

**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 BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2014**



**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.

We have audited the accompanying unconsolidated balance sheet of İstanbul Takas ve Saklama Bankası A.Ş. ("the Bank") at 31 December 2014 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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



Independent Auditor's Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of İstanbul Takas ve Saklama Bankası A.Ş. at 31 December 2014 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Report on other Responsibilities arising from Regulatory Requirements:

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

Additional Paragraph for Convenience Translation

As explained in detail in Note "I. Basis of Presentation" of Section 3, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411, 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

Haluk Yalçın,
Partner

Istanbul, 20 February 2015

**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 2014**

Address of the Bank's Headquarters : Şişli Merkez Mahallesi, Merkez Caddesi,
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Telephone of the Bank : (0 212) 315 25 25

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Web site of the Bank : www.takasbank.com.tr

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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.

Birol Aydemir
Vice Chairman of the
Management Board

Serhad Satoğlu
Chairman of Audit
Committee

Ali Şir Yardım
Member of Audit Committee

Murat Ulus
General Manager

Cengiz Özübek
Vice General Manager

Murat Görgün
Manager

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

Name-Surname/Title : Ekrem Kaya / Assistant Manager
Telephone Number : (0 212) 315 22 29
Fax Number : (0 212) 315 22 34

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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 Istanbul Stock Exchange (“ISE”) 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.) (Hereinafter referred to as “Takasbank” or the “Bank”), 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. and this title change was approved in 11/04/2013.

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 2014 and 31 December 2013 the shareholders’ structure and their respective ownerships are summarized as follows:

No	Name of shareholders	Current Period		Prior Period	
		Paid in Capital	%	Paid in Capital	%
1	Borsa İstanbul A.Ş. (*)	373.515	62,25	218.638	52,06
2	Phillip Capital Menkul Değerler A.Ş.	27.000	4,50	21.000	5,00
3	Tacirler Menkul Değerler A.Ş.	27.000	4,50	21.000	5,00
4	Yapı Kredi Yatırım Menkul Değerler A.Ş.	26.235	4,37	20.405	4,86
5	T. Garanti Bankası A.Ş.	26.235	4,37	20.405	4,86
6	Türkiye İş Bankası A.Ş.	26.235	4,37	20.405	4,86
7	Türkiye Vakıflar Bankası T.A.O.	26.235	4,37	20.405	4,86
8	T. Sınai Kalkınma Bankası A.Ş.	-	0,00	21.000	5,00
9	Other (38 Items) (31 December 2013: 43 Items)	39.574	6,60	34.986	8,33
10	Other Banks(10 Items) (31 December 2013: 10 Items)	27.971	4,67	21.756	5,17
Total		600.000	100,00	420.000	100,00

(*) Previous firm name “İstanbul Stock Exchange” (ISE)

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. Borsa İstanbul is a self-regulatory entity.

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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
T.Sinai Kalkınma Bankası A.Ş.	Borsa İstanbul A.Ş.	21.000	5,0000	Devir
Oyak Yatırım Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	5.247	0,8745	Devir
Ziraat Yatırım Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	76	0,0182	Devir
Güney Menkul Değerler Ticaret A.Ş.	Borsa İstanbul A.Ş.	42	0,0100	Devir
Censa Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	7	0,0017	Devir
Ekspres Yatırım Menkul Değerler A.Ş.	Deniz Yatırım Menkul Değerler A.Ş.	26	0,0049	Devir
Optimal Menkul Değerler A.Ş.	İntegral Menkul Değerler A.Ş.	9	0,0015	Devir

(*) Indicates the bank's shares acquired by the existing shareholder Borsa İstanbul A.Ş..

