Assessment Process, were evaluated during the meetings held, the reports related to the decisions of our Committee were submitted to our Board of Directors, and thus our Board of Directors and General Management were informed.

Central Counterparty Stress Test Results Reports prepared pursuant to article 40 "Stress tests" of the İstanbul Takas ve Saklama Bankası A.Ş. Central Counterparty Regulation (Regulation) published in the Official Gazette

number 28735 dated August 14, 2013, have been submitted to our Board of Directors, too.

The general risk level of Takasbank's operations relates not only to individuals and institutions operating on a domestic level, but also to international investors making portfolio investments and their custodian institutions in Turkey's capital markets. Accordingly Takasbank has embraced the mission of delivering its services at international standards and thus creating and operating efficient internal audit, internal control and risk management mechanisms.

Sustaining the activities of the Bank in a manageable and controllable manner, so as to establish the balance between income and expense and by taking risk at a reasonable level forms the general risk policy of the Bank. The risk capacity of the Bank is determined in accordance with its capital adequacy policy. Our Bank manages its risks in a manner that ensures they stay above/below the minimum/maximum limits designated in all legal regulations and remain under the limits, signal values and the risk appetites approved by the Board of Directors. Results of the risk management activities are taken into account in the strategic decision making processes of the Bank.

Aiming to keep its service quality at the highest level in a continuous manner depending on the developments in the financial markets, continuation of the activities in a prudent manner by assuming minimal risk is adopted as Takasbank's general risk policy. Along with this; for the risks required to be assumed or carried out; the aim is also to establish an optimum balance between the losses or damages that might be incurred as a result of the realization of these risks and the costs to be born in order to limit, mitigate and control the risk.

Since Takasbank considers the internal audit and control processes as an integral part of its operations, reporting modules that enable effective monitoring and control of transactions

conducted almost entirely in electronic format are integrated with software applications. Moreover, necessary controls are carried out during the execution of transactions by way of various techniques such as separation of powers and duties for critical transactions, application of approval-authorization mechanisms during the performance of operations, examination of limits in an electronic environment, inquiry and reconciliation and other methods for the control of material components. In addition to the control functions performed by our respective management units within Takasbank's hierarchical management structure, the activities of our departments were audited on a regular basis by our Internal Audit Team that reports to the Board of Directors and performs analyses and audits on behalf of the Board, and by our Internal Control and Compliance Team in specific periods.

Furthermore; monitoring and announcing legislative changes concerning our Bank and evaluating the compliance of new products and services with the related regulations were executed by the Internal Control and Compliance Team; and the risk assessment of new products and services and the preparation of risk analysis reports and risk management program relating to the support services were carried out by the Risk Management Team.

The Internal Capital Adequacy Assessment Process (ICAAP) Report and the Stress Report prepared under the coordination of the Risk Management Team for 2014, the Validation Report prepared by the Internal Control and Compliance Team, and the Review Report prepared by the Internal Audit Team

were submitted to us; and the foregoing reports were approved by the Board of Directors meeting numbered 281 and dated March 25, 2015 and were conveyed to the Banking Regulation and Supervision Agency.

Practices that would constitute the basis of the Management Statement were undertaken jointly by the Internal Audit and the Internal Control and Compliance teams in accordance with the program approved by the Audit Committee. The Clearing and Settlement, Custody, Credits, Market Operation, Accounting, Financial Reporting, Treasury/Securities and Fund Management, Payment Systems, Collateral Management, Member Affairs, Financial Analysis services and processes of our Bank were included into the scope of "Banking Processes Audit"; whereas the audit of information technologies processes of our Bank were conducted on the basis of the provisions of COBIT framework and the "Communique on Principles Governing IT Management in Banks". The results of the process audits were reported to relevant units and management levels so as to ensure that the necessary actions were planned and taken.

Takasbank carries out its operations in conformity with applicable legislation, adhering to the Bank's general policies and internal regulations; and our Internal Audit, Internal Control and Compliance and Risk Management Teams structured and operating in accordance with the Regulation on the "Banks' Internal Systems and Internal Capital Adequacy Assessment Process" create significant added-value in line with the major objectives and policies of Takasbank.

Selim İNCE

Member of Audit Committee
Board Member



Serdar SATOĞLU

Chairman of Audit Committee
Board Member



*Convenience Translation of
Publicly Announced Unconsolidated
Financial Statements and
Independent Auditor's Report,
Originally Issued in Turkish,
See Note I of Section Three*

İstanbul Takas ve Saklama Bankası A.Ş.

*Publicly Announced
Unconsolidated Financial
Statements Together with
Independent Auditor's Report
at 31 December 2015*

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

To the Board of Directors of İstanbul Takas ve Saklama Bankası A.Ş.

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of İstanbul Takas ve Saklama Bankası A.Ş. ("the Bank") as at 31 December 2015 and the related unconsolidated statement of income, unconsolidated income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and 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.

Independent Auditor's Responsibility

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

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the bank's preparation and fair presentation of the 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 bank's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by bank's management, as well as evaluating the overall presentation of the financial statements.

We believe that the independent 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 İstanbul Takas ve Saklama Bankası A.Ş. 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 Responsibilities Arising From Regulatory Requirements

In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2015 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Engin Çubukçu, SMMM
Partner

İstanbul, 19 February 2016

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I OF SECTION THREE
THE YEAR END UNCONSOLIDATED FINANCIAL REPORT OF İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
AS OF 31 DECEMBER 2015**

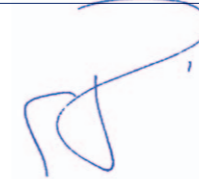

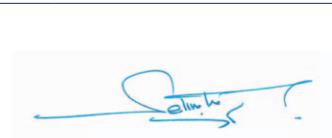
Address of the Bank's Headquarters : Şişli Merkez Mahallesi, Merkez Caddesi,
Takasbank Genel Müdürlüğü, No:6, İstanbul
Telephone of the Bank : (0 212) 315 25 25
Fax of the Bank : (0 212) 315 25 26
Web site of the Bank : www.takasbank.com.tr
E-mail for correspondence : rap@takasbank.com.tr

The unconsolidated year end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency:

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

The accompanying year end unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), 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 audited.

Tuncay Dinç	Serdar Satoğlu	Selim İnce
Chairman of the Management Board	Chairman of Audit Committee	Member of Audit Committee

Murat Ulus	Cengiz Özübek	Murat Görgün
General Manager	Vice General Manager	Manager





Contact information of the personnel in charge of the addressing of questions about this financial report:

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

SECTION ONE

GENERAL INFORMATION

I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute:

The Bank was originally set up as a department of the Borsa İstanbul A.Ş. ("BİAŞ") (formerly "İstanbul Menkul Kıymetler Borsası") and reorganized under a separate company named İMKB Takas ve Saklama A.Ş. (ISE Settlement and Custody Company Inc.) on 12 July 1991, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551. According to the decision made in 18th Ordinary Meeting of the Bank General Assembly dated 29 March 2013, title of the Bank has been changed into İstanbul Takas ve Saklama Bankası A.Ş. (here in after referred to as "Takasbank" or the "Bank") and this title change was approved in 11 April 2013.

II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to:

As of 31 December 2015 and 31 December 2014 the shareholders' structure and their respective ownerships are summarized as follows:

No	Name of Shareholders	Current Period			Prior Period		
		Paid in Capital	%	Number	Paid in Capital	%	Number
1	Borsa İstanbul A.Ş.	373.515	62,25	1	373.515	62,25	1
2	Phillip Capital Menkul Değerler A.Ş.	27.750	4,63	1	27.000	4,50	1
3	Tacirler Menkul Değerler A.Ş.	27.750	4,63	1	27.000	4,50	1
4	Yapı Kredi Yatırım Menkul Değerler A.Ş.	26.280	4,38	1	26.235	4,37	1
5	T. Garanti Bankası A.Ş.	26.235	4,37	1	26.235	4,37	1
6	Türkiye İş Bankası A.Ş.	26.235	4,37	1	26.235	4,37	1
7	Türkiye Vakıflar Bankası T.A.O.	26.235	4,37	1	26.235	4,37	1
8	Other (Brokerage house)	38.029	6,34	37	39.574	6,60	38
9	Other (Bank)	27.971	4,66	10	27.971	4,67	10
	Total	600.000	100,00		600.000	100,00	

62,25% of the Bank's shares are owned by BİAŞ. Capital Markets Board Law no. 6362 went into force after being in published in the Official Gazette dated December 30, 2012. Pursuant to article 138 of the Law, Borsa İstanbul A.Ş. was founded on the same date, for the purpose of serving as a securities exchange. In accordance with the provisions of the Law and the related legislation, to ensure that capital markets instruments, foreign currencies, precious metals and gems, and other contracts, documents, and assets approved by the Capital Markets Board of Turkey are traded subject to free trade conditions in a facile and secure manner, in a transparent, efficient, competitive, fair and stable environment; to create, establish and develop markets, sub-markets, platforms, systems and other organized market places for the purpose of matching or facilitating the matching of the buy and sell orders for the above mentioned assets and to determine and announce the discovered prices; to manage and/or operate the aforementioned or other exchanges or markets of other exchanges; and to carry out the other activities listed in its Articles of Association." Established on the basis of Capital Markets Law no. 6362, Borsa İstanbul is a internal entity under private law. BİAŞ is a self-regulatory entity.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

GENERAL INFORMATION (Continued)

The changes in shareholders in the current period are shown below:

Old Shareholder	New Shareholder	Cost of Share	Ratio (%)	Description
Güven Menkul Değerler A.Ş.	Tacirler Menkul Değerler A.Ş.	750	0.0012	Devir
Güven Menkul Değerler A.Ş.	Phillip Capital Menkul Değerler A.Ş.	750	0.0012	Devir

Dividend payment:

In accordance with the Ordinary General Meeting dated 27 March 2015, dividend amounting to TL 60,000 has been paid to shareholders and TL 4,549 to employees at 3 April 2015.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

GENERAL INFORMATION (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 of the Bank they possess:

Chairman and Members of the Board of Directors

Name Surname	Position	Education
Tuncay Dinç	President	Boğaziçi U. - İİBF. – Business Administration / Graduate İstanbul U. - Social Science Faculty Labour Economics/Master
Birol Aydemir	Member (Vice President and President of Corporate Management Committee)	Ankara Ü. - Political Sciences Fac.- Department of Public Finance (Master)
Ali Şir Yardım (*)	Corporate Management Committee	ODTÜ – Department of Economics/ Graduate
Selim İnce (*)	Member (Audit Committee Member, Credit Committee Associate Member, Corporate Management Committee Member)	Marmara Unv. Fac. of Eco. and Ad. Sciences - Business Administration/ Grad. Marmara Unv. - Social Science Fac.-BA - Accounting Finance (With Thesis)
Dr. Serdar Satoğlu	Member (President of Audit Committee)	Ankara U. - Political Sciences Fac.- Finance / Graduate Marmara U. - School of Banking and Insurance/Master Marmara U. - School of Banking and Insurance/PhD
Güzide Meltem Kökden	Member (Credit Committee Permanent Member)	Ankara Unv. - Political Sciences Fac. - International Relations /Grad. Ankara Unv - Institute of Social Sciences - European Communities Law / Master
Mustafa İleri	Member (Credit Committee Permanent Member)	İstanbul U. – Business Administration / Graduate İstanbul U. - Faculty of Management Business Finance / Master
Ekrem Kerem Korur	Member (Credit Committee Permanent Member)	İstanbul Unv. - Department of Economics / Economics Graduate
Murat Ulus	General Manager and Member (President of Credit Committee)	Ankara U. - Political Sciences Fac. Department of Labour Economics and Industrial Relations/ Graduate Boston University - Financial Economy / Master

President Dr. M. İbrahim Turhan has resigned from his job on 10 February 2015.

20th General Assembly Meeting held on 27 March 2015; Osman Akyüz, Birol Aydemir, Ali Şir Yardım, Selim İnce, Mustafa İleri, Ekrem Kerem Korur, Güzide Meltem Kökden ve Serdar Satoğlu are chosen to board membership for 3 years. Serhad Satoğlu ve Reşat Karabıyık left from board membership because of time period.

Board member Osman Akyüz has resigned from Board Membership. In accordance with decision taken in April 10th 2015 and 282 no. meeting, Tuncay Dinç is selected to new membership and he was elected president of the board of directors.

(*) Ali Şir Yardım has resigned from Audit Committee Member on 22 December 2015. By the decision of the board of Directors dated 30 December 2015, Ali Şir Yardım was appointed as a Corporate Management Committee Member and Selim İnce was appointed as a Audit Committee Member.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

GENERAL INFORMATION (Continued)

Members of Statutory Audit Board

General Manager and Assistant General Managers

Name Surname	Position	Education
Murat Ulus	General Manager and Member of Board of Directors (President of Credit Committee)	Ankara U. - Political Sciences Fac.- Department of labour economics and industrial relations / Graduate
Dr. Sezai Bekgöz	Operations Department	Boston University - Financial Economy / Master degree
Dr. Cengiz Özübek	Support Services Department	ODTÜ- Faculty of Economic and Administrative Sciences-/ Business Adm./ Grad. Marmara Unv- School of Banking and Insurance/Master-Capital Market and Stock Market /Master Marmara Ün.- School of Banking and Insurance Banking / PhD
Galip Karagöz	Information Technologies Department	Boğaziçi Ün- Faculty of Engineering / Computer Engineering

IV. Information on the Bank's Qualified Shareholders

Shareholding in the Bank's shares, except BİAŞ, does not exceed 5% as stated in the Articles of Association of the Bank. 62.25% of the Bank belongs to ISE. The Bank has nominal TL 200 preferred shares as of 31 December 2015 (31 December 2014: TL 200). The preferred shares belonging to ISE, provides the shareholder to be represented with more members in the Board of Directors.

Name-Surname/Business Name	Share Amount	Share Proportions	Paid-in Shares	Unpaid Shares
BİAŞ	373.515	62,25	373.515	-

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

GENERAL INFORMATION (Continued)

V. Information on the Bank's function and areas of activity:

The main purpose of the Bank is to increase our country's market competitiveness by providing settlement and custody services, providing financial services, and performing all types of economic activities within the scope of the relevant legislation.

The areas of activity that are specified in the Bank's Articles of Association, in general, are as follows:

- Providing all financial services, and primarily central bartering services and central counterparty services, activity of settlement and custody, market management, establishing and making payments, transfer and reconciliation systems, and banking activities;
- Financial services related to international markets including all kinds of payments, transfers, settlements, custody, and reconciliation services;
- Performing judiciary activities and signing all agreements related to its subject, signing written contracts, notes, and miscellaneous notes, acquiring all kinds of rights and receivables and binding debts;
- Purchasing, manufacturing, constructing, acquiring in other ways, renting, partially or completely, selling when necessary, transferring and leasing, and establishing all kinds of real rights on moveable and immovable goods or removing all kinds of moveable and immovable goods as well as all kinds of rights associated with them;
- All kinds of loaning and borrowing required by its activities, in line with corporate management principles as determined by banking and capital market legislation, as well as providing and obtaining personal in cash or in kind guarantees such as sureties, pledges, mortgages, and enterprise pledges in its favour or in favour of others, and transferring or cancelling these;
- Issuing all kinds of capital market instruments within the scope of capital market regulations; and becoming a member of current partnerships.

VI. A short explanation of the differences between the "Communiqué on Preparation Of Consolidated Financial Statements Of Banks" and consolidation transactions made in line with Turkish Accounting Standards, and on establishments that are subjected to full or proportional consolidation, deducted from equity or establishments that are not subjected to these three methods.

None.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2015

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

SECTION TWO

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note (Section Five)	Current Period 31/12/2015			Prior Period 31/12/2014		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	H(1)	55	-	55	54	-	54
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	H(2)	4.396	-	4.396	1.256	-	1.256
2.1 Financial Assets held for trading		4.396	-	4.396	1.256	-	1.256
2.1.1 Government Debt Securities		4.396	-	4.396	1.256	-	1.256
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		-	-	-	-	-	-
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	H(3)	4.012.918	2.585.786	6.598.704	3.228.643	1.842.135	5.070.778
IV. MONEY MARKETS	H(3)	18.881	-	18.881	24.786	-	24.786
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		18.881	-	18.881	24.786	-	24.786
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	H(4)	1.171	465	1.636	1.171	326	1.497
5.1 Share Certificates		1.171	465	1.636	1.171	326	1.497
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	H(5)	172.112	-	172.112	169.177	-	169.177
6.1 Loans		172.112	-	172.112	169.177	-	169.177
6.1.1 Loans to Bank's Risk Group		141.553	-	141.553	92.124	-	92.124
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		30.559	-	30.559	77.053	-	77.053
6.2 Loans under Follow-up		1.574	-	1.574	1.637	-	1.637
6.3 Specific Provisions (-)		1.574	-	1.574	1.637	-	1.637
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	H(6)	180.085	-	180.085	168.467	-	168.467
8.1 Government Debt Securities		180.085	-	180.085	168.467	-	168.467
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	H(7)	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	H(8)	4.825	-	4.825	4.825	-	4.825
10.1 Unconsolidated Financial Subsidiaries		4.825	-	4.825	4.825	-	4.825
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (NET) (Net)	H(9)	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	H(10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	H(11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	H(12)	16.083	-	16.083	17.115	-	17.115
XV. INTANGIBLE ASSETS (Net)	H(13)	80.895	-	80.895	1.423	-	1.423
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		80.895	-	80.895	1.423	-	1.423
XVI. INVESTMENT PROPERTY (Net)	H(14)	-	-	-	-	-	-
XVII. TAX ASSET	H(15)	2.629	-	2.629	4.013	-	4.013
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		2.629	-	2.629	4.013	-	4.013
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	H(16)	-	-	-	-	-	-
18.1 Held for Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	H(17)	11.742	395	12.137	32.212	20	32.232
TOTAL ASSETS		4.505.792	2.586.646	7.092.438	3.653.142	1.842.481	5.495.623

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2015

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) (Continued)

	Note (Section Five)	Current Period 31/12/2015			Prior Period 31/12/2014		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-(1)	-	-	-	-	-	-
1.1 Deposits of Bank's Risk Group		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-(2)	-	-	-	-	-	-
III. FUNDS BORROWED	II-(3)	812.393	1.600.930	2.413.323	478.356	1.293.920	1.772.276
IV. MONEY MARKETS		-	-	-	-	-	-
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		-	-	-	-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)	II-(4)	-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES	II-(5)	2.621.184	982.514	3.603.698	2.243.636	544.873	2.788.509
VIII. OTHER LIABILITIES	II-(5)	104.778	78	104.856	79.238	1	79.239
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-(6)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-(7)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-(8)	44.510	-	44.510	43.971	-	43.971
12.1 General Loan Loss Provision		21.686	-	21.686	23.985	-	23.985
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		13.342	-	13.342	10.915	-	10.915
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		9.482	-	9.482	9.071	-	9.071
XIII. TAX LIABILITY	II-(9)	15.025	-	15.025	11.384	-	11.384
13.1 Current Tax Liability		15.025	-	15.025	11.384	-	11.384
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS	II-(10)	-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-(11)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-(12)	911.026	-	911.026	800.244	-	800.244
16.1 Paid-in Capital		600.000	-	600.000	600.000	-	600.000
16.2 Capital Reserves		37.107	-	37.107	37.107	-	37.107
16.2.1 Share Premium		33.019	-	33.019	33.019	-	33.019
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		-	-	-	-	-	-
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 Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		4.088	-	4.088	4.088	-	4.088
16.3 Profit Reserves		95.781	-	95.781	39.206	-	39.206
16.3.1 Legal Reserves	II-(12)	37.338	-	37.338	27.857	-	27.857
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves	II-(12)	56.886	-	56.886	9.531	-	9.531
16.3.4 Other Profit Reserves	II-(13)	1.557	-	1.557	1.818	-	1.818
16.4 Income or (Loss)		178.138	-	178.138	123.931	-	123.931
16.4.1 Prior Years' Income/ (Loss)		3.410	-	3.410	2.439	-	2.439
16.4.2 Current Year Income/ (Loss)		174.728	-	174.728	121.492	-	121.492
16.5 Minority Shares	II-(14)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		4.508.916	2.583.522	7.092.438	3.656.829	1.838.794	5.495.623

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS
AT 31 DECEMBER 2015

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

II. OFF-BALANCE SHEET

	Note (Section Five)	Current Period 31/12/2015			Prior Period 31/12/2014		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		5.858.321	523	5.858.844	6.639.126	38.171	6.677.297
I. GUARANTEES AND WARRANTIES	III-(1)	5.628.740	-	5.628.740	6.425.023	-	6.425.023
1.1 Letters of Guarantee		-	-	-	-	-	-
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		-	-	-	-	-	-
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	-	-	-	-	-
1.3.1 Documentary Letters of Credit		-	-	-	-	-	-
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		5.628.740	-	5.628.740	6.425.023	-	6.425.023
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		229.581	523	230.104	214.103	38.171	252.274
2.1 Irrevocable Commitments		229.581	-	229.581	214.103	-	214.103
2.1.1 Asset Purchase and Sales Commitments		-	-	-	-	-	-
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Commitments for Loan Limits		-	-	-	-	-	-
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		-	-	-	-	-	-
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		229.581	-	229.581	214.103	-	214.103
2.2 Revocable Commitments		-	523	523	-	38.171	38.171
2.2.1 Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	523	523	-	38.171	38.171
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		-	-	-	-	-	-
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1 Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2 Foreign Currency Swap-Sell		-	-	-	-	-	-
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		-	-	-	-	-	-
3.2.3.1 Foreign currency call options		-	-	-	-	-	-
3.2.3.2 Foreign currency put options		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		2.003.719.506	1.032.736	2.004.752.242	1.462.104.175	1.126.719	1.463.230.894
IV. ITEMS HELD IN CUSTODY		1.989.411.706	-	1.989.411.706	1.446.803.089	-	1.446.803.089
4.1 Customer Fund and Portfolio Balances		8	-	8	8	-	8
4.2 Investment Securities Held in Custody	III-(1)	1.989.410.198	-	1.989.410.198	1.446.801.581	-	1.446.801.581
4.3 Cheques Received for Collection		-	-	-	-	-	-
4.4 Commercial Notes Received for Collection		-	-	-	-	-	-
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		1.500	-	1.500	1.500	-	1.500
V. PLEDGES RECEIVED		14.307.800	1.032.736	15.340.536	15.301.086	1.126.719	16.427.805
5.1 Marketable Securities		7.561.925	1.032.736	8.594.661	7.796.624	1.126.719	8.923.343
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		-	-	-	-	-	-
5.6 Other Pledged Items		6.745.875	-	6.745.875	7.504.462	-	7.504.462
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.009.577.827	1.033.259	2.010.611.086	1.468.743.301	1.164.890	1.469.908.191

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED INCOME STATEMENT
FOR THE PERIODS ENDED 31 DECEMBER 2015

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

III. INCOME STATEMENT

	Note (Section Five)	Current Period 01/01-31/12/2015	Prior Period 01/01-31/12/2014
I. INTEREST INCOME	IV(1)	233.635	179.323
1.1 Interest on Loans		9.108	8.489
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks		208.140	146.563
1.4 Interest Received from Money Market Transactions		-	-
1.5 Interest Received from Marketable Securities Portfolio		16.228	24.158
1.5.1 Financial Assets Held for Trading		-	-
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	114
1.5.3 Available-for-sale Financial Assets		-	-
1.5.4 Investments Held-to-maturity		16.228	24.044
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		159	113
II. INTEREST EXPENSE (-)	IV(2)	39.350	40.076
2.1 Interest on Deposits (-)		-	-
2.2 Interest on Funds Borrowed (-)		39.350	40.076
2.3 Interest on Money Market Borrowings (-)		-	-
2.4 Interest on Securities Issued (-)		-	-
2.5 Other Interest Expenses (-)		-	-
III. NET INTEREST INCOME (I - II)		194.285	139.247
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		87.070	73.165
4.1 Fees and Commissions Received		94.924	78.492
4.1.1 Non-cash Loans		16.837	16.932
4.1.2 Other	IV(11)	78.087	61.560
4.2 Fees and Commissions Paid (-)	IV(12)	7.854	5.327
4.2.1 Non-cash Loans (-)		-	-
4.2.2 Other (-)		7.854	5.327
V. DIVIDEND INCOME	IV(3)	6.179	6.166
VI. TRADING INCOME/(LOSS) (Net)	IV(4)	1.122	320
6.1 Securities trading gains / losses		2	270
6.2 Securities Trading Gains/(Losses) on Derivative Financial Instruments		-	-
6.3 Foreign Exchange Gains/(Losses)		1.120	50
VII. OTHER OPERATING INCOME	IV(5),(11)	2.884	241
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		291.540	219.139
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV(6)	265	1.005
X. OTHER OPERATING EXPENSES (-)	IV(7)	74.857	67.587
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		216.418	150.547
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIII. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XIV. INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)		216.418	150.547
XV. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV(8)	(41.690)	(29.055)
16.1 Current Tax Provision		(40.241)	(30.026)
16.2 Deferred Tax Provision		(1.449)	971
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)	IV(9)	174.728	121.492
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-Current Assets Held for Sale		-	-
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 Sale		-	-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other Expenses from Discontinued Operations		-	-
XX. INCOME/(LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. NET INCOME/(LOSS) (XVII+XXII)	IV(9)	174.728	121.492
Earnings/(Loss) per share		0,29121	0,21244

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY

	Current Period 01/01-31/12/2015	Prior Period 01/01-31/12/2014
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	-	-
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 ERROR	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	(326)	(1.814)
IX. DEFERRED TAX ON VALUATION DIFFERENCES	65	363
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(261)	(1.451)
XI. CURRENT PERIOD INCOME/LOSS	174.728	121.492
1.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	-	-
1.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
1.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
1.4 Other	174.728	121.492
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	174.467	120.041

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR ENDED YEAR 31 DECEMBER 2014

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extra-ordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Valuation Difference of AHS and Discontinued Operations	Total Equity Before Minority Shares	Minority Shares	Total Equity
Prior Period – 01.01-31.12.2014																			
I	Beginning Balance	420.000	4.088	19	-	23.403	-	56.007	3.269	-	83.610	-	-	-	-	-	590.396	-	590.396
II.	Corrections according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The effect of corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effect of changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	420.000	4.088	19	-	23.403	-	56.007	3.269	-	83.610	-	-	-	-	-	590.396	-	590.396
	Changes in period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	180.000	-	-	-	-	-	(120.000)	-	-	-	-	-	-	-	-	60.000	-	60.000
14.1	Cash	60.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60.000	-	60.000
14.2	Internal sources	120.000	-	-	-	-	-	(120.000)	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium	-	-	33.000	-	-	-	-	-	-	-	-	-	-	-	-	33.000	-	33.000
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	(1.451)	-	-	-	-	-	-	-	(1.451)	-	(1,451)
XIX.	Period net income/(loss)	-	-	-	-	-	-	-	-	121.492	-	-	-	-	-	-	121.492	-	121,492
XX.	Profit distribution	-	-	-	-	4.454	-	73.524	-	-	(81.171)	-	-	-	-	-	(3.193)	-	(3,193)
20.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(3.943)	-	-	-	-	-	(3.943)	-	(3,943)
20.2	Transfers to reserves	-	-	-	-	4.454	-	73.524	-	-	(77.228)	-	-	-	-	-	750	-	750
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance 31.12.2014 (I+II+III+...XIX+XX)	600.000	4.088	33.019	-	27.857	-	9.531	1.818	121.492	2.439	-	-	-	-	-	800.244	-	800.244

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR ENDED YEAR 31 DECEMBER 2015

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

Audited	Note (Section Five)	Paid-in Capital	Adjustment to Share Capita	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extra-ordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income (Loss)	Marketable Securities Value Increase Fund	Tangible and In- tangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Valuation Difference of AHS and Discontinued Operations	Total Equity Before Minor- ity Shares	Minority Shares	Total Equity
Current Period – 01.01 – 31.12.2015																			
I.	Prior Period End Balance	600.000	4.088	33.019	-	27.857	-	9.531	1.818	-	123.931	-	-	-	-	-	800.244	-	800.244
II.	Increase/Decrease due to the Merger Marketable Securities Valuation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Reserves (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets Revaluation Differences of Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Assets Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	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	-	-	-	-	-	-	-	(261)	-	-	-	-	-	-	-	(261)	-	(261)
XVII.	Current Year Income or Loss	-	-	-	-	-	-	-	-	174.728	-	-	-	-	-	-	174.728	-	174.728
XVIII.	Profit Distribution	II-(15)	-	-	-	9.481	-	47.355	-	-	(120.521)	-	-	-	-	-	(63.685)	-	(63.685)
18.1	Dividend Paid(*)	-	-	-	-	-	-	864	-	-	(64.549)	-	-	-	-	-	(63.685)	-	(63.685)
18.2	Transfers to Reserves	-	-	-	-	9.481	-	46.491	-	-	(55.972)	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		600.000	4.088	33.019	-	37.338	-	56.886	1.557	174.728	3.410	-	-	-	-	-	911.026	-	911.026

(*) According to the Ordinary General Assembly meeting, the Bank decided that tax provision that remains after the taxation of the dividend, which was to be distributed to employees, was extracted from the provision account and added to the extraordinary reserves.

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Current Period 31/12/2015	Prior Period 31/12/2014
A. CASH FLOWS FROM BANKING OPERATIONS		-	-
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	175.104	124.703
1.1.1	Interest Received	236.850	178.132
1.1.2	Interest Paid	(39.350)	(39.611)
1.1.3	Dividend Received	6.179	6.166
1.1.4	Fees and Commissions Received	94.924	78.493
1.1.5	Other Income	2.886	130
1.1.6	Collections from Previously Written-off Loans and Other Receivables	63	-
1.1.7	Payments to Personnel and Service Suppliers	(42.921)	(39.670)
1.1.8	Taxes Paid	(36.665)	(27.170)
1.1.9	Other	(46.862)	(31.767)
1.2	Changes in Operating Assets and Liabilities	1.942.417	(77.597)
1.2.1	Net (Increase)/Decrease in Trading Securities	(3.113)	318
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets	-	-
1.2.3	Net (Increase)/Decrease in Due from Banks	305.845	-
1.2.4	Net (Increase)/Decrease in Loans	6.058	113.260
1.2.5	Net (Increase)/Decrease in Other Assets	20.095	250.716
1.2.6	Net Increase/(Decrease) in Bank Deposits	-	-
1.2.7	Net Increase/(Decrease) in Other Deposits	-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed	751.151	(537.827)
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	862.381	95.936
I.	Net Cash Provided from Banking Operations	2.117.521	47.106
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(85.011)	68.689
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries	-	-
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries	-	-
2.3	Purchases of Property and Equipment	(82.460)	(8.430)
2.4	Disposals of Property and Equipment	50	3.012
2.5	Cash Paid for Purchase of Investments Available-for-Sale	(138)	-
2.6	Cash Obtained from Sale of Investments Available-for-Sale	-	-
2.7	Cash Paid for Purchase of Investment Securities	(177.463)	(213.250)
2.8	Cash Obtained from Sale of Investment Securities	175.000	289.845
2.9	Other	-	(2.488)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(64.549)	56.057
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	(64.549)	(3.943)
3.5	Payments for Finance Leases	-	-
3.6	Other	-	60.000
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(426.051)	159.330
V. Net Increase/(Decrease) in Cash and Cash Equivalents		1.541.910	331.182
VI. Cash and Cash Equivalents at the Beginning of the Period		5.061.208	4.730.026
VII. Cash and Cash Equivalents at the End of the Period		6.603.118	5.061.208

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

VII. PROFIT DISTRIBUTION TABLE

	(*) Current Period 31/12/2015	Prior Period 31/12/2014	
I. DISTRIBUTION OF CURRENT YEAR INCOME	-	-	
1.1	CURRENT YEAR INCOME	216.418	150.547
1.2	TAXES AND DUTIES PAYABLE (-)	(41.690)	(29.055)
1.2.1	Corporate Tax (Income tax)	(40.241)	(30.026)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(1.449)	971
A. NET INCOME FOR THE YEAR (1.1-1.2)	174.728	121.492	
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-) (**)	-	(971)
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	174.728	120.521	
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 Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
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	0,29121	0,21244
3.2	TO OWNERS OF ORDINARY SHARES (%)	29,12	21,24
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 approved by the General Assembly.As of the date of the preparation of financial statements,the meeting for Ordinary General Assembly has not been held.

(**) The amount that must be kept on the bank and presented on the mandatory legal funds is deferred tax income of the related period

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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of Presentation

Presentation of financial statements

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards and related appendices and interpretations (referred as "Turkish Accounting Standards" or "TAS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") ("all referred as BRSA Principles").

The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Current period financial statements are presented comparatively with independently audited balances as of 31 December 2014.

The preparation of financial statements in conformity with TAS 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.

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

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles

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

Additional paragraph for convenience of translation into English:

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

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank has placed its funds in domestic and foreign banks, in interbank money markets, and treasury bills and government bonds. These instruments are assumed to have higher yields compared to other financial instruments and bear lower risk. For the purposes of maintaining sufficient liquidity to meet all claims that might fall due, the Bank makes overnight or weekly placements in money markets. The most significant financing resources are guarantees of the members, short term placements and the shareholders' equity of the Bank. In making long-term placements, the high yield principle is considered, and accordingly, the Bank invests in government bonds and treasury bills.

The Bank has no area of operations for which a return is achieved above the average rate of return.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

The Bank carries transactions in securities and money markets. Accordingly, exchange rate and interest rate volatility are managed by matching its assets and liabilities. Related to the transactions in securities and money markets, transaction limits are established as risk limits.

Income and expenses which arise from foreign currency translation are accounted for at the period when transaction takes place. The Bank has EUR 71.215 (SASE) share in Sarajevo Stock Exchange EUR 75.215 share in S.W.I.F.T.SCRL. At period ends, balances of foreign currency asset and liability accounts are translated into TL by using period end T.R. Central Bank. Foreign exchange purchase rates. Exchange rate differences are accounted for as foreign currency gains and losses.

The Bank has available for sale instruments in foreign currencies amounting to TL 465 (31 December 2014: TL 326). In order to hedge interest rate risks arising from fixed or floating rate instruments, the Bank prefers short-term transactions.

The Bank hedges exchange rate risk arising from foreign currency denominated transactions by matching foreign currency liabilities with foreign currency assets.

III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures

As it is explained on the 8. Footnote of the first part of fifth section, the Bank doesn't have the control or significant efficiency of Central Registration Entity, although the Bank owns 65% of it. Since the fair value measurement has not been properly realized in the financial statements, the related association has been measured with the historical cost after the deduction of impairment provision.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank has no derivative instruments used for hedging purposes as of the balance sheet date.

V. Explanations on interest Income and Expenses

Interest income and expenses are recognized at fair value and accounted for on accrual basis by effective interest rate method (the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability) by taking into account principle amount.

In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

VI. Explanations on fees and Commission Income and Expenses

The Bank performs custody and settlement services for marketable securities, precious metals and other securities arising from purchases and sales of those assets.

Additionally, the Bank opens custody accounts for its customers, corporate investors and companies quoted on the ISE and on other stock exchange markets, performs transfers, settlements and offsets between the accounts of securities intermediary companies and investors; performs procedures related to obtaining of bonus shares, use of preemptive rights, timely collection of dividends, principal and interest, exchange of certificates representing marketable and other securities and additional financial services.

On the above operations, the Bank receives custody and service commission income from its customers. These fees and commissions are accrued on a monthly basis under other operating income.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**VII. Explanations and Disclosures on Financial Assets**

Financial instruments comprise financial assets and financial liabilities. Financial instruments constitute the basis of Bank's trading activities and operations. The risks related with these instruments comprise a major part of the total risk taken by the Bank. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution, and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial trade date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. 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.

Fair value differences are not accounted for assets carried at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders' equity.

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

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book values of these assets approximate their fair values.

Financial Assets at Fair Value through Profit and Loss

These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale and buying back in a near future. (ii) The financial assets which are classified as financial assets at fair value through profit or loss by the Bank at inception. The Bank use such classification above when permitted or for the purposes of providing a more proper disclosure.

In this group, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of debt securities that are traded in an active market are determined based on quoted prices.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to interest income or diminution in value of marketable securities accounts. As explained in detail in Section VI: "Other Explanations and Notes", the realized gains and losses and related interest income/expense accruals of these securities are recorded in related income statement accounts, unless the securities belong to Problematic securities intermediary members.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**Held to Maturity Investments**

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Interest income gained from held to maturity investments are accounted for as interest income in income statement.

Available for Sale Financial Assets

Available for sale financial assets comprise from all of the securities except originated loans and receivables, held to maturity investments and trading assets. These assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. At the disposal of available for sale financial assets, value increase/decrease that are recorded in the securities value increase fund under equity are transferred to income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

Loans and Specific Provisions

Loans are financial assets which have fixed payment terms and are not traded in an active market.

Loans are initially recognized at cost and measured at amortized cost by using effective interest rate. The duties, charges and other expenses paid for the collaterals obtained against loans are accepted as transaction costs and reflected to customers.

In case of the evidences regarding the uncollectibility of the loans given, the Bank classifies these and allocates provision in accordance with the regulations and accounts them in the related period's profit/loss accounts.

The collections made related to loans for which provision is made in the current period are offset in "Provision for Loans and Other Receivables" and "Interest Received from Non-performing Loans" account. As per the Bank management's evaluation of the loan book, there is a provision set for the loans and other receivables that may be doubtful or uncollectible in accordance with the related regulations.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. Explanations on 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. 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 initial 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 for future events are not recognized. The explanations on impairment of loans and receivables have been disclosed in Section three, VII.