Dividend payment:

In accordance with the Ordinary General Meeting dated 28 March 2014, dividend amounting to TL3. 943 has been paid to shareholders and employees at 4 April 2014.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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
Dr. M. İbrahim Turhan(*)	President	Boğaziçi U.- İİBF - Business Administration / Graduate Marmara U. - School of Banking and Insurance / Master Marmara U.- School of Banking and Insurance/(Doctorate)
Biröl Aydemir	Member (Vice President)	Ankara Ü. - Political Sciences Fac.- Department of Public Finance (Master)
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
Ali Şir Yardım(**)	Üye (Denetim Komitesi Üyesi)	ODTÜ – Departments of Economics /Graduate
Selim İnce	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.Serhad Satoğlu	Member (President of Audit Committee)	Ankara U. - Political Sciences Fac.- Finance / Graduate Marmara U. - School of Banking and Insurance/Master
Güzide Meltem Kökden	Member (Credit Committee Member)	Ankara Unv. - Political Sciences Fac. - International Relations /Grad. Ankara Unv - Institute of Social Sciences - European Communities Law / Master
Reşat Karabıyık	Member (Credit Committee Member)	Marmara Unv. - Faculty of Economic and Administrative Sciences / Graduate
Kerem Korur	Member (Credit Committee Associate Member)	İstanbul Unv. - Department of Economics / Economics Grad

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

(**) Regarding to the Board of Directors decision dated on 25 July 2014, Ali Şir Yardım has been assigned as a member instead of Ali Çöplü.

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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 and member of the Board of Directors	Ankara U. - Political Sciences Fac.- Department of labour economics and industrial relations / Graduate
Dr. Sezai Bekgöz	Operations Dep,	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 / Doktrorate
Galip Karagöz	Information Technologies Department	Boğaziçi Ün.- Faculty of Engineering / Computer Engineering

(*) At the Board of Directors meeting numbered 279 on 29th of January 2015, support services and banking operations were unified.

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 2014 (31 December 2013: 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	-

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**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014**

(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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2014**

(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-I)	Current Period			Prior Period		
		TL	FC	31/12/2014 Total	TL	FC	31/12/2013 Total
I. CASH AND BALANCES WITH CENTRAL BANK	I-(1)	54	-	54	48.763	293.233	341.996
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-(2)	1.256	-	1.256	1.609	-	1.609
2.1 Financial Assets held for trading		1.256	-	1.256	1.609	-	1.609
2.1.1 Government Debt Securities		1.256	-	1.256	1.609	-	1.609
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	I-(3)	3.228.643	1.842.135	5.070.778	2.978.032	1.705.378	4.683.410
IV. MONEY MARKETS	I-(3)	24.786	-	24.786	16.034	-	16.034
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		24.786	-	24.786	16.034	-	16.034
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-(4)	1.171	326	1.497	1.079	339	1.418
5.1 Share Certificates		1.171	326	1.497	1.079	339	1.418
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	I-(5)	169.177	-	169.177	282.291	-	282.291
6.1 Loans		169.177	-	169.177	282.291	-	282.291
6.1.1 Loans to Bank's Risk Group		92.124	-	92.124	222.278	-	222.278
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		77.053	-	77.053	60.013	-	60.013
6.2 Loans under Follow-up		1.637	-	1.637	1.637	-	1.637
6.3 Specific Provisions (-)		1.637	-	1.637	1.637	-	1.637
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-(6)	168.467	-	168.467	239.826	-	239.826
8.1 Government Debt Securities		168.467	-	168.467	239.826	-	239.826
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-(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)	I-(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)	I-(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)	I-(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	I-(11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	I-(12)	17.115	-	17.115	14.413	-	14.413
XV. INTANGIBLE ASSETS (Net)	I-(13)	1.423	-	1.423	884	-	884
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		1.423	-	1.423	884	-	884
XVI. INVESTMENT PROPERTY (Net)	I-(14)	-	-	-	-	-	-
XVII. TAX ASSET	I-(15)	4.013	-	4.013	2.679	-	2.679
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		4.013	-	4.013	2.679	-	2.679
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-(16)	-	-	-	-	-	-
18.1 Held for Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-(17)	32.212	20	32.232	6.641	-	6.641
TOTAL ASSETS		3.653.142	1.842.481	5.495.623	3.597.076	1.998.950	5.596.026