IX. Explanations on offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, no offsetting is made with respect to financial assets and liabilities.

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

Repurchase agreements are classified as their purposes on the securities portfolio and evaluated by the principals of the portfolio which they belong to. The bank has no repurchase transaction as of the balance sheet date.

Receivables from reverse repurchase agreements are accounted for under "Receivables from Reverse Repurchase Agreements" account in the balance sheet. The difference between purchase and Sale price determined by these agreements is accrued over the life of agreements according to effective interest rate method. The interest income accrual calculated is disclosed under other liabilities as a liability when reverse repurchase agreements are related to problematic securities intermediary members, as described in detail in Section Six: "Other Explanations and Notes". The Bank does not have any marketable securities lending transaction.

XI. Explanations on Assets Held for Sale and Discontinued Operations

Assets which satisfy to be classified as held for sale are measured by the lower of carrying value and fair value less costs to sell and these assets are not amortized; and are separately presented in the financial statements. For an asset (or else the group of assets) to be classified as held for sale; the asset should be ready for immediate sale in frequently seen and accustomed terms and the probability of sale should be high. For the probability of sale to be high, appropriate level of management should have made a plan for the sale of the asset (or else the group of assets) and a program should have been initiated in order to determine buyers as well as complete the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low. Certain events and conditions may extend the duration of completion of sale to more than one year.

If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

The Bank has no discontinued operations during the period.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. Explanations on Goodwill and Other Intangible Assets

As of the balance sheet date, there is no goodwill in the accompanying non-consolidated financial statements of the Bank.

The intangible assets which have been bought before 1 January 2005 are amortized based on historical cost which has been revised according to inflation effects dated 31 December 2004 and the items which have been bought in the following dates are amortized based on purchase cost with the allocation of accumulated depreciation and impairments. The intangible assets are amortized based on straight line amortization regarding useful life periods. The amortization method and period are revised periodically every year.

Intangible assets of the Bank are basically software license costs. There is no criteria applied for determination of amortization period of those assets, but Turkish Tax Legislations have been taken into consideration. Economic useful life of assets acquired before 2004 is determined as 5 years, and the assets acquired in 2004 and in the following periods is determined as 3 years. Economic useful lives determined are in accordance with the criteria stated in the Turkish Accounting Standards- that is TAS 38-Intangible Assets. Computer programs widely used in the Bank are generated within the Bank by the personnel of the Bank, and the expenses related to those assets are not capitalized. Computer software is only purchased in case of urgent need and special projects.

Within the scope of the agreement made between Borsa İstanbul and Nasdaq, new bistech technology, which was developed under Borsa İstanbul's processing system; data distribution; index calculation; market surveillance; reporting systems; and also our bank's swap and risk management systems were put into effect on 30 November 2015. Bistech technology was first carried into effect in the Borsa İstanbul Equity Market. In the following phases of the project, the Derivatives Market, Debt Securities Market, Precious Metals and Diamonds Markets, E-Warehouse Receipt, and OTC processing systems will be carried into effect. In the evaluation conducted with Borsa İstanbul, it was determined that Nasdaq software has a useful life of 20 years. Since the project's first of three phases was completed, depreciation is allocated over a 20 year period for one-third of the software's price.

XIII. Explanations on Tangible Fixed Assets

Tangible fixed assets are initially recognized at acquisition cost and any other cost incurred so as to get the fixed asset ready for use.

Tangible fixed assets are depreciated with straight-line method. Tangible fixed assets are depreciated with the rates determined by the Ministry of Finance based on useful lives. These useful lives are in line with the criteria stated in "TAS 16 - Tangible Assets" released by Turkish Accounting Standards Board. Depreciation Rates for Tangible Fixed Assets are as following:

	Useful Life (Year)	Depreciation Rate
Buildings	50	%2
Furniture, Fixture and Office Equipment	4-15	%6,67 - 25
Other Tangible Fixed Assets	2-16	%6,67 - 50

Tangible fixed assets are accounted for at cost less accumulated depreciation and impairment, if any. Along with the statement of the property and equipment, the effects of any revaluation according to related regulations are eliminated.

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.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XIV. Explanations on Leasing Transactions**

The Bank as Lessor:

The Bank does not have any leasing transactions as lessor.

The Bank as Lessee:

The Bank does not have any assets which are acquired by financial leasing as of the balance sheet date.

XV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

XVI. Explanations on Liabilities Regarding Employee Benefits**Defined Benefit Plans**

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are audited annually. The carrying value of provision for employee termination benefits as of 31 December 2015 is TL 8.830 (31 December 2014: TL 7.185).

Communiqué on "Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2014 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 31 December 2015, actuarial loss after deferred tax effect amounting to TL 261 (31 December 2014: TL 1.451 actuarial loss) was classified as "Other Capital Reserves".

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XVII. Explanations on Taxation**

Income tax expense represents the sum of the current tax payable and deferred tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit at enacted tax rates, and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of the reporting period. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled is recognized in income statement as income or expense. Deferred tax that relates to items that are recognized directly in equity, in the same or a different period, is recognized directly in equity. Deferred tax assets and liabilities are netted of.

The current taxes payable and advance taxes are offset since they relate to each other.

The Bank has adjusted its statutory financial statements with inflation accounting as of 1 January 2004 in accordance with Law No. 298.

Some modifications have been made in the tax legislation with Law 4842 published in the Official Gazette number 25088 on 24 April 2003. Under these modifications, investment and development banks, which are not allowed to accept deposit, are allowed to deduct loan loss provisions from the tax base in accordance with item 2 of the article 20 of Banking Law and the amendment introduced by the article 35 of the Law numbered 4842.

XVIII. Additional Explanations on Funds borrowed

The Bank has not issued any convertible bonds

The Bank has not also issued any borrowing instruments.

Cash Warrants Received:

BİAŞ Guarantee Fund, BİAŞ Loan and Share Market, Takasbank Money Market, Loan Share Market, Derivatives Exchange Market, Electricity Market, Leveraged call-put transactions and Warrant Deputy (OPIC) cash warrant amounts are tracked in asset side under banks account, in liability side under various liabilities account. These funds provide creditor members not to be affected in case debtor members may undergo cash default. Cash warrant mechanisms are created in order to provide continuous cash flow in the market by tracking payments to be made in time and in full amounts.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIX. Turkish Derivative Exchange Cash Guarantees

The Bank does not have any shares issued in the current period.

XX. Explanations on Acceptances

The Bank performs acceptances with its customers simultaneously and follows them in off balance sheet liabilities.

The Bank has no acceptances that have been included as a liability against an asset.

XXI. Explanations on Government Incentives

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

XXII. Explanations on Segment Reporting

Operational field is distinguishable section of the Bank that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note XI in Section Four. The Bank operates mainly in clearing-operation, custody, loans and treasury.

XXIII. Explanations on Related Parties

For the purpose of these financial statements, key management personnel and board members are referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" in the Article 49 of the Banking Act No: 5411. The transactions with related parties are disclosed in detail in Note V of Section Five.

XXIV. Explanations on Cash and Cash Equivalents

For the purposes of the preparation of statement of cash flows, "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.

XXV. Reclassifications

Financial statements dated 31 December 2014 can be classified to comply with 31 December 2015 financial statements.

XXVI. Explanations on Other Matters

None.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on 6 September 2014 in the Official Gazette numbered 29111 and "Regulation on Equities of Banks" which was published on 5 September 2013 in the Official Gazette numbered 28756. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 26,31 % (31 December 2014:30,20 %).

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

Trading Accounts and the values deducted from the capital base in the shareholders' equity computation are excluded in calculation of risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

Trading Accounts Counterparty receivables related to non-cash loans is multiplied with the loan conversion rates presented in article 5 of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and risk mitigation is applied in accordance with "Communiqué on Credit Risk Mitigation Techniques", calculated by applying the risk weights presented in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In calculation of the basis of the value at credit risk for the derivative financial instruments and the receivables from counterparties indicated on the bank accounting are multiplied by the rates presented in the Appendix-2 of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks", is subjected to risk reduction presented in "Communiqué on Credit Risk Mitigation Techniques" and then included in the relevant exposure category presented in the article 6 of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and weighted to risk weight classification indicated as per Appendix-1 of the Regulation

According to the Clause 7 of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" presented in the article 5 of the regulation, "counterparty credit risk" is calculated for repurchase transactions, marketable securities and commodity market transactions.

Information related to the capital adequacy ratio: (TL, %)

	Risk Weights						
	Bank						
Current Period Amount subject to credit risk	%0	%10	%20	%50	%100	%150	%200
Risk Categories:							
Conditional and unconditional receivables from Central Governments or Central Banks	183.375	-	-	-	-	-	-
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	600.347	-	6.325.627	2.555.571	4	-	-
Conditional and unconditional corporate receivables	-	-	413.320	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	-	-	-	-	-	-
Non-performing receivables	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-	-	-
Other receivables	13	-	-	-	288.765	-	-
Total Value at Risk	783.735	-	6.738.947	2.555.571	288.769	-	-
Total Value at Weighted Risk	-	-	1.347.789	1.277.786	288.769	-	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Current Period Amount subject to credit risk	Risk Weights						
	Bank						
	%0	%10	%20	%50	%100	%150	%200
Risk Categories:							
Conditional and unconditional receivables from Central Governments or Central Banks	182.071	-	-	-	-	-	-
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	492.427	-	6.368.895	1.842.135	1	-	-
Conditional and unconditional corporate receivables	-	-	-	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	-	-	-	-	-	-
Non-performing receivables	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage Corporations	-	-	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-	-	-
Other receivables	15	-	-	-	292.453	-	-
Total Value at Risk	674.513	-	6.368.895	1.842.135	292.454	-	-
Total Value at Weighted Risk	-	-	1.273.779	921.068	292.454	-	-

Explanations related to the capital adequacy standard ratio:

	Current Period	Prior Period
Required Capital for Credit Risk (Amount Based to Credit Risk * 0,08) (RCFCR)	233.148	198.984
Required Capital for Market Risk (RCFMR)	268	304
Required Capital for Operational Risk (RCFOR)	24.124	17.339
Shareholders' Equity	846.992	817.689
Shareholders' Equity / ((RCFCR+RCFMR+RCFOR) * 12,5 * 100)	26,31	30,20
Tier 1 Capital / ((RCFCR+RCFMR+RCFOR) * 12,5 * 100)	25,73	29,31
Common Equity Tier 1 Capital / ((RCFCR+RCFMR+RCFOR) * 12,5 * 100)	27,23	29,48

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Summary information related to the capital adequacy ratio:

It is served with respect to the alteration published in the Official Gazette no. 28983 dated 26 April 2014.

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital	600.000	600.000
Share premium	33.019	33.019
Share cancellation profit	-	-
Legal reserves	100.130	44.745
Income passed on to shareholders' equity in accordance with Turkey Accounting Standards (TAS)	-	-
Profit	178.138	123.931
Net Income for current period	174.728	121.492
Prior period profit	3.410	2.439
Provisions for possible risks	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-	-
Common Equity Tier 1 Capital Before Deductions	911.287	801.695
Deductions From Common Equity Tier 1 Capital		
Loss excess of reserves and loss passed on to shareholders' equity in accordance with Turkey Accounting Standards (TAS) (-)	261	1.451
Leasehold Improvements (-)	-	-
Goodwill and other intangible assets and related deferred tax liabilities. (-)	32.358	302
Net deferred tax income/expense (-)	-	785
Shares noncompliant with article 56/4 of the Law (-)	-	-
Direct or indirect investments on Bank's own Common Tier 1 Capital (-)	-	-
Total net long position exceeding 10% of Bank's Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and below	-	-
Total net long position exceeding 10% of Bank's Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and above	-	-
Rights of providing mortgage service exceeding 10% of Common Tier 1 capital (-)	-	-
Deffered tax assets based on temporary differences exceeding 10% of Common Tier 1 capital (-)	-	-
Balances in accordance with the temporary article 2/2 of Regulation on Shareholders' Equity of Banks exceeding 15% of Common Tier 1 capital (-)	-	-
Excess amount arising from total net long position belonging to investments on Common Tier 1 Capital of banks and financial institutions that are not consolidated, with a shareholding above 10%	-	-
Excess amount arising from rights of providing mortgage service (-)	-	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-	-
Other items determined by board (-)	1.930	965
Deduction amount from Common Tier 1 Capital in case of shortage of additional Tier 1 capital or supplementary capital (-)	-	-
Total Deductions From Common Equity Tier 1 Capital	34.549	3.503
Total Common Equity Tier 1 Capital	876.738	798.192
ADDITIONAL TIER 1 CAPITAL		
Premiums of privilege share capital not included in Common Equity Tier 1 capital	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued after 1.1.2014)	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued before 1.1.2014)	-	-
Additional Tier 1 Capital Before Deductions	-	-
Deductions From Additional Tier 1 Capital		
Direct or indirect investments which bank provides for its' own additional Tier 1 capital (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-	-
Other items determined by board (-)	-	-
Deduction amount of additional core capital in case of there is not enough additional core capital or supplementary capital (-)	-	-

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	Current Period	Prior Period
Total Deductions From Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	-	-
Deductions From Tier 1 Capital		
Non deducted Common Tier 1 capital part in accordance with deferred tax expense and goodwill impairment and other intangible fixed assets which is in temporary article 2/1 of Regulation of Shareholders' Equity of Banks. (-)	48.537	1.208
Non deducted Common Tier 1 capital part in accordance with net deferred tax income/expense which is in temporary article 2/1 of Regulation of Shareholders' Equity of Banks. (-)	-	3.280
Total Tier 1 Capital	828.201	793.704
SUPPLEMENTARY CAPITAL		
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported after 1.1.2014)	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-	-
Pledged sources to bank from shareholders which is used for share capital increasing of bank	-	-
General Provisions	21.686	23.985
Supplementary Capital Before Deductions	21.686	23.985
Deductions From Supplementary Capital		
Direct or indirect investments which bank provides for its' own supplementary capital (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-	-
Other items determined by board (-)	2.895	-
Total Deductions From Supplementary Capital	2.895	-
Total Supplementary Capital	18.791	23.985
CAPITAL	846.992	817.689
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	-	-
Investments to loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-	-
Deduction from equity in accordance with 2nd article of 20th item in Regularity of Measurement and Valuation of Capital Adequacy of Banks (-)	-	-
Other accounts determined by board (-)	-	-
Non deducted part of comon equity tier1 , additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Shareholders' Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-	-
Non deducted part of comon equity tier1, additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Shareholders' Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above (-)	-	-
Non deducted part of comon equity tier1 generating from exceed amount generating from investments to Common Tier 1 capitals of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above, temporary differences of deferred tax income and the right of offering mortgage services explained in the 1st and 2nd paragraphs of temporary article 2 of Regulation of Shareholders' Equity of Banks. (-)	-	-
SHAREHOLDERS' EQUITY	846.992	817.689
Amounts Below Overrun Amounts In Applied Reducing Procedures	-	-
Amount generating from long position of investments to shareholders' equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10%	-	-
Amount generating from long position of investments to shareholders' equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above.	-	-
Amount generating from right of offering mortgage service	-	-
Amount generating from temporary differences of deferred income tax income	-	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

	Bank	Total Amount
	Considered Amount of Current Period Shareholders' Equity Calculation	
Comon equity tier1 capital share amount of minority shareholders	-	-
Additional core capital share amount of third parties	-	-
Supplementaru capital share amount of third parties	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-	-
(1.1.2014 tarihi öncesi ihraç edilenler)	-	-
Informations on addition debt instruments to shareholders' equity calculating:		
Exporter	-	-
Code of debt instrument (CUSIP, ISIN vb.)	-	-
Legistation of debt instrument	-	-
Attention Situation of Shareholders' Equity		
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2015)	-	-
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based.	-	-
Type of debt instrument	-	-
Considered amount of shareholders' equity calculation. (By last report date of - Million TL)	-	-
Nominal value of debt instrument (Million TL)	-	-
Related account of debt instrument	-	-
Export date of debt instrument	-	-
Maturity structure of debt instrument (demand/term)	-	-
Beginning term of debt instrument	-	-
Whether there is right of reimbursement of exporter or not according to Banking Regulation and Supervision Agency (BRSA) rules.	-	-
Optional reimbursement date, options of conditional reimbursement and reimbursement amount.	-	-
Following reimbursement option dates	-	-
Interest/Dividend Payments		
Fixed or floating interest/dividend payments	-	-
Interest rate and index value of interest rate	-	-
Whether there is any restriction to stop payment of capital bonus or not	-	-
Feature of being full optional, partially optional or obligatory	-	-
Whether there is any stimulant to repayment like interest rate hike or not	-	-
Feature of being cumulative or noncumulative	-	-
Feature of being convertible bonds		
If there's convertible bonds, trigger incidents cause this conversion	-	-
If there's convertible bonds, feature of full or partially conversion	-	-
If there's convertible bonds, rate of conversion	-	-
If there's convertible bonds, feature of conversion -obligatory or optional-	-	-
If there's convertible bonds, types of convertible instruments	-	-
If there's convertible bonds, exporter of convertible debt instruments	-	-
Feature of value reduction		
If there is feature of value reduction, trigger incidents cause this value reduction	-	-
If there is feature of value reduction, feature of full or partially reduction of value	-	-
If there is feature of value reduction, feature of being constant or temporary	-	-
If the value can be reduced temporarily, mechanism of value incrementation	-	-
Claiming rank in case of winding up (Instrument that is just above debt instrument)	-	-
Whether being provided with conditions of the 7th and 8th articles of Shareholders' Equity of Banks Regulation	-	-
Has or has not been provided with which conditions of the 7th and 8th articles of Shareholders' Equity of Banks Regulation	-	-

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Information on applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

The evaluation period for internal capital adequacy in our Bank has been designed within in accordance with the principle of proportionality and is consistent with the Guidelines on ISEDES Report and Guidelines on Stress Tests To Be Used By Banks For Capital and Liquidity Planning which is published by the Banking Regulation and Supervision Agency, and with the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process (ISEDES) which entered into effect upon being published in Official Gazette No. 29057 dated 11 July 2014. Our Bank is in compliance with the said regulation and good practice guidelines in line with its small-scale structure, task environment, and requirements

In accordance with ISEDES, it is aimed for the Bank to internally determine a level of capital which covers the risks it has faced or is likely to face and to continue its operations with capital above that level. Maximum attention is paid to the ISEDES processes so that they are implemented with a long-term view and are risk focused, internalized within the Bank and that its consequences are used in the decision-making process.

Evaluations of the Bank's capital and liquidity adequacy are done from a risk-based perspective, considering the strategic plan, three-year budget projections, bank policies on capital adequacy, liquidity and funding, risk measurement outcomes for risks that the company is exposed to, ISEDES, and stress test reports. Within this scope, activities performed and services provided by the Bank are considered.

The Bank determines its capital level in such a way that it is above the minimum level and legal ratios required by the legal regulations of the Banking Regulation and Supervision Agency, and so that it is able to continue all its operations. Also, scenario analyses, and particular, plenary, and reverse-stress tests are done in order to measure the effects of parameters that affect the financial power of the Bank at the capital level. In addition, via sensitivity analyses, primary and secondary structural block risks that the Bank is exposed to are determined within the scope of the proportionality principle.

Our Bank takes stress tests, scenario analyses, risk appetites, the capital plan, the strategic plan and budget, the emergency and unexpected situation action plan for various risks, and other issues deemed necessary into consideration, and calculates and establishes a capital planning buffer, which is designed to prevent the capital adequacy level from becoming lower than the internal and legal minimum capital adequacy over the next three years as a result of possible negative situations and losses. The capital planning buffer is determined by considering worst case scenarios. Whether the current capital adequacy rates of the Bank are above the internal capital adequacy rate calculated in the scope of the stress test and described as the target ratio is evaluated and the internal capital buffer is calculated.

According to the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks", the ISEDES report and the Stress Test report are prepared annually with the participation of all relevant units of the Bank and the coordination of the Risk Management Team. These reports are approved by the Board of Management or our Bank after being examined.

The senior management of the Bank and members of the Board of Management are jointly responsible for designing ISEDES and its implementation within the Bank. All units of the Bank execute their duties, authorities, and responsibilities which are within the scope of ISEDES in accordance with their own regulations. The inspection report regarding the data, systems, and processes is prepared by the Internal Audit Team, and the validation report regarding the models and/or methods that are used for risk measurement within the scope of the internal capital adequacy calculation is prepared by the Internal Control and Compliance Team.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk

The Board of Management is responsible for Bank operations performed within the scope of credit risk management and these operations are performed in compliance with the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks" and the "Regulation on Measuring and Reviewing Capital Adequacy of Banks". When calculating capital adequacy rates, the amount which is taken as a basis for credit risk and which is calculated via a standard method is considered.

The Bank also calculates counterparty credit risk for banking accounts due to reverse-repo transactions, and these amounts are taken into consideration in the amount used as a basis for credit risk.

The debtors of the cash and non-cash loans extended by the Bank are financial sector companies.

Credit limits are categorised according to the Bank's credit types. The assigned credit limits are determined for cash and non-cash by taking the credit types into consideration. Loans provided are further classified as having (1-12) month, (12-24) month, or (24+) month maturity. In addition, the maturity of the cash loans provided are maximum six months and there are frequent financial futures between 30-40 days. Loans provided by the Bank provides efficiency and convenience in capital market transactions, helps intermediary institutions benefit from barter debts through timely/early clearing of debts, and helps markets gains more depth. Since payments and collections are secured by the Bank in the Takasbank money market, which is similar to an interbank money market, these transactions are followed under non-cash loan items.

The Bank acts as the central counterparty in the Securities Lending Market and in the Financial Futures and Options Market, and liabilities in these markets are considered by our Bank to be non-cash credits.

Our credit transactions assume credit risk. This risk can be defined as the possibility that the members and guarantors who use the credit do not fulfil the liabilities defined in agreements and that they have undertaken beforehand in written form.

Limitations, risks, warrant situations, and concentrations risks for off-balance sheet risks of members who use credits are tracked on a daily basis.

The risk limits and allocations determined for daily transactions and concentrations related to off-balance sheet risks are monitored daily.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

The credit worthiness of borrowers is monitored regularly in accordance with the related legislation. Independently audited financial statements of the borrowers prepared as per the regulation of Capital Markets Board are examined for the loans extended. The credit limits are amended according to the financial positions of the companies and collaterals against loans are taken in accordance with the application principles for lending operations. After the financial analysis, investigation and other examinations performed on the companies applying for loans, loan limits are proposed to the Board of Directors for approval. Loan limits become effective after approved by the Board of Directors. Limit change requests are revised on a six monthly basis unless substantive changes occur in the financial positions of customers.

The Bank has no forward and option contracts or any other similar agreements.

The Bank has not been exposed to credit risk since the risk is minimized by receiving collaterals and determining loan limits according to the financial strength of the companies. Therefore, in the short term, there is no specific need to enter into any transaction to decrease or terminate its credit exposure.

The Bank has no liquidated non-cash loans, restructured loans or long-term commitments.

The Bank has no lending and banking transactions in foreign countries.

The Bank calculates general provisions for credit risk and receives cash and/or cash equivalent collaterals.

As of the balance sheet date;

Number of Customers - Cash Loan	6
Number of Customers - Non-Cash Loan	41
General Loan Loss Reserves (TL)	21.686
Specific Provision for Non Performing Loans (TL)	1.574

Credits, collection of principal or interest payments which are deferred for more than thirty days after their maturity date or payment date for various reasons, but which do not fulfil the delay time condition necessary for classification as "Third Class" as specified in "Regulation on Principles and Procedures in Respect of Qualifying Loans and Other Receivables by Banks and Equivalents to Be Allocated for the Same" are qualified as "non-performing loans" in the accounting application, and all receivables under third, fourth and fifth groups in the same Regulation are accepted as "depreciated loans" in the application of this Regulation. They are accepted as such regardless of whether accrued interests and quasi-profit liabilities of the borrower are added to the capital or refinanced.

The Bank allocates equivalents for III, IV. and V. group credits pursuant to "Regulation on Principles and Procedures in Respect of Qualifying Loans and Other Receivables by Banks and Equivalents to Be Allocated for the Same."

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Total amount of incurred risks after offsetting transactions (before credit risk reduction), regardless of the credit risk reduction, and average amount of risks separated according to different risk classes and types for the related period:

Exposure classifications	Current Period Risk Amount	Average Risk Amount
Conditional and unconditional receivables from central governments or central banks	183.375	197.903
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	11.591.489	12.091.465
Conditional and unconditional corporate receivables	826.640	487.840
Conditional and unconditional retail receivables	-	-
Conditional and unconditional secured mortgage receivables	-	-
Past due receivables	-	-
Receivables defined in high risk category by BRSA	-	-
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	289.301	288.052

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Profile of significant exposures in major regions:

Current Period	Exposure Categories														Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings		Other receivables
Domestic	183.375	-	-	-	9.451.334	413.320	-	-	-	-	-	-	-	-	288.778	10.336.807
European Union (EU)	-	-	-	-	29.786	-	-	-	-	-	-	-	-	-	-	29.786
Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OECD Countries*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	429	-	-	-	-	-	-	-	-	-	-	429
USD, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Joint -Ventures	183.375	-	-	-	9.481.549	413.320	-	-	-	-	-	-	-	-	288.778	10.367.022
Unallocated																
Assets/Liabilities**																
Total																

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

(**) Includes assets and liability items that can not be allocated on a consistent basis.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Risk profile by Sectors or Counterparties:

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitization Positions	Other receivables	TL	FC	Total
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Stock-breeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minning and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	9.481.549	413.320	-	-	-	-	-	-	-	7.308.618	2.586.251	9.894.869
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Telecom.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	9.481.549	413.320	-	-	-	-	-	-	-	7.308.618	2.586.251	9.894.869
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	183.375	-	-	-	-	-	-	-	-	-	-	-	-	288.778	471.758	395	472.153
Total	183.375	-	-	-	-	9.481.549	413.320	-	-	-	-	-	-	288.778	7.780.376	2.586.646	10.367.022

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Analysis of maturity-bearing exposures according to remaining maturities:

Exposure classifications	Term To Maturity				
	Up to 1 Month	1-3 Month	3-6 Month	6-12 Month	Over 1 year
1 Conditional and unconditional exposures to central governments or central banks	107.095	-	-	76.280	-
2 Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
3 Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
4 Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
5 Conditional and unconditional exposures to international organisations	-	-	-	-	-
6 Conditional and unconditional exposures to banks and brokerage houses	7.613.951	1.863.349	275	3.974	-
7 Conditional and unconditional exposures to corporates	378.055	35.266	-	-	-
8 Conditional and unconditional retail exposures	-	-	-	-	-
9 Conditional and unconditional exposures secured by real estate property	-	-	-	-	-
10 Past due receivables	-	-	-	-	-
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Exposures in the form of bonds secured by mortgages	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-
14 Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
15 Exposures in the form of collective investment undertakings	-	-	-	-	-
16 Other receivables	288.778	-	-	-	-
Total	8.387.878	1.898.615	275	80.254	-

Information about the risk exposure categories:

The credit rating of banks and intermediary institutions are inspected via the Takasbank Internal Credit Evaluation System and credit or position limits based on the maximum nominal limits or value at risk limits, which can be assigned within the scope of banking or central counterparty actions are determined. The membership types of banks and intermediary institutions which will perform the transaction in the market, or the capital market instruments that are provided by the central counterparty service, are also determined by this system.

There are no financial assets, the maturity or contract conditions of which are revised again (31 December 2014: None).

Details on the Bank's overdue depreciated financial assets are provided in the fifth chapter, first part, footnote No. 5 of the report.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Exposures by risk weights:

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Deductions from Equity
Exposures before Credit Risk Mitigation	182.770	-	7.335.663	2.559.820	-	288.769	-	-
Exposures after Credit Risk Mitigation	783.735	-	6.738.947	2.555.571	-	288.769	-	-

Informations in terms of major sectors and type of counterparties:

None.

Information about Value Adjustment and Change in Provisions

	31.12.2014 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments	31.12.2015 Balance
Specific Provisions	1.637	-	63	-	-	1.574
General Provisions	23.985	-	2.299	-	-	21.686

III. Explanations Related to Market Risk

The Bank's market risk management operations are conducted in compliance with the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks" and the "Regulation on Measuring and Reviewing Capital Adequacy of Banks" and within the scope of the responsibility of the Board of Directors.

In the in-balance sheet and off-balance sheet accounts, interest and currency risks that arise from the fluctuations of the positions held by the Bank in financial markets are measured. When calculating capital adequacy rates, the amount which is taken as a basis for market risk, which is calculated using the standard method shown in the table below, is taken into consideration.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Information Related to Market Risk:

	Current	Önceki Dönem
(I) Capital Requirement against General Market Risk - Standard Method	18	9
(II) Capital Requirement against Specific Risks - Standard Method	-	-
Capital requirement against Specific Risks of Securitisation Positions- Standard Method	-	-
(III) Capital Requirement against Currency Exchange Risk - Standard Method	250	295
(IV) Capital Requirement against Commodity Risks - Standard Method	-	-
(V) Capital Requirement against Exchange Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	-	-
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	-	-
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	268	304
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	3.350	3.800

Average market risk table calculated at month ends during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	13	25	3	36	378	-
Stock Risk	-	-	-	-	-	-
Currency Risk	635	1.264	250	273	525	127
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	-	-	-	-	-	-
Total Value Subject to Risk	648	1.289	253	309	903	127

Information on Counterparty Credit Risk

Bank has no counterparty credit risk for purchase and sell accounts as of 31 December 2015 31 December 2014:None).

IV. Explanations Related to Operational Risk

The Bank's market operational risk management activities are conducted in compliance with the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks" and the "Regulation on Measuring and Reviewing the Capital Adequacy of Banks" and within the scope of the responsibility of the Board of Directors. When calculating the capital adequacy rates, the amount which is taken as a basis for operational risk is calculated using the basic indicator approach method Balance subject to operational risk is calculated by considering gross income of prior three fiscal years 2014, 2013 and 2012. The amount subject to Operational Risk for the current period is TL 301.550 (31 December 2012: TL 216.733).

	2 Prior Period Amount	1 Prior Period Amount	31.12.2014	Total/Positive Year	Rate (%)	Total
GROSS Income	119.465	150.392	212.623	160.827	15	24.124
Amount subject to Operational Risk (Total* 12,5)						301.550

	2 Prior Period Amount	1 Prior Period Amount	31.12.2013	Total/Positive Year	Rate (%)	Total
GROSS Income	76.916	119.465	150.392	115.591	15	17.339
Amount subject to Operational Risk (Total* 12,5)						216.738

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. Explanations Related to Operational Risk

The Bank's market operational risk management activities are conducted in compliance with the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks" and the "Regulation on Measuring and Reviewing the Capital Adequacy of Banks" and within the scope of the responsibility of the Board of Directors. When calculating the capital adequacy rates, the amount which is taken as a basis for operational risk is calculated using the basic indicator approach method Balance subject to operational risk is calculated by considering gross income of prior three fiscal years 2014, 2013 and 2012. The amount subject to Operational Risk for the current period is TL 301.550 (31 December 2012: TL 216.733).

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Amount subject to Operational Risk (Total* 12,5)						216.738

INFORMATION ON FINANCIAL STRUCTURE (Continued)

V. Explanations Related to Currency Risk

The Bank is subject to the reserve requirements in relation to the foreign currency guarantees received for the Stock Exchange Money Market, Derivatives Market, collaterals obtained for cash loans and non-cash loans and foreign currency amounts deposited in the Bank's accounts as guarantee and the foreign currency amounts left in the unrestricted accounts of customers consisting of banks and brokerage firms except the foreign settlement transaction commissions and foreign currency amounts kept for its own transactions in accordance with the agreements made in foreign currencies. Therefore, the Bank performs its obligations in two-weekly periods in ratios designated in blocked accounts of the Central Bank of Turkey. The foreign currency amounts, kept due to the reserve requirements, are creating an excess amount of assets with regard to the ratio of assets to liabilities.

The Bank calculated foreign exchange capital liability of TL 3.124 (31 December 2014: TL 3.687) for the net position between assets and liabilities in foreign currency, and recognised it in the amount basis to market risk.

In the FX transactions of the Bank, the risk management policy that is also regarded in TRY transactions is used, and asset-liability is managed so as not to be exposed to foreign exchange risk in transactions that affect FX assets and liabilities.

The Bank's foreign exchange bid rates as of the date of the financial statements and five working days prior to that date:

Current Period	1 USD	1 EUR	1 GBP	100 JPY
31 December 2015	2,9076	3,1776	4,3007	2,4078
30 December 2015	2,9084	3,1921	4,3141	2,4098
29 December 2015	2,9157	3,2006	4,3417	2,4133
28 December 2015	2,9123	3,1904	4,3439	2,4146
25 December 2015	2,9187	3,1968	4,3414	2,4189
Simple arithmetic averages for last 31 days	2,9172	3,1697	4,3676	2,3898

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Foreign currency sensitivity:

According to TFRS 7, sensitivity of foreign currency assets and liabilities of the Bank to a probable change in exchange rates that might have a substantial effect is analyzed. In the analysis presented below, a 10% change in USD and Eurocurrencies are anticipated.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
USD	10% increase	42	210	42	210
	10% decrease	(42)	(210)	(42)	(210)
EURO	10% increase	40	150	40	150
	10% decrease	(40)	(150)	(40)	(150)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks	787.243	1.795.059	3.484	2.585.786
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	465	-	-	465
Loans	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-To-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	395	-	395
Total Assets	787.708	1.795.454	3.484	2.586.646
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	658.408	942.522	-	1.600.930
Securities Issued	-	-	-	-
Sundry Creditors	128.899	852.517	1.098	982.514
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	-	-	78	78
Total Liabilities	787.307	1.795.039	1.176	2.583.522
Net Balance Sheet Position	401	415	2.308	3.124
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	428.674	1.412.653	1.154	1.842.481
Total Liabilities	427.161	1.410.564	1.069	1.838.794
Net Balance Sheet Position	1.513	2.089	85	3.687
Net Off-Balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations Related to Interest Rate Risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank.

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analyzes. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

To evaluate its funding resources, the Bank enters into foreign currency and TL depot transactions, repurchase agreements, time and demand deposit transactions and foreign exchange transactions with the Central Bank of Turkey or other banks. The related transactions undertaken by the Fund Management Department are made with the banks having transaction limits designated by the Board of Directors under the regulations set out in "Treasury Transaction Limits".

Other than securities guaranteed or issued by the Turkish Treasury, the Bank does not include any debt instruments in its portfolio during the year 2015. The Bank does not undertake any liability due to using derivative financial instruments attributable to its transactions in evaluating its funding resources.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

Closing Balances of Current Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	55	55
Due From Other Banks	4.774.499	1.793.656	-	-	-	30.549	6.598.704
Financial Assets at Fair Value Through Profit and Loss	-	-	4.396	-	-	-	4.396
Money Market Placements	18.881	-	-	-	-	-	18.881
Financial Assets Available-For-Sale	-	-	-	-	-	1.636	1.636
Loans	172.112	-	-	-	-	-	172.112
Held-To-Maturity Investments	103.805	-	76.280	-	-	-	180.085
Other Assets (*)	1	-	-	-	-	116.568	116.569
Total Assets	5.069.298	1.793.656	80.676	-	-	148.808	7.092.438
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	-	-	-	-	-	-	-
Sundry Creditors	1.938.714	-	-	-	-	1.664.984	3.603.698
Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	2.459.898	-	-	-	-	58.281	2.518.179
Other Liabilities (*)	-	-	-	-	-	970.561	970.561
Total Liabilities	4.398.612	-	-	-	-	2.693.826	7.092.438
Balance Sheet Long Position	670.686	1.793.656	80.676	-	-	-	2.545.018
Balance Sheet Short Position	-	-	-	-	-	(2.545.018)	(2.545.018)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	670.686	1.793.656	80.676	-	-	(2.545.018)	-

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Closing Balances of Current Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	54	54
Due From Other Banks	4.169.753	879.992	-	-	-	21.033	5.070.778
Financial Assets at Fair Value Through Profit and Loss	-	-	1.256	-	-	-	1.256
Money Market Placements	24.786	-	-	-	-	-	24.786
Financial Assets Available-For-Sale	-	-	-	-	-	1.497	1.497
Loans	169.177	-	-	-	-	-	169.177
Held-To-Maturity Investments	-	92.788	75.679	-	-	-	168.467
Other Assets (*)	1	-	-	-	-	59.607	59.608
Total Assets	4.363.717	972.780	76.935	-	-	82.191	5.495.623
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	-	-	-	-	-	-	-
Sundry Creditors	1.697.605	-	-	-	-	1.090.904	2.788.509
Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1.761.583	56.415	-	-	-	33.517	1.851.515
Other Liabilities (*)	-	-	-	-	-	855.599	855.599
Total Liabilities	3.459.188	56.415	-	-	-	1.980.020	5.495.623
Balance Sheet Long Position	904.529	916.365	76.935	-	-	-	1.897.829
Balance Sheet Short Position	-	-	-	-	-	(1.897.829)	(1.897.829)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Net Position	904.529	916.365	76.935	-	-	(1.897.829)	-

(*) Other assets and liabilities in non-interest bearing column are presented below.