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2014**

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

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

	Note (Section Five-I)	Current Period 31/12/2014			Prior Period 31/12/2013		
		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)	478.356	1.293.920	1.772.276	459.141	1.574.109	2.033.250
IV. MONEY MARKETS		-	-	-	209.469	-	209.469
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		-	-	-	209.469	-	209.469
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)	2.243.636	544.873	2.788.509	2.167.805	423.422	2.591.227
VIII. OTHER LIABILITIES	II-(5)	79.238	1	79.239	124.780	7	124.787
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)	43.971	-	43.971	37.473	-	37.473
12.1 General Loan Loss Provision		23.985	-	23.985	22.980	-	22.980
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		10.915	-	10.915	7.100	-	7.100
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		9.071	-	9.071	7.393	-	7.393
XIII. TAX LIABILITY	II-(9)	11.384	-	11.384	9.424	-	9.424
13.1 Current Tax Liability		11.384	-	11.384	9.424	-	9.424
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)	800.244	-	800.244	590.396	-	590.396
16.1 Paid-in Capital		600.000	-	600.000	420.000	-	420.000
16.2 Capital Reserves		37.107	-	37.107	4.107	-	4.107
16.2.1 Share Premium		33.019	-	33.019	19	-	19
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		39.206	-	39.206	82.679	-	82.679
16.3.1 Legal Reserves	II-(12)	27.857	-	27.857	23.403	-	23.403
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves	II-(12)	9.531	-	9.531	56.007	-	56.007
16.3.4 Other Profit Reserves	II-(13)	1.818	-	1.818	3.269	-	3.269
16.4 Income or (Loss)		123.931	-	123.931	83.610	-	83.610
16.4.1 Prior Years' Income/ (Loss)		2.439	-	2.439	1.801	-	1.801
16.4.2 Current Year Income/ (Loss)		121.492	-	121.492	81.809	-	81.809
16.5 Minority Shares	II-(14)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		3.656.829	1.838.794	5.495.623	3.598.488	1.997.538	5.596.026

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2014

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

II. OFF-BALANCE SHEET

	Note (Section Five-IV)	Current Period 31/12/2014			Prior Period 31/12/2013		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		6.639.126	38.171	6.677.297	5.830.770	-	5.830.770
I. GUARANTEES AND WARRANTIES	III-(1)	6.425.023	-	6.425.023	5.830.013	-	5.830.013
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		6.425.023	-	6.425.023	5.830.013	-	5.830.013
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		214.103	38.171	252.274	757	-	757
2.1. Irrevocable Commitments		214.103	-	214.103	757	-	757
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		214.103	-	214.103	757	-	757
2.2. Revocable Commitments		-	38.171	38.171	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	38.171	38.171	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
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)		1.462.104.175	1.126.719	1.463.230.894	1.011.354.548	1.038.892	1.012.393.440
IV. ITEMS HELD IN CUSTODY		1.446.803.089	-	1.446.803.089	997.028.895	-	997.028.895
4.1. Customer Fund and Portfolio Balances		8	-	8	8	-	8
4.2. Investment Securities Held in Custody	III-(1)	1.446.801.581	-	1.446.801.581	997.027.387	-	997.027.387
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		1.500	-	1.500	1.500	-	1.500
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		15.301.086	1.126.719	16.427.805	14.325.653	1.038.892	15.364.545
5.1. Marketable Securities		7.796.624	1.126.719	8.923.343	7.365.213	1.038.892	8.404.105
5.2. Guarantee Notes		-	-	-	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Real Estate		-	-	-	-	-	-
5.6. Other Pledged Items		7.504.462	-	7.504.462	6.960.440	-	6.960.440
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.468.743.301	1.164.890	1.469.908.191	1.017.185.318	1.038.892	1.018.224.210

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I OF SECTION THREE**

**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE PERIODS ENDED 31 DECEMBER 2014**

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

III. INCOME STATEMENT

	Note (Section Five)	Current Period 01/01-31/12/2014	Prior Period 01/01-31/12/2013
I. INTEREST INCOME	IV-(1)	179.323	123.670
1.1 Interest on Loans		8.489	12.008
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks		146.563	104.699
1.4 Interest Received from Money Market Transactions		-	-
1.5 Interest Received from Marketable Securities Portfolio		24.158	6.894
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		24.044	6.894
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		113	69
II. INTEREST EXPENSE (-)	IV-(2)	40.076	32.912
2.1 Interest on Deposits (-)		-	-
2.2 Interest on Funds Borrowed (-)		40.076	32.912
2.3 Interest on Money Market Borrowings (-)		-	-
2.4 Interest on Securities Issued (-)		-	-
2.5 Other Interest Expenses (-)		-	-
III. NET INTEREST INCOME (I - II)		139.247	90.758
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		73.165	59.130
4.1 Fees and Commissions Received		78.492	63.334
4.1.1 Non-cash Loans		16.932	15.405
4.1.2 Other	IV-(11)	61.560	47.929
4.2 Fees and Commissions Paid (-)	IV-(12)	5.327	4.204
4.2.1 Non-cash Loans (-)		-	-
4.2.2 Other (-)		5.327	4.204
V. DIVIDEND INCOME	IV-(3)	6.166	7.334
VI. TRADING INCOME/(LOSS) (Net)	IV-(4)	320	298
6.1 Securities trading gains / losses		270	-
6.2 Securities Trading Gains/(Losses) on Derivative Financial Instruments		-	-
6.3 Foreign Exchange Gains/(Losses)		50	298
VII. OTHER OPERATING INCOME	IV-(5),(11)	241	68
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		219.139	157.588
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-(6)	1.005	3.080
X. OTHER OPERATING EXPENSES (-)	IV-(7)	67.587	53.288
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		150.547	101.220
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)		150.547	101.220
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-(8)	(29.055)	(19.411)
16.1 Current Tax Provision		(30.026)	(19.792)
16.2 Deferred Tax Provision		971	381
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)	IV-(9)	121.492	81.809
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-(10)	121.492	81.809
Earnings/(Loss) per share		0,21244	0,15150

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY

INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		Current Period	Prior Period
		01/01-31/12/2014	01/01-31/12/2013
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	(1.814)	(53)
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	363	11
X.	NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(1.451)	(42)
XI.	CURRENT PERIOD INCOME/LOSS	-	-
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	-	-
XII.	TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	(1.451)	(42)

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I OF SECTION THREE**

**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Before Minority Shares	Minority Shares	Total Equity
I. Current Period – 01.01 – 31.12.2014																			
Prior Period End Balance		420.000	4.088	19	-	23.403	-	56.007	3.269	-	83.610	-	-	-	-	-	590.396	-	590.396
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		180.000	-	-	-	-	-	(120.000)	-	-	-	-	-	-	-	-	60.000	-	60.000
12.1 Cash		60.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60.000	-	60.000
12.2 Internal Resources		120.000	-	-	-	-	-	(120.000)	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	33.000	-	-	-	-	-	-	-	-	-	-	-	-	33.000	-	33.000
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(1.451)	-	-	-	-	-	-	-	(1.451)	-	(1.451)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	121.492	-	-	-	-	-	-	121.492	-	121.492
XVIII. Profit Distribution	II-(15)	-	-	-	-	4.454	-	73.524	-	-	(81.171)	-	-	-	-	-	(3.193)	-	(3.193)
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	(3.943)	-	-	-	-	-	(3.943)	-	(3.943)
18.2 Transfers to Reserves		-	-	-	-	4.454	-	73.524	-	-	(77.228)	-	-	-	-	-	750	-	750
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**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 (Continued)