Other Assets	Current Year
-Temporary accounts	80.895
-Tangible assets	16.083
-Sundry debtors	8.072
-Subsidiaries	4.825
-Deferred tax assets	4.016
-Intangible assets	2.629
-Stationary supplies	48
-Custody Services comission rediscount	1
Total	116.569
Other Liabilities	Current Year
-Shareholder's equity	911.026
-Provisions	44.510
-Current tax liability	15.025
Total	970.561

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Other Assets	Prior Year
-Temporary accounts	26.551
-Tangible assets	17.115
-Sundry debtors	5.645
-Subsidiaries	4.825
-Deferred tax assets	4.013
-Intangible assets	1.423
-Stationary supplies	35
-Custody Services comission rediscount	1
Total	59.608
Other Liabilities	Prior Year
-Shareholder's equity	800.244
-Provisions	43.971
-Current tax liability	11.384
Total	855.599

Average interest rates applied to monetary financial instruments (%):

Current Period	EUR	USD	JPY	TL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks	1,55	2,21	-	10,41
Financial Assets at Fair Value Through Profit and Loss	-	-	-	9,69
Money Market Placements	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	-
Loans	-	-	-	13,31
Investments held to maturity	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Other creditors	-	-	-	8,84
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	0,17	0,65	-	9,73

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Average interest rates applied to monetary financial instruments:

Prior Period	EURO	USD	JPY	TL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks And Financial Institutions	1,92	2,13	-	8,77
Financial Assets At Fair Value Through Profit And Loss	-	-	-	8,05
Money Market Placements	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	-
Loans	-	-	-	10,73
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Other Creditors	-	-	-	8,25
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	0,25	0,45	-	8,39

According to TFRS 7 sensitivity of assets and liabilities of the Bank to a probable change in interest rates that might have a substantial effect is not important as Bank's financial instruments are short term and have fixed interest rate. Thus, presentation of financial information related with interest rate sensitivity is not required.

Interest rate risk on banking accounts:

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity-(Losses)/Equity
TRY	(+) 500 bp	4.655	0,51
TRY	(-) 400 bp	(3.791)	(0,42)
EURO	(+) 200 bp	480	0,05
EURO	(-) 200 bp	(480)	(0,05)
USD	(+) 200 bp	1.449	0,16
USD	(-) 200 bp	(1.449)	(0,16)
Total (of negative shocks)		(5.720)	(0,63)
Total (of positive shocks)		6.584	0,72

Equity share position risk in banking accounts

As of balance sheet date, bank has no equity share position risk.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanations Related to Liquidity Risk

The Bank management takes guarantees for Stock Exchange Money Market and settlement transactions and places TL funds in short-term in order to remain liquid.

The effective management of the risks arising from money market instruments is the fundamental strategy of the management. Even in the most uncertain market conditions, the Bank maintains risk minimization through reducing risks of market instruments, diversifying instruments, matching of maturities, and obtaining optimum liquidity level. For this reason, the Bank is significantly liquid and is a fund provider in the Over-the-Counter Money Market and CB Interbank markets. Turkish Lira and foreign currency sales transactions with banks are done within the limits determined by the Board of Directors and monitored by the internal system units.

The interest rates of payments, assets and liabilities are matched. Since there is no mismatch, there is no need for the measurement of the effect on profitability.

INFORMATION ON FINANCIAL STRUCTURE (Continued)

The Bank's short and long-term liquidity needs are met by its own resources.

Cash warrants that are received for cash flows of the Bank, amounts that are kept in its Equities and members' free accounts, BİAŞ Guarantee Fund, BİAŞ Loan and Share Market, Takasbank Money Market, Loan Share Market, Derivatives Exchange Market, Electricity Market, Leveraged call-put transactions, Warrant Deputy (OPIC) are made use of in Over-the-Counter Market with other banks via overnight repo in order to manage liquidity risk.

The Bank manages its liquidity risk by having enough cash and cash equivalent resources in order to meet present and probable debt obligations, by being able to close short positions and by being able to fund loan requirements.

Liquidity position is assessed and managed considering the market-wide and Bank-specific factors. The most important scenario among these scenarios is to maintain the ratio of net liquid assets/payables to clients in limits.

Ratios throughout the period are as below:

	Current Period (%)	Prior Period (%)
Period average	144	166
Highest	169	197
Lowest	133	125

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Undistributed	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	55	-	-	-	-	-	-	55
Banks	30.549	4.774.499	1.793.656	-	-	-	-	6.598.704
Financial Assets at Fair Value Through Profit and Loss	-	-	-	4.396	-	-	-	4.396
Money Market Placements	-	18.881	-	-	-	-	-	18.881
Financial Assets Available-For-Sale	1.636	-	-	-	-	-	-	1.636
Loans	-	172.112	-	-	-	-	-	172.112
Held-To-Maturity	-	103.805	-	76.280	-	-	-	180.085
Other Assets (*)	-	1	-	-	-	-	116.568	116.569
Total Assets	32.240	5.069.298	1.793.656	80.676	-	-	116.568	7.092.438
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	2.459.898	-	-	-	-	58.281	2.518.179
Money Market Borrowings	-	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	1.664.984	1.938.714	-	-	-	-	-	3.603.698
Other Liabilities	-	5.295	-	23.918	-	-	941.348	970.561
Total Liabilities	1.664.984	4.403.907	-	23.918	-	-	999.629	7.092.438
Current Period Liquidity Gap	(1.632.744)	665.391	1.793.656	56.758	-	-	(883.061)	-
Prior Period								
Total Assets	22.584	4.363.717	972.780	76.935	-	-	59.607	5.495.623
Total Liabilities	1.090.904	3.462.612	56.415	20.164	-	-	865.528	5.495.623
Prior Period Liquidity Gap	(1.068.320)	901.105	916.365	56.771	-	-	(805.921)	-

(*) Accounts that constitute the balance sheet assets such as fixed assets, participation and subsidiaries, prepaid expenses, receivables for follow up those are required to maintain banking operations and are not convertible to cash in short term period are recorded into this account.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Analysis of financial assets and liabilities by remaining contractual maturities:

	Demand	Up to one month	1-3 Months	3-12 Months	1-5 Years	Total	Adjustments	Total
31 December 2015								
Placements	-	-	-	-	-	-	-	-
Repo	-	-	-	-	-	-	-	-
Funds borrowed	-	2.412.697	-	-	-	2.412.697	626	2.413.323
Other	-	104.856	-	-	-	104.856	-	104.856
Total	-	2.517.553	-	-	-	2.517.553	626	2.518.179
31 December 2014								
Placements	-	-	-	-	-	-	-	-
Repo	-	-	-	-	-	-	-	-
Funds Borrowed	-	1.715.218	56.415	-	-	1.771.633	643	1.772.276
Other	-	79.239	-	-	-	79.239	-	79.239
Total	-	1.794.457	56.415	-	-	1.850.872	643	1.851.515

Securitisation positions:

The Bank does not apply securitisation as of 31 December 2015.

Credit Risk Mitigation Techniques:

The Bank does not perform in-and off-balance sheet netting. The Bank's cash credit transactions consist of loans extended to intermediary firms. Equity securities, treasury bills, government bonds, a letter of guarantee, investment fund participation certificates and cash blockage collateral may be obtained for extended cash credits. Takasbank Money Market (TMM) transactions are regarded as non-cash credits because of our guarantorship in TPP. Cash, a letter of guarantee, treasury bills, government bonds, investment fund participation certificates, equity securities and Euro bonds are accepted as guarantee in TMM.

Regarding guarantees taken for TMM and cash credit transactions, equity securities are valued according to their weighted average price in the last session on the day of valuation, or, if the transaction is not realised, according to the arithmetic average of best purchase and best sales orders in the last session; Government Bonds and Treasury Bills are valued according to "Current Bond Rates" determined at BİAŞ (Debt Instruments Market) on the day of valuation; FC cash amounts and FC letters of guarantee are valued according to the currency buying rate announced by Central Bank of the Republic of Turkey for the day following the day of valuation; Investment Fund Participation Certificates are valued according to the prices announced on the day of valuation; and Euro Bonds are valued according to Bloomberg Generic Price (BGN) published at 17:00. In consequence of guarantee valuation carried out every day, in the event that the depreciation of the guarantees exceeds the limits determined by the Bank, a margin call is made to ensure that the guarantees are brought to the level of the initial guarantee.

The Bank performs valuation of collateral and risk at the end of each day. On the other hand, shares and exchange traded funds are also subject to valuation during the day. The method used for day-end and intra-day collateral valuation is as follows:

- Shares and exchange traded funds are valued by taking into account the weighted average price emerging in the last session of the BİAŞ share market on the day of the valuation for day-end valuations, while the weighted average prices of the first session are taken into account for intra-day valuation. If no transaction has been performed in the stock exchange, the arithmetic average of the best purchase and sale orders in the last session is used. If no best purchase or best sale order exists, then the weighted average price of the last session in which a transaction was performed is used.
- Government bonds and treasury bonds are valued based on "current bond rates" defined within the BİAŞ, Debt Instruments Market on the day of valuation. If these prices cannot be obtained, then the daily values of government debt securities determined by the Turkish Central Bank are used as indicators.
- Cash amounts in foreign currency are valued based on the foreign exchange buying rate determined by the Turkish Central Bank for the day after the valuation.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Collaterals in terms of Risk Categories:

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	183.375	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	9.481.549	600.965	-	-
Conditional and unconditional corporate receivables	413.320	-	-	-
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional secured mortgage receivables	-	-	-	-
Past due receivables	-	-	-	-
Receivables in high risk category defined by BRSA	-	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	288.778	-	-	-
Total	10.367.022	600.965	-	-

VIII. Risk management objectives and policies

The purpose of the risk management system is to define, measure, track, and report the risks, through policies, implementing procedures, and limitations identified to track, control, and, when necessary, change the risk-gain structure of future cash flows of the Bank and therefore the nature and level of its activities.

The purpose of the internal capital adequacy assessment process (ISEDES) is to internally determine the capital level which is adequate to compensate for the risks that the Bank is or is likely to be exposed to, and to enable the Bank to continue its operations with capital above this level.

When establishing and implementing the Risk Management System and ISEDES, the proportionality principle is considered, in accordance with BRSA legislation and good practice guidelines.

The general risk policy of the Bank is to perform its activities taking manageable, controllable, and reasonable risks, which maintain the balance between income and expenses. The Bank manages its risks in such a way that they stay above the minimum and below the maximum levels stated in the regulations published by the BRSA, and below the risk appetite confirmed by the Board of Directors.

The risk capacity of the Bank is decided in accordance with its capital adequacy policy. When doing capital and liquidity planning, the current and under-stress liquidity requirements of the Bank, as well as its risk appetite and capacity, are considered together.

The fund management strategy of the Bank is designed to avoid any liquidity problems, to sustain optimization of the risk-income balance, and to obtain maximum benefits from resources while taking a reasonable level of risk.

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The Risk Management Team carries out its activities under the management of the Board of Directors and by way of the Audit Committee.

Risk management activities consist of measuring, monitoring, and reporting risks, and are performed by the Risk Management Team. Within the scope of the risk management system, a reporting system has been established for the effective analysis and assessment of the risks incurred. Systems that allow extensive reporting regarding credit risks, market risks, operational risks, liquidity risks, and interest rate risk due to banking accounts, which can be used in risk management, determine strategies and decision-making. These reports are regularly submitted to the Board of Directors and senior management, as well as to units responsible for creating and monitoring the risks. The Bank's risks related to new products and services are evaluated within the scope of all exposed risks. Also, primary and secondary structural block risks the Bank is exposed to are considered within the scope of ISEDES and stress tests-scenario analyses are done for these risks in order to calculate capital requirements.

The aim is to maintain the current capital level of the Bank above the internal capital requirement ratio which is also the defined target ratio and is determined within the scope of ISEDES. The purpose of the stress tests is to evaluate the capacity of the Bank to compensate for losses due to various shocks under specific scenarios.

The Bank has specified risk limits and signal values on a general basis and on the basis of risk types in order to control the current risk profile and not go beyond the borders of risk appetites based on risk types and general risk appetite, which are confirmed by Board of Directors of the Bank.

Said risk appetites, risk limits, and signal values are tracked by the Risk Management Team on a regular basis and overflows are transmitted to Senior Management so that the necessary actions can be taken.

The Risk Management team operates under the board of directors through the Audit committee. Risk management activities include measuring, monitoring, and reporting risks; these activities are carried out by the Risk Management team's staff.

Within the scope of the risk management system, a reporting system, which will enable efficient analysis and evaluation of exposed risks, was created. Systems which provide comprehensive reports related to credit risk, market risk, operational risk, liquidity risk, and interest rate risks that result from bank accounts were established for managing risks, determining strategies and making decisions. Reports are regularly presented by board of directors and top management to the units that are responsible for arising risks and the monitoring of them.

In addition, the bank's risks for new products and services are evaluated in terms of all exposed risks. Also, capital requirements are calculated with exposed first and second structural block risks within the framework of the Internal Capital Adequacy Assessment Process, by conducting stress tests and scenario analyses for the said risk types. Within this scope, the bank's current capital level is set to stay above the internal capital requirement ratio, which is determined within the framework of the Internal Capital Adequacy Assessment Process and specified as the target ratio. The aim of performing stress tests is to assess the bank's capacity to cover loss that results from miscellaneous shocks under specific scenarios.

The bank determined risk limits and signal values, which are general and also based on risk types for use in the overall control of current risk profiles, so as not to bypass general risk appetites or those based on risk types approved by board of directors. The Risk Management team regularly monitors risk appetites, risk limits, and risk values and the excess that is reported to top management for further action.

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IX. Explanations Related To Presentation of Financial Assets and Liabilities at Fair Value

Current period marketable securities for investment purposes are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The estimated fair value of funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure.

The book value of the banks, money market placements, and funds borrowed from other financial institutions and sundry creditors reflect their fair values since they are short-term.

The table below shows the book value and the fair value of the financial assets and liabilities.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	6.975.814	5.435.961	6.980.210	5.436.594
Financial Assets at Fair Value Through profit / (Loss)	4.396	1.256	4.396	1.256
Money Market Placements	18.881	24.786	18.881	24.786
Banks	6.598.704	5.070.778	6.598.704	5.070.778
Available-For-Sale Financial Assets	1.636	1.497	1.636	1.497
Held-To-Maturity Investments	180.085	168.467	184.481	169.100
Loans	172.112	169.177	172.112	169.177
Financial Liabilities	6.121.877	4.640.024	6.121.877	4.640.024
Placements on banks	-	-	-	-
Other placements	-	-	-	-
Payables to Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.518.179	1.851.515	2.518.179	1.851.515
Securities Issued	-	-	-	-
Sundry Creditors	3.603.698	2.788.509	3.603.698	2.788.509

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IFRS 7, "Financial Instruments: Disclosures" standard, the items presented in the financial statements at their fair value, are classified according to certain levels. These levels are based on observability of data used in the calculation of the fair value. Fair value classifications is as follows:

Level 1: Registered in active markets price for identical assets or liabilities (unadjusted)

Level 2: Other than published prices included within Level 1, either directly (by price) or indirectly (derived from price) observable datas in terms of assets or liabilities

Level 3: Not based on observable market data in relation to assets or liabilities.

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	184.481	1.636	-	186.117
Government Bonds	4.396	-	-	4.396
Available-For-Sale Financial Assets	-	1.636	-	1.636
Held-to-Maturity Investments	180.085	-	-	180.085
Financial Derivative Assets for Trading	-	-	-	-
Financial Liabilities	-	-	-	-
Financial Derivative Liabilities Held for	-	-	-	-
Cash Flow Hedges	-	-	-	-
Financial Derivative Liabilities for Trading	-	-	-	-

Prior Period	Seviye 1	Seviye 2	Seviye 3	Toplam
Financial Assets	170.356	1.497	-	171.853
Government Bonds	1.256	-	-	1.256
Available-For-Sale Financial Assets	-	1.497	-	1.497
Held-to-Maturity Investments	169.100	-	-	169.100
Financial Derivative Assets for Trading	-	-	-	-
Financial Liabilities	-	-	-	-
Financial Derivative Liabilities Held for Cash Flow Hedges	-	-	-	-
Financial Derivative Liabilities for Trading	-	-	-	-

X. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank carries out trading, custody, management and advisory services on others' behalf and account.

TL 8 (31 December 2014: TL 8), in the off balance sheet contingencies and commitments table, consists of sales and securities which are traded on BİAŞ. Under the fiduciary transactions agreement, there are no transactions carried out with other financial institutions and there are no financial services rendered directly in this context.

According to the Articles of Association of the Bank, the services and operations of the Bank are performing the custody of the securities, precious metals and other securities and the clearing and settlement of cash and security commitments arising from the purchases and sales on stock exchanges. The Bank realizes transactions necessary for transfers, settlement, offsetting, and discharge of debts, securities obtained for custody and other marketable securities; obtaining bonus share, use of preemptive rights, collection of interest and principle at maturity, dividends, and exchanges of documents representing the securities and other instruments and similar financial services. Also, the Bank provides the clearing and settlement service of guarantees of derivative transactions on Turkish Derivative Exchange. Related to above mentioned transactions, the total amount of guarantees obtained from Bank's customers comprising treasury bills, government bonds, letter of guarantees and stocks are listed below.

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INFORMATION ON FINANCIAL STRUCTURE (Continued),

XI. Explanations on Segment Reporting

The Bank operates mainly in clearing-operation, custody, loans and treasury.