	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Before Minority Shares	Minority Shares	Total Equity
I. Prior Period – 01.01 – 31.12.2013		60.000	96.788	-	-	23.034	-	91.503	3.269	-	57.011	-	-	-	-	-	331.605	-	331.605
Prior Period End Balance																			
II. Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		360.000	(92.700)	-	-	-	-	(87.300)	-	-	-	-	-	-	-	-	180.000	-	180.000
12.1 Cash		180.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180.000	-	180.000
12.2 Internal Resources		180.000	(92.700)	-	-	-	-	(87.300)	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	19	-	19
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	(42)	-	-	-	-	-	(42)	-	(42)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	81.809	-	-	-	-	-	-	81.809	-	81.809
XVIII. Profit Distribution	II-(15)	-	-	-	-	369	-	51.804	-	-	(55.168)	-	-	-	-	-	(2.995)	-	(2.995)
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	(3.695)	-	-	-	-	-	(3.695)	-	(3.695)
18.2 Transfers to Reserves		-	-	-	-	369	-	51.804	-	-	(51.473)	-	-	-	-	-	700	-	700
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance																			
(I+II+III+...+XVI+XVII+XVIII)		420.000	4.088	19	-	23.403	-	56.007	3.269	81.809	1.801	-	-	-	-	-	590.396	-	590.396

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013**

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

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Current Period 31/12/2014	Prior Period 31/12/2013
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	124.703	48.631
1.1.1	Interest Received	178.132	119.521
1.1.2	Interest Paid	(39.611)	(32.771)
1.1.3	Dividend Received	6.166	7.334
1.1.4	Fees and Commissions Received	78.493	63.332
1.1.5	Other Income	130	68
1.1.6	Collections from Previously Written-off Loans and Other Receivables	-	-
1.1.7	Payments to Personnel and Service Suppliers	(39.670)	(30.962)
1.1.8	Taxes Paid	(27.170)	(12.993)
1.1.9	Other	(31.767)	(64.898)
1.2	Changes in Operating Assets and Liabilities	(77.597)	1.421.664
1.2.1	Net (Increase)/Decrease in Trading Securities	318	2.344
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets	-	-
1.2.3	Net (Increase)/Decrease in Due from Banks	-	-
1.2.4	Net (Increase)/Decrease in Loans	113.260	(174.927)
1.2.5	Net (Increase)/Decrease in Other Assets	250.716	(222.894)
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	(537.827)	1.183.608
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	95.936	633.533
I.	Net Cash Provided from Banking Operations	47.106	1.470.295
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	68.689	(242.182)
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	(8.430)	(3.921)
2.4	Disposals of Property and Equipment	3.012	294
2.5	Cash Paid for Purchase of Investments Available-for-Sale	-	-
2.6	Cash Obtained from Sale of Investments Available-for-Sale	-	-
2.7	Cash Paid for Purchase of Investment Securities	(213.250)	(236.992)
2.8	Cash Obtained from Sale of Investment Securities	289.845	2.099
2.9	Other	(2.488)	(3.662)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	56.057	(3.695)
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	(3.943)	(3.695)
3.5	Payments for Finance Leases	-	-
3.6	Other	60.000	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	159.330	39.241
V.	Net Increase/(Decrease) in Cash and Cash Equivalents	331.182	1.263.659
VI.	Cash and Cash Equivalents at the Beginning of the Period	4.730.026	3.466.367
VII.	Cash and Cash Equivalents at the End of the Period	5.061.208	4.730.026

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

VII. PROFIT DISTRIBUTION TABLE

	(*)Current Period 31/12/2014	Prior Period 31/12/2013
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	150.547	101.220
1.2 TAXES AND DUTIES PAYABLE (-)	(29.055)	(19.411)
1.2.1 Corporate Tax (Income tax)	(30.026)	(19.792)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	971	381
A. NET INCOME FOR THE YEAR (1.1-1.2)	121.492	81.809
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-) (**)	(971)	(381)
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	120.521	81.428
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 (-)	-	394
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	73.524
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	0,21244	0,15150
3.2 TO OWNERS OF ORDINARY SHARES (%)	21,24	15,15
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 (%)	-	-

(*) Due to the fact that The Bank General Assembly Meeting has not been achieved by the report date, the decision regarding to profit distribution has not been taken.

(**) 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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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 in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents”, “Turkish Accounting Standards” and “Turkish Financial Reporting Standards” issued by the Turkish Accounting Standards Board and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA.

The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 25702 dated 16 January 2005. The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 (“Banking Act”) which is effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The preparation of unconsolidated 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.

Preparation of financial statements at the current purchasing power

The indicators which are explained in the BRSA resolution dated 21 April 2005 and numbered 1623 and 28 April 2005 dated circular and 5th Article of Number 14 Communiqué of Accounting Application Regulations - “Preparation of Financial Statements in Hyperinflationary Periods”, which is revoked on 1 November 2006, are no longer valid and banks’ obligation to prepare their financial statements according to this regulation is no longer in effect.

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 XXV below.

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.

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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. 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 326 (31 December 2013: TL 339). 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.

The Bank has EUR 71.215 (SASE) share in Sarajevo Stock Exchange EUR 44.345 share in S.W.I.F.T.SCRL .

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.

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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.

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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.

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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.

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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.

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 2014 is TL7.185 (31 December 2013: TL4.416).

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 2013 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 2014, actuarial loss after deferred tax effect amounting to TL1.451(31 December 2013: TL 42) 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

None.

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. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 30,20% (31 December 2013: 25,79%).

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	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	1.842.134	292.454	-	-
Total Value at Weighted Risk	-	-	1.273.779	921.068	292.454	-	-

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Prior 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	597.479	-	20.664	-	-	-	-
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	13.077	-	5.600.482	1.998.205	-	-	-
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	13.091	-	262.715	-	17.528	-	-
Total Value at Risk	623.647	-	5.883.861	1.998.205	17.528	-	-
Total Value at Weighted Risk	-	-	1.176.772	999.103	17.528	-	-

I. 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)	198.984	175.472
Required Capital for Market Risk (RCFMR)	304	119
Required Capital for Operational Risk (RCFOR)	17.339	12.893
Shareholders' Equity	817.689	607.667
Shareholders' Equity/((RCFCR+RCFMR+RCFOR) *12,5*100)	30,20	25,79
Tier 1 Capital/((RCFCR+RCFMR+RCFOR) *12,5*100)	29,31	-
Common Equity Tier 1 Capital/((RCFCR+RCFMR+RCFOR) *12,5*100)	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
COMMON EQUITY TIER 1 CAPITAL	
Paid-in capital	600.000
Share premium	33.019
Share cancellation profit	-
Legal reserves	44.745
Income passed on to shareholders' equity in accordance with Turkey Accounting Standards (TAS).	-
Profit	123.931
Net Income for current period	121.492
Prior period profit	2.439
Provisions for possible risks	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-
Common Equity Tier 1 Capital Before Deductions	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) (-)	1.451
Leasehold Improvements (-)	-
Goodwill and other intangible assets and related deferred tax liabilities. (-)	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 deffered tax assets based on temporary differences (-)	-
Other items determined by board (-)	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	3.503
Total Common Equity Tier 1 Capital	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 (-)	-
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. (-)	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	793.704

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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	23.985
Supplementary Capital Before Deductions	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 (-)	-
Total Deductions From Supplementary Capital	-
Total Supplementary Capital	23.985
CAPITAL	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	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)

The financial table has been taken from 31 December 2013.

	Prior Period
CORE CAPITAL	420.000
Paid-in capital	420.000
Nominal capital	
Capital commitments (-)	
Inflation adjustment to share capital	4.088
Share premium	19
Share cancellation profits	
Legal reserves	82.679
Inflation adjustment of legal reserves	
Profit	83.610
Current period profit	81.809
Prior period profit	1.801
Provisions for possible risks (up to 25% of core capital)	
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	
Primary subordinated loans	
Uncovered portion of loss with reserves (-)	
Current period loss (net)	
Prior period loss	
Cost of Leasehold Improvements (-)	
Intangible assets (-)	884
Deferred tax asset amount exceeding 10% of core capital (-)	
Limit exceeding amount regarding the third clause of article 56 of the Law (-)	
Total Core Capital	589.512
SUPPLEMENTARY CAPITAL	
General provisions	22.980
45% of the movables revaluation fund	
45% of the immovables revaluation fund	
Bonus shares of investment in associates, subsidiaries and joint ventures acquired as a free and unrecognised In profit	
Primary subordinated loans that are not considered in the calculation of core capital	
Secondary subordinated loans	
45% of from available-for-sale financial assets and investments in associates and subsidiaries valuation reserve	
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (Except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	
Total Supplementary Capital	22.980
CAPITAL	612.492
DEDUCTIONS FROM THE CAPITAL	4.825
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	4.825
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed of according to banking law article 57 as they have been held for more than five years from the acquisition date	
Securitisation positions deducted from equity preferred	
Other Deduction Items	
TOTAL SHAREHOLDERS' EQUITY	607.667