Current Period	Clearing and Operation		Loans and Money Market			Total
	Clearing and Operation	Custody	Market	Treasury	Others	
Cash and Balances with Central Bank	-	-	-	55	-	55
Financial Assets At Fair Value Through Profit or Loss (Net)	-	-	-	-	4.396	4.396
Banks	-	-	-	6.598.704	-	6.598.704
Money Markets	-	-	-	-	18.881	18.881
Aavailable-For-Sale Financial Assets (Net)	-	-	-	1.636	-	1.636
Loans	-	-	172.112	-	-	172.112
Held-to-Maturity Securities (Net)	-	-	-	180.085	-	180.085
Subsidiaries	-	-	-	-	-	-
Joint Ventures (Net)	-	-	-	4.825	-	4.825
Property and Equipment (Net)	-	-	-	-	16.083	16.083
Intangible Assets (Net)	-	-	-	-	80.895	80.895
Tax Asset	-	-	-	-	2.629	2.629
Other Assets	7.219	-	-	-	4.918	12.137
Total Assets	7.219	-	172.112	6.785.305	127.802	7.092.438
Funds Borrowed	-	-	-	2.413.323	-	2.413.323
Other Miscellaneous Liabilities	-	-	-	-	-	-
Miscellaneous Payables	3.559.557	16.474	-	-	27.667	3.603.698
Other Liabilities	104.856	-	-	-	-	104.856
Provisions	-	21.686	-	-	22.824	44.510
Tax Liability	-	-	-	-	15.025	15.025
Shareholder's Equity	-	-	-	-	911.026	911.026
Total Liabilities	3.664.413	38.160	2.413.323	976.542	976.542	7.092.438

Prior Period	Clearing and Operation		Loans and Money Market			Total
	Clearing and Operation	Custody	Market	Treasury	Others	
Cash and Balances with Central Bank	-	-	-	54	-	54
Financial Assets At Fair Value Through Profit or Loss (Net)	-	-	-	-	1.256	1.256
Banks	-	-	-	5.070.778	-	5.070.778
Money Markets	-	-	-	-	24.786	24.786
Aavailable-For-Sale Financial Assets (Net)	-	-	-	1.497	-	1.497
Loans	-	-	169.177	-	-	169.177
Held-to-Maturity Securities (Net)	-	-	-	168.467	-	168.467
Subsidiaries	-	-	-	-	-	-
Joint Ventures (Net)	-	-	-	4.825	-	4.825
Property and Equipment (Net)	-	-	-	-	17.115	17.115
Intangible Assets (Net)	-	-	-	-	1.423	1.423
Tax Asset	-	-	-	-	4.013	4.013
Other Assets	-	5.394	-	-	26.838	32.232
Total Assets	-	5.394	169.177	5.245.621	75.431	5.495.623
Funds Borrowed	-	-	-	1.772.276	-	1.772.276
Other Miscellaneous Liabilities	-	-	-	-	-	-
Miscellaneous Payables	2.686.534	1.883	77.050	-	23.042	2.788.509
Other Liabilities	79.239	-	-	-	-	79.239
Provisions	-	-	23.985	-	19.986	43.971
Tax Liability	-	-	-	-	11.384	11.384
Shareholder's Equity	-	-	-	-	800.244	800.244
Total Liabilities	2.765.773	1.883	101.035	1.772.276	854.656	5.495.623

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INFORMATION ON FINANCIAL STRUCTURE (Continued),

Current Period	Clearing and Operation	Loans and MM	Treasury	Others	Total
Net interest income	-	9.267	185.018	-	194.285
Net fees and commission income and other operating income	70.233	16.837	-	-	87.070
Dividend income	-	-	6.179	-	6.179
Net trading income	-	-	1.122	-	1.122
Other operating income	-	-	-	2.884	2.884
Provision for loan losses and other receivables	-	265	-	-	265
Other operating expenses	-	-	-	74.857	74.857
Profit/Loss before tax	70.233	25.839	192.319	(71.973)	216.418
Tax provision	-	-	-	(41.690)	(41.690)
Net Profit/Loss	70.233	25.839	192.319	(113.663)	174.728

Prior Period	Clearing and Operation	Loans and MM	Treasury	Others	Total
Net interest income	49	8.553	130.645	-	139.247
Net fees and commission income and other operating income	56.233	16.932	-	-	73.165
Dividend income	-	-	6.166	-	6.166
Net trading income	-	-	320	-	320
Other operating income	-	-	-	241	241
Provision for loan losses and other receivables	-	1.005	-	-	1.005
Other operating expenses	-	-	-	67.587	67.587
Profit/Loss before tax	56.282	24.480	137.131	(67.346)	150.547
Tax provision	-	-	-	(29.055)	(29.055)
Net Profit/Loss	56.282	24.480	137.131	(96.401)	121.492

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets

1. Information on Cash and Balances with the Central Bank of Turkey:

1.a) Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	13	-	15	-
Balances with the Central Bank of Turkey	42	-	39	-
Other	-	-	-	-
Total	55	-	54	-

1.b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	42	-	39	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	-	-	-
Total	42	-	39	-

1.c) Information related to reserve deposits presented under unrestricted demand deposit:

In accordance with the Official Statement about Required Reserves, liabilities that are subject to required reserves have been changed. Required reserves are not kept in the Central Bank of Turkey as the liabilities stated in the newly announced Official Statement are lacked in Takasbank A.Ş.

2. Information on financial assets at fair value through profit and loss (net):

2.a) i. Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2014: None).

2.a) ii. Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2014: None).

2.b) Positive differences related to derivative financial assets held-for-trading: None (31 December 2014: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Information on Banks:

3.a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	4.012.918	2.585.786	3.228.643	1.842.135
Domestic	4.012.918	2.555.571	3.228.643	1.822.129
Foreign	-	30.215	-	20.006
Branches and head office abroad	-	-	-	-
Total	4.012.918	2.585.786	3.228.643	1.842.135

3.b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	29.786	19.997	-	-
USA and Canada	429	9	-	-
OECD Countries(*)	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	30.215	20.006	-	-

(*) OECD Countries outside U.S., Canada and European Union Countries

3.c) Information on receivables from money markets

The details about the receivables from Money Markets are as below:

	Current Period	Prior Period
Reverse Repo member balance	18.881	24.786
Total	18.881	24.786

4. Information on financial assets available-for-sale:

4.a) i. Information on financial assets available-for-sale given as collateral or blocked:

None (31 December 2014: None).

4.a) ii. Information on financial assets available-for-sale subject to repurchase agreements:

None (31 December 2014: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

4.b) Information on available for sale assets:

Name	Acquired On	Current Period		Prior Period	
		Amount	Ratio(%)	Amount	Ratio(%)
Borsa İstanbul A.Ş. (VOBAŞ Devir Hisseleri)	31 May 2013	324	0,15	324	0,15
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	3 January 2011	637	4,12	637	4,12
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	29 July 2011	210	10,50	210	10,00
S.W.I.F.T SCRL	24 April 2009	239	0,024	125	0,015
SASE-Sarajevo Menkul Kıymetler Borsası	18 May 2011	226	5,00	201	5,00
Total		1.636		1.497	

	Current Period	Prior Period
Debt securities		
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	-	-
Share certificates	1.636	1.497
Quoted on a stock exchange	-	-
Not quoted on a stock exchange(*)	1.636	1.497
Impairment provision(-)	-	-
Total	1.636	1.497

(*) All unquoted available for sale financial investments of the Bank are accounted for at cost.

5. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	141.553	1.598.502	92.124	2.170.773
Corporate shareholders	141.553	1.598.502	92.124	2.170.773
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	-	-
Total	141.553	1.598.502	92.124	2.170.773

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	
		Restructured or Rescheduled	Other	Restructured or Rescheduled	Other
Non-specialized loans	172.112	-	-	-	-
-Working capital loans	-	-	-	-	-
Export loans	-	-	-	-	-
Import loans	-	-	-	-	-
Loans given to financial sector	172.112	-	-	-	-
Consumer loans	-	-	-	-	-
Credit cards	-	-	-	-	-
Other	-	-	-	-	-
Specialized loans	-	-	-	-	-
Other receivables	-	-	-	-	-
Total	172.112	-	-	-	-

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	172.112	-	-	-
Non-specialized loans	172.112	-	-	-
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	-	-	-	-
Non-specialized loans	-	-	-	-
Non-specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Total	172.112	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

None (31 December 2014: None).

e) Information on commercial loans with installments and corporate credit cards: None (31 December 2014: None).

f) Loans according to borrowers:w

	Current Period	Prior Period
Public	-	-
Private	172.112	169.177
Total	172.112	169.177

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	172.112	169.177
Foreign loans	-	-
Total	172.112	169.177

h) Loans granted to subsidiaries and associates: None (31 December 2014: None).

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	-	-
Loans and receivables with doubtful collectability	-	-
Uncollectable loans and receivables	1.574	1.637
Total	1.574	1.637

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

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:
None (31 December 2014: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

j.2) Information on movement of non-performing loans:

	III.Group Loans and Receivables With Limited Collectability	IV.Group Loans and Receivables With Doubtful Collectability	V.Group Uncollectable Loans and Receivables
Prior period end balance	-	-	1.637
Additions (+)	-	-	-
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	-	-	63
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	-	-
Specific provision (-)	-	-	1.574
Net Balances on Balance Sheet	-	-	-
Bilançodaki Net Bakiyesi	-	-	1.574

j.3) Information on foreign currency non-performing loans and other receivables: None (31 December 2014: None).

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III.Group Loans and Receivables With Doubtful Collectability	IV.Group Loans and Receivables With Doubtful Collectability	V.Group Uncollectable Loans and Receivables
Current Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	-	-	1.574
Specific Provision Amount (-)	-	-	1.574
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	-	-	1.637
Specific Provision Amount (-)	-	-	1.637
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

- k) Main principles of liquidation policy for uncollectible loans and receivables: The Bank has no uncollectible loans and receivables as of the balance sheet date (31 December 2014: None).
- l) Explanations about the policy for the asset's write-off: The general policy for the receivables write-off under follow-up is to write-off the receivables from asset which can not be collected in process of a legal enforcement.
- m) Other explanations and disclosures: Collaterals and credit enhancement obtained during the year: The details of the collaterals obtained for cash loans as of 31 December 2015 and 2014 are as follows:

	Current Period	Prior Period
Equity Shares (quoted)	5.891	19.508
Letters of Guarantee	372.450	229.980
Total	378.341	249.488

6. Investments held to maturity:

- 6.a) i. Information on held-to-maturity investments given as collateral or blocked:

	Current Period	Prior Period
Held-to-maturity investments given as collateral or blocked	-	158.297
Unrealized accrual related to these investments	-	10.170
Total	-	168.467

- 6.a) ii. Held-to-maturity investments subject to repurchase agreements: None (31 December 2014: None with TL 245.000-to-maturity investments.).

- 6.b) Information on held-to-maturity public sector debt instruments:

	Current Period	Prior Period
Government Bond	180.085	168.467
Treasury Bill	-	-
Other Public Sector Debt Instruments	-	-
Total	180.085	168.467

- 6.c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	180.085	168.467
Quoted on a stock exchange	180.085	168.467
Not quoted on a stock exchange	-	-
Impairment provision (-)	-	-
Total	180.085	168.467

- 6.d) Movement of held-to-maturity investments

	Current Period	Prior Period
Beginning balance	168.467	239.826
Foreign currency differences on monetary assets	-	-
Purchases during year	177.463	213.250
Disposals through sales and redemptions	(175.000)	(289.845)
Impairment provision (-)	-	-
Effect of unearned coupon income on cost	9.155	5.236
Closing Balance	180.085	168.467

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Information on associates (net):

- 7.a) Information on the unconsolidated associates: The Bank has no unconsolidated associates (31 December 2014: None). Informations related Central Registry Agency are presented in the disclosure no.8.
- 7.b) Information on the unconsolidated associates: None (31 December 2014: None).
- 7.c) Explanations of consolidated associates: None (31 December 2014: None).
- 7.d) Information on sector information on consolidated associates: None (31 December 2014: None).
- 7.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2014: None).

8. Information on subsidiaries (Net):

- 8.a) Information on the unconsolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank risk group's share percentage (%)
Merkezi Kayit Kuruluşu A.Ş.	İstanbul/Türkiye	28,57	65

Bank's share in Merkezi Kayit Kuruluşu A.Ş. ("MKK") is 65% and the Bank's voting right is 28,57% (2/7) according to its Articles of Association. Although the Bank possesses more than 20% of the voting rights of MKK. The Bank does not have significant influence over the company. For this reason the associate is not consolidated. This subsidiary is carried at cost amounting to TL 4.825 thousand in the financial statements.

Total Assets (*)	Shareholder's Equity	Total Fixed Asset	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/(Loss)	Prior Periods' Profits / (Losses)	Fair Value
97.879	75.061	28.128	4.791	-	17.951	23.191	-

- (*) Non-Audited financial statements yet, prepared as of 31 December 2015, in accordance with the Turkish Accounting Standards.

	31 December 2015	31 December 2014
Paid-in capital	36.000	36.000
Legal reserves	18.948	18.948
Other reserves	-	-
Profit/loss	20.113	14.898
Prior periods profit/loss	2.162	(3.890)
Current period net profit/loss	17.951	18.788
Intangible Assets (-)	(12.453)	(13.519)
Total Core Capital	62.608	56.327
Supplementary Capital	-	-
Capital	62.608	56.327
Net Usable Equity	62.608	56.327

There is no assessment of subsidiaries' internal capital adequacy

Paid capital is indicated in the main agreement of the Bank as Turkish Liras and registered in the trade registry.

Legal reserves are the reserve funds which are indicated in the Turkish Trade Act's(numbered 6762) 466. dam's first paragraph and second paragraph's third subparagraph, and 467.dam and accounted from related year's profit.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 8.b) Information on the consolidated subsidiaries:
- i. Information on the consolidated subsidiaries: None (31 December 2014: None).
- ii. Information on movement of consolidated subsidiaries: None (31 December 2014: None).
- iii. Sectoral information on the consolidated subsidiaries and the related carrying amounts: None (31 December 2014: None).
- iv. Consolidated subsidiaries quoted on the stock exchange: None (31 December 2014: None).

9. Information on entities under common control (joint ventures): None (31 December 2014: None).

10. Information on finance lease receivables (Net): None (31 December 2014: None).

11. Information on derivative financial assets for hedging purposes: None (31 December 2014: None).

12. Information on tangible assets:

	Prior Year's Closing Balance 31 December 2014	Additions	Disposals	Closing Year Balance 31 December 2015
Cost:				
Land and buildings	14.394	-	(18)	14.376
Leased tangible assets	-	-	-	-
Vehicles	1.046	-	-	1.046
Other	11.052	1.564	(32)	12.584
Total Cost	26.492	1.564	(50)	28.006

	Prior Year's Closing Balance 31 December 2014	Charge for the Year	Disposals	Closing Year Balance 31 December 2015
Accumulated Depreciation:				
Land and buildings	(3.960)	(307)	-	(4.267)
Leased tangible assets	-	-	-	-
Vehicles	(281)	(74)	-	(340)
Other	(5.136)	(2.077)	(88)	(7.316)
Total Accumulated Depreciation	(9.377)	(2.458)	(88)	(11.923)
Net Book Value	17.115	(894)	(138)	16.083

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Prior Year's Closing Balance 31 December 2013	Additions	Disposals	Closing Year Balance 31 December 2014
Cost:				
Land and buildings	14.388	1.614	(1.608)	14.394
Leased tangible assets	-	-	-	-
Vehicles	570	1.014	(538)	1.046
Other	7.510	4.226	(684)	11.052
Total Cost	22.468	6.854	(2.830)	26.492

	Prior Year's Closing Balance 31 December 2013	Charge for the Year	Disposals	Closing Year Balance 31 December 2014
Accumulated Depreciation:				
Land and buildings	(3.593)	(214)	(153)	(3.960)
Leased tangible assets	-	-	-	-
Vehicles	(266)	-	-	(266)
Other	(4.196)	-	(955)	(5.151)
Total Accumulated Depreciation	(8.055)	(214)	(1.108)	(9.377)
Net Book Value	14.413	6.640	(3.938)	17.115

12.a) If impairment amount on individual asset booked or reversed in the current period is material for the overall financial statements:

- i. Reason and conditions for booking or reversing impairment: The details for reason and conditions for booking or reversing impairment are given in note (12.b) of the report.
- ii. Amount of impairment booked or reversed in the financial statements: The details for amount recorded or reversed impairment in the financial statements are given in part (12.b) of the Report.

12.b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: There is no material impairment provision set or cancelled in the current period (31 December 2014: None).

There is no impairment accounted related to property and equipment in the current period.

12.c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None (31 December 2014: None).

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13. Information on intangible assets:

	Prior Year Closing Balance 31 December 2014	Additions	Disposals	Closing Balance 31 December 2015
Cost:				
Leasehold improvements	-	-	-	-
Other intangible assets	6.294	80.896	-	87.190
Total Cost	6.294	80.896	-	87.190
Accumulated Amortization:				
Leasehold improvements	-	-	-	-
Other intangible assets	(4.871)	(1.424)	-	(6.295)
Total Accumulated Amortization	(4.871)	(1.424)	-	(6.295)
Net Book Value	1.423	79.472	-	80.895

	Prior Year Closing Balance 31 December 2014	Additions	Disposals	Closing Balance 31 December 2014
Cost:				
Leasehold improvements	-	-	-	-
Other intangible assets	4.900	1.576	(182)	6.294
Total Cost	4.900	1.576	(182)	6.294
Accumulated Amortization:				
Leasehold improvements	-	-	-	-
Other intangible assets	(4.016)	(855)	-	(4.871)
Total Accumulated Amortization	(4.016)	(855)	-	(4.871)
Net Book Value	884	721	(182)	1.423

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None (31 December 2014: None).
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None (31 December 2014: None).
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None (31 December 2014: None).
- d) The book value of intangible fixed assets that are pledged or restricted for use: None (31 December 2014: None).
- e) Amount of purchase commitments for intangible fixed assets: None (31 December 2014: None).
- f) Information on revalued intangible assets according to their types: None (31 December 2014: None).
- g) Amount of total research and development expenses recorded in income statement within the period if any: None (31 December 2014: None).

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13. Information on intangible assets: (Continued)

- h) Positive or negative consolidation goodwill on entity basis: None (31 December 2014: None).
- i) Information on goodwill: None (31 December 2014: None).
- j) Movements on goodwill in the current period: None (31 December 2014: None).

14. Information on investment property: None (31 December 2014: None).

15. Explanations on deferred tax asset:

- a) a) As of 31 December 2015, deferred tax asset is TL 2.629 (31 December 2014: TL 4.013).

Distribution of deferred tax asset:

	Current Period		Prior Period	
	Cumulative temporary differences	Deferred Tax Assets / (Liabilities)	Cumulative temporary differences	Deferred Tax Assets / (Liabilities)
CMB provisions	9.140	1.828	8.522	1.704
Severance provision	8.830	1.766	7.185	1.437
Provision for Employee Termination Benefits	4.512	902	3.729	746
Litigation Provision	342	68	549	110
Difference between Internal Efficiency and Market Value of GDDS held to maturity	393	79	681	136
Deferred Tax Provision		4.643		4.133
Difference between BookValue and Tax Value of Fixed Assets	10.071	2.014	601	120
Deferred Tax Liabilities		2.014		120
Deferred Tax Assets / (Liabilities),net		2.629		4.013

- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None (31 December 2014: None).
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None (31 December 2014: None).
- d) Movement of deferred tax asset:

	Current Period	Prior Period
January 1	4.013	2.679
Effect of change in effective tax rate	-	-
Deferred tax (charge)/benefit	(1.449)	971
Deferred tax (charge)/benefit (Net)	(1.449)	971
Deferred tax accounted in Shareholders' Equity	65	363
Deferred Tax Asset	2.629	4.013

16. Information on assets held for sale and discontinued operations:

None (31 December 2014: None).

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17. Information on other assets:

Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments). The details of other assets are presented below.

Breakdown of other assets:

	Current Period	Prior Period
Commission, receivables from members	7,218	5,393
Prepaid expenses	3,935	2,504
Custody accruals	48	35
Cash guarantees given	10	10
Seller advances (BİAŞ)	-	24,033
Other	926	257
Total	12.137	32.232

II. Explanations and Notes Related to the Liabilities

1. Explanations related to deposits:

a) Information on maturity structure of deposits:

The Bank is not authorized to accept deposits.

b) Information on saving deposits under the guarantee of saving deposit insurance:

The Bank is not authorized to accept deposits.

c) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad:

The Bank's head office is in İstanbul, Turkey.

d) Saving deposits not guaranteed by insurance:

The Bank is not authorized to accept deposits.

2. Information on derivative financial liabilities held-for-trading:

None (31 December 2014:None).

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	812.393	1.600.930	478.356	1.293.920
From Foreign Banks, Institutions and Funds	-	-	-	-
Total	812.393	1.600.930	478.356	1.293.920

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b) Maturity analysis of Funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	812.393	1.600.930	478.356	1.293.920
Medium and long-term	-	-	-	-
Total	812.393	1.600.930	478.356	1.293.920

c) Additional explanation related to the concentrations of the Bank's major liabilities:

The liabilities of the Bank consist of taxes payable, similar payables and cash collaterals and current accounts of the members. The Bank also has liabilities regarding the amounts held due to managing the guarantee funds established for common stock, government bond and Treasury bill markets on the İstanbul Stock Exchange Warrant Deputy (OPIC) and managing the guarantee funds and guarantees of transactions in Turkish Derivative Exchange.

4. Information on funds provided from repurchase agreement transactions:

None (31 December 2014: None).

5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

The breakdown of other liabilities is as below:

	Current Period	Prior Period
IVP Profit and Loss Cash Pool	56.668	32.558
Cash Pool Electricity	33.624	27.747
BİAŞ Guarantee Fund - Share Certificates	1.022	5.644
BES Government Contribution Account	578	130
BİAŞ Guarantee Fund - Bond	172	103
Other	12.792	13.057
Total	104.856	79.239

The Breakdown of Miscellaneous Payables which is the majority of the passive total of the balance sheet is as below:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash Guarantees	2.357.986	859.165	2.107.037	491.502
Other Cash Guarantees	262.354	123.349	114.811	53.371
Expense Accruals	-	-	21.013	-
-Capital Market Board's share fee (*)	844	-	775	-
Total	2.621.184	982.514	2.243.636	544.873

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Explanations on financial lease obligations (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank: None (31 December 2014: None).
- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None (31 December 2014: None).
- c) Explanation on finance lease payables: None (31 December 2014: None).
- d) Explanations regarding operational leases: None (31 December 2014: None).
- e) Explanations on the lesser and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None (31 December 2014: None).

7. Information on derivative financial liabilities for hedging purposes:

None (31 December 2014: None).

8. Information on provisions

- a) Information on general loan loss provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	6.548	6.284
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non-cash Loans	15.138	17.701
Other	-	-
Total	21.686	23.985

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (31 December 2014: None).

- c) The specific provisions provided for unindemnified non cash loans: None (31 December 2014: None).

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- d) Information on employee termination benefits and unused vacation accrual:

Under Turkish Labor Law, the Bank is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. As the maximum liability is revised semi annually, the maximum amount of TL 4.092,53 (31 December 2014: TL 3.541,37) effective from 1 January 2016 has been taken into consideration in calculation of provision for employment termination benefits.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The main assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2015, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the balance sheet date have been calculated assuming an annual inflation rate of 6,50% (31 December 2014: 4,5%) and interest rate 10,00% and a discount rate of 3,29% (31 December 2014 2,87%), resulting in a real discount rate of approximately 4,50% (31 December 2014: 3,75%). The anticipated rate of forfeitures is considered.

	Current Period	Prior Period
Total	18.994	15.382
The ratio of provision to undiscounted total liabilities	10,164	8,197
Provision for employee termination (Presented in financial statements)	8.830	7.185
Total liabilities of employee terminations (Undiscounted)(%)	86,88	87,65

As of 31 December 2015, the Bank provided a reserve of TL 4.512 (31 December 2014: TL 3.730) for the unused vacation. This balance is classified under Reserve for Employee Benefits in the financial statements.

- d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	7.185	4.416
Paid during the year	(261)	(285)
Actuarial (gain)/loss	326	1.814
Charge for the year	1.580	1.241
Service charge	696	594
Interest charge	884	647
Total	8.830	7.185

- d.2) The reserve for the employee benefits

	Current Period	Prior Period
Unused vacation provision	4.512	3.730
Total	4.512	3.730

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e Information on other provisions:

e.1) Information on provisions for possible losses: None (31 December 2014: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provisions for Capital Market Board's Share Fee(*)	9,140	8,522
Provision for Legal Claims (**)	342	549
Total	9,482	9,071

(*) Capital Market Board's Share Fee consists of commission fee which will be paid to the CMB in 2016 accordance with the CMB's regulation.

(**) According to information from the bank's Legal department, eight cases were filed against the bank and they are still ongoing. Seven of those are cases with request for return, with precious share increases through right issues and bonus issues. These issues are hypothecated in the Bank by Merkez Menkul Değerler A.Ş. The other was filed by an employee, whose contract of employment was terminated by the bank and who claims their rights on the dividend for the period they worked and the overtime they did.

The remaining court cases are concerning dividend distribution and overtime claims of the bank's employees whose employment contracts were terminated. The Bank has recorded TL 342 (31 December 2014: TL 549) provision related to these cases in the financial statements within the context of TAS 37. As of the balance sheet date, there is one more ongoing case filed by the Bank.

	Current Period	Prior Period
Provisions for Cases Beginning Balance	549	290
Additions	-	700
Payments	(207)	(441)
Provisions for Cases Year End	342	549

f) Liabilities Resulting from Retirement Benefits: None (31 December 2014: TL None).

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2014: None).

f.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post retirement benefits for the employees: None (31 December 2014: None).

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9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate tax:

	Current Period	Prior Period
Provision for Corporate Taxes	40,241	30,026
Advance Taxes (-)	29,665	22,332
Corporate Income Tax Payable	10,576	7,694

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	10,576	7,694
Taxation on Securities	1,186	879
Banking Insurance Transaction Tax (BITT)	438	439
Value Added Tax Payable	69	89
Other	2,028	1,702
Total	14,297	10,803

a.3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	326	262
Social Security Premiums-Employer	333	263
Unemployment Insurance-Employee	23	19
Unemployment Insurance-Employer	46	37
Total	728	581

b) Explanations on deferred tax liabilities, if any: None (31 December 2014: None).

10. Information on liabilities regarding assets held for sale and discontinued operations:

None (31 December 2014: None).

11. Explanations on the number of subordinated loans the Bank used maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

None (31 December 2014: None).

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12. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock (*)	600.000	600.000
Preferred stock	-	-

(*) As of 31 December 2015 The Bank has totally 6.000.000.000 issued share certificates. 2.000 of these shares are preferred shares.

b) b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so, amount of registered share capital ceiling:

Registered share capital system is not applied as of the balance sheet date (31 December 2014: Not applied).

c) c) Other information on the share of capital increased through capital contributions performed during the current period and capital funds:

None (31 December 2014: None)

d) Other information on the share of capital increased through capital contributions performed during the current period and capital funds:

None (31 December 2014: The Bank has been added to capital amount to TL 120.000 from other capital reserve).

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

(31 December 2014: None).

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

Due to the Bank's liquid position and good relations with other banks, the Bank has the means to provide low cost financing and place it in domestic market which leads to profits. In parallel with this, if similar circumstances will occur in the future, it can be predicted that profitability will increase and this will improve the equity of the Bank with retained profits.

g) g) Information on preferred shares:

As of 31 December 2015, the Bank has preferred shares with a nominal value of TL 200. According to the article six of the Articles of Association, the shares which represent group A shares of the newly issued group A and B shares belong only to BİAŞ and cannot be transferred. Besides, according to the Bank's Articles of Association - article 9/b, four members of the board of directors are chosen by the General Assembly, among the candidates presented by group A shareholders.

h) h) Information on marketable securities value increase fund:

(31 December 2014: None).

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i) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	56.886	9.531
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Capital Exchange Difference	-	-
Total	56.886	9.531

13. Other Information on Shareholders' Equity:

The Bank has not been added to capital from capital reserve ended in 31 December 2015 31 December 2014: TL 120.000 is added to capital from other extraordinary reserves).

14. Information on minority shares:

None (31 December 2014: None).

15. Information on past year profit distribution:

On 27 March 2015,2014 distributable net profit of TL 120.521 was added to the legal reserve account amounting TL 9.481 and transferred to extraordinary reserve account amounting TL 46.491. On 3 April 2015, a dividend amounting to TL 4.549 was distributed to personnel and TL 60.000 was distributed to shareholders on 3 April 2015.

III. Explanations and Notes Related to the Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments: None (31 December 2014: None).

b) Possible losses and commitments related to off-balance sheet items including items listed below:

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits: There are no non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits as of the balance sheet date

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	-	-
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	-	-
Other non-cash loans (*)	5.628.740	6.425.023
Total	5.628.740	6.425.023

(*) Guarantees given to Stock Exchange Money Market for Payables.

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Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural								
Farming and raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, gas and water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	5.628.740	100,00	-	-	6.425.023	100,00	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and telecommunication	-	-	-	-	-	-	-	-
Financial institutions	5.628.740	100,00	-	-	6.425.023	100,00	-	-
Real estate and renting services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	5.628.740	100,00	-	-	6.425.023	100,00	-	-

Information on I. and II. Group non-cash loans:

	I. Group		II nci Group	
	TL	FC	TL	FC
Non-cash loans	5.628.740	-	-	-
Letters of guarantee	-	-	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	5.628.740	-	-	-

b.2) Guarantees, temporary guarantees, collateral and other warranties: None (31 December 2014: None).

c) Information related to Non-Cash Loans:

As bank functions as a bridge between seller and buyer in money market operations in which bank has a market maker role and guarantees that the debts will be paid, bank follows the risks which occurred in this market in non-cash loans accounts. The limits are defined for the members and it is required to have continued guarantees. These mentioned guarantees are hold in bank as defined credit limits' multiples according to their liquidity.

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d) d) Information related to Market Securities Hedges; the markets securities hedges, TL 1.989.410.198 (31 December 2014: TL 1.446.801.581) of the TL 1.989.177.623 balance of market securities hedges are investment funds as the other TL 232.575 balance consists of share certificate hedges.

2. Information related to derivative financial instruments:

The Bank has no derivative financial instruments as of 31 December 2015 and 2014.

Breakdown of the Bank's foreign currency forward and swap transactions as of the balance sheet date based on currencies are disclosed below in their TL equivalents: None (31 December 2014: None).

Fair Value Hedges

Net profit/(loss) due to hedging instruments of the Bank: None (31 December 2014: None).

Net Investment Hedges:

The periods when cash flows are expected to be realized regarding cash flow hedges and the periods when cash flows are expected to affect profit or loss, as of 31 December 2015: None (31 December 2014: None).

Net Investment Hedges at the Foreign Companies: None (31 December 2014: None).

3. Explanations on contingent liabilities and assets:

a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other ventures: None (31 December 2014: None).

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None (31 December 2014: None).

a.3) The Bank's contingent liabilities resulting from liabilities of other ventures in entities under common control (joint ventures): None (31 December 2014: None).

b) Accounting and presentation of contingent assets and liabilities in the financial statements: None (31 December 2014: None).

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4. Custodian and intermediary services:

The Bank carries out custody transactions for marketable securities, precious metals and other securities and executes the settlement of commitments and receivables arising from cash and securities purchase and sale in the stock exchanges. Besides, the Bank opens custody accounts for its customers, institutional investors and companies quoted on the BİAŞ and on other stock exchange markets, performs the transfers, settlements and offsets between the accounts of the intermediary companies and the individual investors; performs the procedures related to the obtaining of bonus shares, use of preemptive rights, timely collection of dividends, principal and interest, exchange of certificates representing the marketable and other securities and additional financial services.

5. The information on the Bank's rating by the international rating introductions:

None (31 December 2014: None).

IV. Explanations and Notes Related to the Income Statement

1. Information on interest income

a) Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans	9.108	-	8.489	-
Short term loans	9.108	-	8.489	-
Medium and long term loans	-	-	-	-
Interest on non-performing loans	-	-	-	-
Premiums received from Resource Utilization	-	-	-	-
Support Fund	9.108	-	8.489	-
Total				

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	157.730	50.410	98.849	47.714
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Total	157.730	50.410	98.849	47.714

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading securities	-	-	-	-
Financial assets at fair value through profit and loss	-	-	114	-
Available-for-sale securities	-	-	-	-
Held-to-maturity securities	16.228	-	24.044	-
Total	16.228	-	24.158	-

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

d) Information on interest income received from associates and subsidiaries:

None (31 December 2014: None).

e) Other information:

None (31 December 2014: None).

2. Information on interest expense

a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	39.350	-	40.076	-
The Central Bank of Turkey	-	-	-	-
Domestic banks	39.350	-	40.076	-
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	39.350	-	40.076	-

b) Information on interest expense to associates and subsidiaries:

None (31 December 2014: None).

c) Information on interest expense to marketable securities issued:

None (31 December 2014: None).

d) Distribution of interest expense on deposits based on maturity of deposits:

None (31 December 2014: None).

3. Information on dividend income:

	Current period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	13	-
Other (Investment in subsidiaries)	6.166	6.166
Total	6.179	6.166

4. Information on net trading income:

	Current period	Prior Period
Income	1.745	736
Gains on capital market operations	2	270
Gains on derivative financial instruments	-	-
Foreign exchange gains	1.743	466
Losses (-)	(623)	(416)
Losses on capital market operations	-	-
Losses on derivative financial instruments	-	-
Foreign exchange losses	(623)	(416)
Total(Net)	1.122	320

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Information on other operating income:

Other operating income mainly consists of commission and fee income obtained related with shares and public sector debt securities custody, customer name based custody, account maintenance, bonus share collection and stock exchange settlement operations in line with the main activities of the Bank. Other operating income mainly consists of the income received from selling assets and collection income relating to the previous year's expenses.

	Current Period	Prior Period
Provisions no longer required	2.666	111
Income from sales of the assets	144	103
Other income	74	27
Total	2.884	241

In the fifth section and fourth part Note 10, details of sub-accounts of balances that are grouped under "Others" section that constitute at minimum 20% of the balances under "Other" section are included if the accounted under "Other" section excludes 10% of the total balance of the Income Statement.

Nature and amount of the incomes that results from extraordinary items and information about the factors that highly affects Bank's incomes and that includes new developments

None (31 Aralık 2013: None).

Including new developments and significant factors affecting the Bank's income and unusual items arising from the information about the nature and amount of income:

The Bank does not have extraordinary income that substantially affects the profit and loss (31 December 2014: None)

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	-	-
- III. Group Loans and Receivables	-	-
- IV. Group Loans and Receivables	-	-
- V. Group Loans and Receivables	-	-
General provision expenses	265	1.005
Provision expenses for possible losses	-	-
Marketable securities impairment losses	-	-
- Financial assets at fair value through profit and loss	-	-
- Investment securities available for sale	-	-
Impairment provision expense	-	-
- Associates	-	-
- Subsidiaries	-	-
- Entities under common control (Joint Ventures)	-	-
- Investments held to maturity	-	-
Other	-	-
Total	265	1.005

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	42.921	39.670
CMB Council Portion	9.141	8.522
Tax, Duty and Charge Expenses	2.639	2.230
Tangible Amortisation Expenses	2.458	1.322
Provision Expenses for Employee Rights	1.579	1.241
Intangible Amortisation Expenses	1.424	855
Employee Benefits Provision Expense	783	1.222
Litigation Provision Expenses	-	700
Other Management Expenses	13.912	11.825
-Computer Using Expenses	3.430	2.076
-Communication Expenses	1.957	1.400
-Insurance Expenses	1.426	1.228
Other	7.099	7.121
Total	74.857	67.587

8. Information on profit/ (loss) from continued and discontinued operations before taxes:

a) Bank presents deferred tax asset and the resulting deferred tax benefit in its financial statements.

	Current Period	Prior Period
Current income tax benefit / (charge)	(40.241)	(30.026)
Deferred tax benefit / (charge)	(1.449)	971
Total	(41.690)	(29.055)

b) Deferred tax benefit on temporary differences

	Current Period	Prior Period
Difference between Internal Efficiency and Market Value of GDDS held to maturity	(57)	301
Retirement pay provision	329	554
CMB Provision	124	282
Difference between BookValue and Tax Value of Fixed Assets	(1.894)	(64)
Employee Benefits Provision Expense	156	209
Litigation Provision Expenses	(42)	52
Deferred Tax Income recognized in Equity	(65)	(363)
Total	(1.449)	971

c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	216.418	150.547
Corporate tax rate	%20	%20
Calculated tax	(43.284)	(30.109)
Effects of undeductable expenses	10.071	14.763
Other tax exempt income	(8.477)	(13.709)
Tax expense	(41.690)	(29.055)

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Information on net profit/ (loss) from continued and discontinued operations:

As of 31 December 2015, net profit of the Bank is TL 174.728 (31 December 2014: TL 121.492).

10. The explanations on net income / loss for the period:

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding

Bank's performance for the period: None (31 December 2014: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: There is no effect of changes in accounting estimates on income statement for the current period (31 December 2014: None).

c) Profit or loss attributable to minority shares: There is no profit or loss attributable to minority shares as of the balance sheet date (31 December 2014: None).

11. 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:

	Current Period	Prior Period
Other fees and commissions	74.386	58.438
-Service commissions	18.259	10.439
-Custody commissions	16.672	12.333
-Commissions on options Exchange	15.795	11.704
-Customer account maintenance commissions	12.973	15.311
-Bank transfer transactions	6.791	5.539
-Transfer commissions	3.896	3.122
-Other	3.701	3.112
Total Banking Service Income	78.087	61.560
Provisions No Longer Required	2.666	-
Collection due to previous year's expenses	144	103
Income on sales of assets	1	111
Other income	73	27
Total Non-Interest Income	2.884	241

12. Information for the fees and commissions given:

	Current Period	Prior Period
Central Securities depository commissions	4.556	2.916
Electronic fund transfer commissions	1.189	1.010
Other Commissions	2.109	1.401
Fees and commissions expense	7.854	5.327

b) Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods:

None (31 December 2014: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and Notes Related to Statement of Shareholders' Equity Movement

a) Decrease resulting from revaluation of financial assets available for sale:
None (31 December 2014: None).

b) Increase in cash flow risk hedging items:
None (31 December 2014: None).

b.1) Reconciliation of beginning and ending balancesNone (31 December 2014: None).

b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity:

None (31 December 2014: None).

c) The reconciliation related with foreign exchange amounts in the beginning and end of the period:
None (31 December 2014: None).

d) Net investment hedges:
None (31 December 2014: None).

e) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements:
None

f) Dividends per share proposed subsequent to the balance sheet date:
Profit appropriation will be resolved in the General Assembly meeting which has not been held as of the date of the accompanying financial statements are authorized for issue.

g) Proposals to the General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this:
Finansal tabloların kesinleştiği tarih itibarıyla Yönetim Kurulu kar dağıtımı ile ilgili bir karar almamıştır.

h) Amounts transferred to legal reserves:

Bank, 2014 distributable net profit of TL 120.521, added to the legal reserve account amounting TL 9.481 and transferred to extraordinary reserve account amounting TL 46.491. As per the decision taken at the Bank's Ordinary General Assembly meeting dated 27 March 2015, a dividend amounting to TL 4.549 was distributed to personnel and TL 60.000 was distributed to shareholders on 3 April 2015.