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

	Bank	
	Considered Amount of Current	
	Period Shareholders’ Equity	
	Calculation	Total Amount
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)	-	-

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 reducement	
If there is feature of value reducement, trigger incidents cause this value reducement	-
If there is feature of value reducement, feature of full or partially reducement of value	-
If there is feature of value reducement, 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 7 th and 8 th articles of Shareholders’ Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 th and 8 th articles of Shareholders’ Equity of Banks Regulation	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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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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 the Internal Systems 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.

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.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

As of the balance sheet date;

Number of Customers - Cash Loan	9
Number of Customers - Non-Cash Loan	81
General Loan Loss Reserves (TL)	23.985
Specific Provision for Non Performing Loans (TL)	1.637

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."

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	172.552	263.753
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	11.689.959	11.042.456
Conditional and unconditional receivables from banks and brokerage houses	-	-
Conditional and unconditional corporate receivables	-	-
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	330.639	232.376

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Profile of significant exposures in major regions:

	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	Short term exposures to banks, brokerage houses and corporates	Exposure Categories		
															Exposures in the form of collective investment undertakings	Other receivables	
Current Period																	
Domestic	182.071	--	--	--	--	8.683.452	--	--	--	--	--	--	--	--	--	292.467	9.157.996
European Union (EU) Countries	--	--	--	--	--	20.006	--	--	--	--	--	--	--	--	--	--	20.006
OECD Countries*	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Off-Shore Banking Regions	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
USD, Canada	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Countries	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	182.071	--	--	--	--	8.703.458	--	--	--	--	--	--	--	--	--	292.467	9.177.996

(*) 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 BRSB	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	Exposure Categories		
																	TL	FC	Total
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	8.703.458	-	-	-	-	-	-	-	-	-	-	6.860.977	1.842.481	8.703.458
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Telecom.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	8.703.458	-	-	-	-	-	-	-	-	-	-	6.860.977	1.842.481	8.703.458
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	182.071	-	-	-	-	-	-	-	-	-	-	-	-	-	-	292.467	474.538	-	474.538
Total	182.071	-	-	-	-	8.703.458	-	-	-	-	-	-	-	-	-	292.467	7.335.515	1.842.481	9.177.996

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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 1Month	1-3 Month	3-6 Month	6-12 Month	Over 1 year
Conditional and unconditional exposures to central governments or central banks	182.071	-	-	-	-
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	7.860.278	823.180	20.000	-	-
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	292.467	-	-	-	-
Total	8.334.816	823.180	20.000	-	-

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 2013: 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%	Deductions 150% from Equity
Exposures before Credit Risk							
Mitigation	172.567	-	6.865.808	1.847.168	-	292.453	-
Exposures after Credit Risk							
Mitigation	674.513	-	6.368.895	1.842.135	-	292.453	-

Informations in terms of major sectors and type of counterparties:

None.