	Current Period	Prior Period
Amounts transferred to reserves from retained earnings (+)	9.481	4.454

i) Information on shares issued:
None (31 December 2014: The Bank has 1.800.000.000 new shares)

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes Related To Statement of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Other items" amounting to TL 46.862 (31 December 2014: TL 31.767) in "Operating profit before changes in operating assets and liabilities" consist of fees and commissions paid and other expenses other than personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

"Net increase/decrease in other liabilities" amounting to TL 862.381 (31 December 2014: TL 95.936) in "Changes in operating assets and liabilities" consists of changes in sundry creditors and other liabilities. "Net increase/decrease in other assets" with a total amount of TL 20.095 (31 December 2014: 250.716) consists of changes in sundry debtors and other assets.

The effect of changes in foreign currencies on cash and cash equivalents is TL 426.051 (31 December 2014: TL 159.330).

2. Cash and cash equivalents in the beginning and at the end of the period:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flows statement:

Beginning of the period	Current Period	Prior Period
Cash	54	62.269
Cash in TL/Foreign Currency	15	14
Central Bank - Unrestricted amount	39	62.255
Other	-	-
Cash equivalents	5.095.564	4.680.074
Banks	5.070.778	4.664.040
Money market placements	24.786	16.034
Total Cash and Cash Equivalents	5.095.618	4.742.343
Capital Market Council Share (*)	(21.013)	-
Accruals (-)	(13.397)	(12.317)
Total cash and cash equivalents in cash flow statement	5.061.208	4.730.026
End of the period		
Cash	55	54
Cash in TL/Foreign Currency	13	15
Central Bank - Unrestricted amount	42	39
Other	-	-
Cash equivalents	6.617.585	5.095.564
Banks	6.598.704	5.070.778
Money market placements	18.881	24.786
Total Cash and Cash Equivalents	6.617.640	5.095.618
Capital Market Council Share (*)	-	(21.013)
Accruals (-)	(14.522)	(13.397)
Total cash and cash equivalents in cash flow statement	6.603.118	5.061.208

(*) Since 1st January 2014, according to the instruction of CMB, Debt of Council Portion is considered as blocaged amount and is discounted from the sum of cash and cash equivalents since 31st December 2015.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and notes related to Bank's risk group

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

a) Current Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Venture)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Cash	Non-cash	Cash
Loans and other receivables						
Balance at beginning of period	-	-	92.124	2.333.793	80.161	-
Balance at end of period	-	-	141.553	-	138.134	-
Interest and commission income	36.421	-	19.436	11.541	2.396	-

b) Prior Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Venture)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Cash	Non-cash	Cash
Loans and other receivables						
Balance at beginning of period	-	-	222.278	4.776.503	-	-
Balance at end of period	-	-	92.124	2.333.793	80.161	-
Interest and commission income	6	-	12.705	11.161	2.924	-

(*) The balances stated above indicate the balances at 31 December 2014.

c) Information on related party deposits balances:

None (31 December 2014: None).

d) Information on forward and option agreements and other similar agreements made with related parties:

None (31 December 2014: None).

2. Disclosures for the risk group of the bank:

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

None (31 December 2014: None).

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

None (31 December 2014: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

- c) c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: None (31 December 2014: None).
- d) d) Transactions accounted for under the equity method: None (31 December 2014: None).
- e) e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts: None (31 December 2014: None).

VIII. Explanations and Notes on the Bank's domestic branches, agencies and branches abroad and off-shore branches

1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches

	Number	Employees	Country	Total Asset	Capital
Domestic branches	1	285			
Rep-offices abroad	-	-			
Branches abroad	-	-			
Off-shore branches	-	-			

2. Explanations on Branch and Agency Openings or Closings and on Substantial Change in the Organization of the Bank:

None (31 December 2014: None).

IX. Explanations and Notes Related To Subsequent Events

None.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

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SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank

- i) As of 31 December 2015, under the Financial Assets at Fair Value through Profit and Loss account, the Bank has government bonds, amounting to TL 4.354 belonging to problematic brokerage houses, as a guarantee. In addition, under the receivables from reverse repurchase agreements account, as a guarantee, the Bank has investment securities purchased under commitments to resell amounting to TL 18.881 which also belongs to problematic brokerage firms. The corresponding liability accounts for these securities are followed under sundry creditors account. The increase in the fair values of these government bonds and treasury bills amounting to TL 42 and the income accrual of the reverse repo transactions amounting to TL 18 based on the difference between the sale and repurchase prices, are recorded under other liabilities without recognizing the amounts in the income statement.
- ii) Bank has decided to support the World Bank Development Center of the Global Islamic Finance for 5 years with the decision of Board of Management No:8 dated 30th May 2013. In this scope, total amount of USD 450.000 contribution has planned to be made on the basis of voluntariness and USD 180.000 (full digit) of this amount has been paid in 2014 and USD 90.000 (full digit) has been paid on 2 October 2015.
- iii) The Bank's board of directors decided that within the framework of strategic collaboration carried out between BİAŞ (Borsa İstanbul A.Ş) and Nasdaq OMX, the Bank would purchase Nasdaq OMX software's license; source codes; purchase software and source codes to be carried into effect; and information transfer, maintenance, and support services, which it needs for swap and collateral management; and risk management, from BİAŞ for USD 26.985.000 (full digit). Within this scope, the bank paid the first instalment of TL 22.862 to BİAŞ, corresponding to USD 10.794.000, on 30 April 2014. On 30 September 2015 the Bank recorded the second instalment of TL 28.174, which corresponds to USD 10.794.000 (full digit), and also recorded TL 11.722, which is total amount of the invoice, as of 31 March 2015 which is the invoice date and then paid this amount on 2 April 2015. The bank will pay TL, which corresponds to 5.397.000 USD, on 31 March 2016. The bank recorded the invoice in the amount of TL 76.846 as "Intangible Asset" in its financial statements.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements for the year ended 31 December 2015 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor's report dated 19 February 2016 has been presented prior to the unconsolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditor

None (31 December 2014: None).



911,026
thousand ₺
shareholders'
equity,
600,000
thousand ₺
paid-in capital

EVALUATION OF FINANCIAL SITUATION, PROFITABILITY AND SOLVENCY

As of 31 December 2015, Takasbank's assets increased by 29% compared with the end of the previous year and reached 7,092,438 thousand TL.

Parallel with the data of previous periods, Banks item constituted a significant portion of Takasbank's total assets in the current operation period. Banks item and Credits item accounted respectively for 93% (6,598,704 thousand TL) and 2.4% (172,112 thousand TL) of Takasbank's total assets; whereas Held-to-Maturity Investments item where the Government Domestic Debt Securities included in the portfolio are monitored accounted for 2.5% (180,085 thousand TL).

As of the date of the balance sheet, Takasbank borrowed loans amounting to 2,413,323 thousand TL from the local market and this

amount accounted for 34% of total liabilities. As of the balance sheet date, there were no credits utilized from abroad. Miscellaneous Payables item, where member cash collaterals are mainly monitored, accounted for 50.8% of the total liabilities. The Bank's paid-in capital is 600,000 thousand TL and its shareholders' equity reached 911,026 thousand TL.

The profitability of the Bank continued its increasing trend in recent years. The pre-tax profit of the Bank increased by 43.8% compared with the previous year and was realized as 216,418 thousand TL.

To manage its liquidity risk, the Bank acts in accordance with the principle of maintaining high amount of liquid assets against its liabilities in its balance sheet.

INFORMATION ON RISK MANAGEMENT POLICIES IMPLEMENTED AS PER THE RISK CATEGORIES

> Management of Pillar 1 Risks

With Takasbank Risk Management Regulation approved in the Board of Directors' meeting dated December 25, 2014 and numbered 278, the principles and procedures relating to the operation of the risk management system, risk management policies, implementing principles and risk management activities of our Bank and the duties, roles and responsibilities of Risk Management Team have been stipulated in a detailed manner.

Sustaining the activities of Takasbank in a manageable and controllable manner, so as to establish the balance between income and expense and by taking risk at a reasonable level forms the general risk policy of Takasbank. The risk capacity of Takasbank is determined in accordance with its capital adequacy policy.

Takasbank manages its risks in a manner to ensure that they stay above/below the minimum/maximum limits designated in all legal regulations being subject to and remain under the risk appetites approved by the Board of Directors. Results of the risk management activities are taken into consideration in the strategic decision-making processes of Takasbank. Prior to launching new products and services, a risk assessment is performed by Takasbank by taking into account all of the risks being exposed to.

In the establishment and implementation of the Bank's risk management system and in-

ternal capital adequacy assessment process (ICAAP), the principle of proportionality have been taken into account according to the legal arrangements and the good practice guides which are being subject to.

The Stress Test Report and the ICAAP Report, the Validation Report and the Review Report prepared under the coordination of the Risk Management Team for 2014 were approved in the Board of Directors meetings dated January 29, 2015 and numbered 279 and dated March 25, 2015 and numbered 281 respectively and conveyed to the Banking Regulation and Supervision Agency (BRSA).

Takasbank's risk appetite structure is reviewed at least once a year, whereas the risk limits and signal values determined on the basis of risk types are reviewed according to the market conditions and the changes in the Takasbank strategies. In case the assigned risk appetites, risk limits and signal values exceed the values which are determined by Board of Directors, the Risk Management Team notifies the relevant authorities accordingly.

The Risk Management Team manages and coordinates the activities related to measuring, evaluating, monitoring and reporting the risks to which Takasbank is exposed and carries out its operations under the Audit Committee in accordance with the banking legislation as well as the internal regulations approved by the Board of Directors.

Credit Risk Management

Takasbank's cash credit transactions consist of loans granted to brokerage houses. Since Takasbank acts as guarantor for the liabilities of the members on the Takasbank Money Market (TMM) towards each other, these transactions are considered as non-cash loans pursuant to the banking regulation. Takasbank is acting as Central Counterparty on the Securities Lending Market as well as on the Futures and Options Market, and the liabilities arising from such transactions are also considered as non-cash loans.

Credit transactions bear the credit risk, in other words, the possibility that the members using the credit or the guarantors failing to fulfill their liabilities on time, which they have undertaken in writing and in the form determined by agreements. The counterparty risk resulting from the banking accounts is evaluated within the credit risk.

Credit limits are updated according to the changes in the members' financial positions. The realization of the limit, risk and collateral controls continuously and by basing on the transactions by electronic media minimizes the operational mistakes.

In the determination of the credit or position limits to be assigned to the banks and the brokerage houses, as well as the types of membership of the banks and brokerage houses which shall realize transactions on the market or capital market instruments, for which the central counterparty service will be provided, endogenous credit rating results are applied, whereby the said limits are put into effect upon the resolution of the Board of Directors. Credit risk is managed by establishment of an effective and powerful collateralization mechanism and allocation of appropriate limits.

Takasbank manages the credit risk by taking into account the limits set forth in all prevailing legal regulations, the risk appetite, the allocated risk limits and the signal values determined within the scope of the early warning system and the internal capital requirements.

In accordance with the regulations of the BRSA, the amount of credit risk weighted assets is calculated by the standardized approach monthly and the results are reported to the BRSA.

Market Risk Management

Takasbank's fund management transactions are conducted with the banks to whom the Board of Directors assigns a limit and particularly with the state-owned banks. Except for the Government Domestic Debt Securities, no

securities are accepted by Takasbank in its securities portfolio. On the other hand, derivative products may be used for hedging purposes.

Both maturity- and instrument-based distribution of Takasbank portfolio and the developments in the markets are monitored in a continuous manner by the Fund Management Team and the Senior Management of Takasbank. The fund management strategy is also revised, if deemed necessary, by the Executive Management depending on the developments on the markets.

Takasbank manages the market risk by taking into account the limits set forth in all prevailing legal regulations, the risk appetite, the allocated risk limits and the signal values determined within the scope of the early warning system and the internal capital requirements.

The market risk based amount is calculated via the standard method in accordance with the regulations published by the BRSA and reported to the BRSA on a monthly basis. In addition, the market risk is also measured on a daily basis by using the internal model, and the value at risk and the economic capital requirement are calculated accordingly, and back tests, stress tests and scenario analyses are conducted. The prepared reports are reported to the Senior Management and the Executive Management periodically.

Operational Risk Management

Operational risk is defined as the probability of incurring loss, which result from insufficient or unsuccessful internal processes, people and systems or external events, which also include the legal risk.

Although Takasbank considers human resources as the most important resource, it adopts the conduct of its activities not to be person-oriented, but system and process oriented as its basic principle in order to ensure the maintenance of corporate structure.

Practices such as keeping software and hardware used at Takasbank readily available along with their alternatives, copying the data simultaneously to different environments, keeping communication, energy, human resources and their substitutes ready, business continuity and emergency planning enable the efficient management of operational risks which may arise from information systems.

At Takasbank, the authorities and responsibilities in critical transactions are segregated from each other. Through the approval – authorization mechanisms, management controls are



Minimum operational error through electronically performed continuous and transaction-based limit, risk and collateral controls

conducted during the execution of the transactions. Along with these control activities executed by the management levels in a hierarchical structure, the conducted transactions are controlled by the Internal Control and Compliance Team performing the control function under the Board of Directors in accordance with the Internal Control Programme approved by the Audit Committee, and they are also audited periodically by the Internal Audit Team.

The losses arising due the operational risk, reputational risk, legal risk, strategic risk and the information technologies risks being considered part of the operational risk to which Takasbank is exposed are monitored by the "Operational Risk Loss Database". The process and subprocess-based risks of Takasbank are also monitored by the "Operational Risk Database", and the records of the said database constitute the inputs to the management declaration practices. Within integrated risk management framework, risks related to the information technologies are also monitored under Takasbank operational risk database. Necessary actions are taken by Takasbank Executive Management by taking Takasbank's risk appetite into consideration. In addition, the probable risks that may be caused by any interruption which might occur in the operations and their potential effects are also evaluated through the business impact analyses.

Self-assessment practices are conducted with the aim of creating a common operational risk culture among Takasbank personnel, ensuring adoption of risk management activities within the bank, facilitating effective communication between the departments and meeting the revision and update needs of databases which would ensure Takasbank Executive Management to take rapid actions.

Risks that may result from service procurement are evaluated by Takasbank to ensure the continuity of services received from support service institutions. The operational risks, to which Takasbank is/may be exposed, are substantially covered by the insurance policies being purchased.

Takasbank manages the operational risk by taking into account the limits set forth in all prevailing legal regulations, the risk appetite, the allocated risk limits and the signal values determined within the scope of the early warning system and the internal capital requirement.

Operational risk based amount is calculated according to the basic indicator approach on an annual basis in accordance with the regulations published by the BRSA, and results are reported to the BRSA.

> Management of Pillar 2 Risks

In our Bank, the liquidity risk, the interest rate risk in the banking books and the business risk as well as restructuring cost provision are evaluated in the Pillar 2 risks.

Provisions for the guarantee funds and transaction collaterals followed in suspense liability accounts or miscellaneous debts by virtue of Takasbank's functions are held as liquid value in the assets. Upon overall consideration of the factors such as Takasbank assets, credit quality and concentrations of credit collaterals, its funding structure and the depth of securities markets, it is seen that the probability of undergoing any liquidity squeeze in fulfilling its liabilities due to maturity mismatch is low.

In performing liquidity planning, Takasbank's both existing and under-stress liquidity requirements as well as the risk appetite and capacity are assessed together. The liquidity planning is performed in order to prevent Takasbank from falling below the statutory ratios to that it is subject to, even under stress conditions.

Takasbank manages the liquidity risk and the interest rate risk in the banking books by taking into consideration the limits set forth in all prevailing legal regulations, the risk appetite, the allocated risk limits, the signal value determined within the scope of the early warning system and the internal capital requirement.

The allocation of the Bank's asset and liability items on the basis of certain currencies and maturity/reprising periods, liquidity deficit/surplus, the funds that may be created in case of a potential crisis and free equity level are monitored by the Risk Management Team in a regular basis. Furthermore, local and global developments regarding the macroeconomic variables, money and capital markets, banking sector and clearing, settlement and custody issues within the scope of the country risk are also monitored by Takasbank.

For the liquidity risk, term-to-maturity analysis and liquidity gap analysis are conducted; whereas for the interest rate risk in the banking book, duration analysis and reprising gap analysis are performed. Furthermore, monthly and annual stress tests are performed for the calculation of the loss amount which Takasbank may encounter due to the liquidity risk at certain statistical confidence levels and their results are reported to Takasbank Executive Management. Stress tests conducted for the interest rate risk in the banking book and for the central counterparty business risk and reprising provisions are addressed within the scope of ICAAP.

RATINGS ASSIGNED BY CREDIT RATING AGENCIES

Takasbank was not assessed by any credit rating agency.

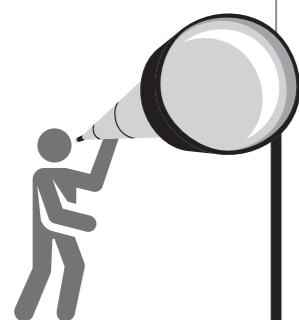
FIVE YEAR SUMMARY OF FINANCIAL DATA

(Thousand TL)	2015	2014	2013	2012	2011
TOTAL ASSETS	7,092,438	5,495,623	5,596,026	3,671,623	2,355,782
SHAREHOLDERS' EQUITY	911,026	800,244	590,396	331,605	307,516
PAID-IN CAPITAL	600,000	600,000	420,000	60,000	60,000
OPERATING PROFIT	216,418	150,547	101,220	69,936	43,234
INTEREST AND PORTFOLIO INCOME	233,635	179,323	123,670	89,523	46,168

(Thousand USD)*					
TOTAL ASSETS	2,439,276	2,369,927	2,621,949	1,247,171	999,359
SHAREHOLDERS' EQUITY	313,326	345,096	276,623	162,802	197,712
PAID-IN CAPITAL	206,356	258,743	196,786	31,765	39,849
OPERATING PROFIT	74,432	64,922	47,425	22,888	22,778
INTEREST AND PORTFOLIO INCOME	80,353	77,331	57,944	24,442	26,078

FINANCIAL RATIOS (%)					
OPERATING PROFIT/TOTAL ASSETS	3.05	2.74	1.81	1.90	1.84
SHAREHOLDERS' EQUITY /TOTAL ASSETS	12.85	14.56	10.55	9.03	13.05
OPERATING PROFIT/ EQUITY	23.76	18.81	17.14	21.09	14.06
ASSETS GROWTH	29.06	-1.79	52.41	55.86	56.56
NUMBER OF EMPLOYEES	284	257	238	216	209

*Figures in USD were calculated based on the US Dollar buying rates announced by the Central Bank of Turkey for the last day of the year.



Risks monitored via **Operational Risk Loss** database

Takasbank

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