Information about Value Adjustment and Change in Provisions

	31.12.2013 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments	31.12.2014 Balance
Specific Provisions	1.637	-	-	-	-	1.637
General Provisions	22.980	1.005	-	-	-	23.985

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, specific risk and interest 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 Period	Prior Period
(I) Capital Requirement against General Market Risk - Standard Method	9	6
(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	295	113
(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)	304	119
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	3.800	1.488

Average market risk table calculated at month ends during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Spesific Risk	36	378	-	110	238	50
Common Stock Risk	-	-	-	-	-	-
Currency Risk	273	525	127	953	1.625	300
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	309	903	127	1.063	1.863	350

Information on Counterparty Credit Risk

Bank has no counterparty credit risk for purchase and sell accounts as of 31 December 2014 (31 December 2013: 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 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 2013, 2012 and 2011. The amount subject to Operational Risk for the current period is TL 216.733 (31 December 2012: TL161.158).

	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)						216.733

	2 Prior Period Amount	1 Prior Period Amount	31.12.2012	Total/Positive Year	Rate (%)	Total
GROSS Income	61.472	76.916	119.465	85.951	15	12.893
Amount subject to Operational Risk (Total*12,5)						161.158

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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 TL3.687 (31 December 2013:TL1.412) 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
Foreign Currency Rate Considered by the Bank	2,3189	2,8207	3,5961	1,9347
Prior;				
30.12.2014	2,3235	2,8339	3,609	1,9249
29.12.2014	2,3182	2,8255	3,5997	1,922
26.12.2014	2,3177	2,8368	3,5933	1,9246
25.12.2014	2,3209	2,8312	3,6005	1,9224
24.12.2014	2,3165	2,8317	3,5972	1,9234
Simple arithmetic averages for last 31 days	2,28767	2,82170	3,57137	1,91372

Foreign currency sensitivity:

According to TFRS7, 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 Euro currencies are anticipated.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
USD	10% increase	210	57	210	57
USD	10% decrease	(210)	(57)	(210)	(57)
EURO	10% increase	150	84	150	84
EURO	10% decrease	(150)	(84)	(150)	(84)

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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	428.338	1.412.643	1.154	1.842.135
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	326	-	-	326
Loans	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-To-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	10	10	-	20
Total Assets	428.674	1.412.653	1.154	1.842.481
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	411.557	882.363	-	1.293.920
Securities Issued	-	-	-	-
Sundry Creditors	15.604	528.200	1.069	544.873
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	-	1	-	1
Total Liabilities	427.161	1.410.564	1.069	1.838.794
Net Balance Sheet Position	1.513	2.089	85	3.687
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	812.647	1.186.273	30	1.998.950
Total Liabilities	811.809	1.185.701	28	1.997.538
Net Balance Sheet Position	838	572	2	1.412
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 2014. 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	-	-	-	-	-	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	-	-	-	-	-	-	-
Total Position	904.529	916.365	76.935	-	-	(1.897.829)	-

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(*) Other assets and liabilities in non-interest bearing column are presented below.

Other Assets	Current 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	Current 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	1,92	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
Investments held to maturity	-	-	-	-
Liabilities				
Bank Deposits	0,25	0,45	-	8,39
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Other creditors	-	-	-	8,25
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

Closing Balances of Prior 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	62.255	-	-	-	-	279.741	341.996
Due From Other Banks	4.247.961	423.178	-	-	-	12.271	4.683.410
Financial Assets at Fair Value Through Profit and Loss	-	-	1.609	-	-	-	1.609
Money Market Placements	16.034	-	-	-	-	-	16.034
Financial Assets Available-For-Sale	-	-	-	-	-	1.418	1.418
Loans	282.291	-	-	-	-	-	282.291
Held-To-Maturity Investments	-	61.914	177.912	-	-	-	239.826
Other Assets (*)	2	-	-	-	-	29.440	29.442
Total Assets	4.608.543	485.092	179.521	-	-	322.870	5.596.026
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	209.469	-	-	-	-	-	209.469
Sundry Creditors	1.703.935	-	-	-	-	887.292	2.591.227
Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	2.129.480	-	-	-	-	28.557	2.158.037
Other Liabilities (*)	-	-	-	-	-	637.293	637.293
Total Liabilities	4.042.884	-	-	-	-	1.553.142	5.596.026
Balance Sheet Long Position	565.659	485.092	179.521	-	-	-	1.230.272
Balance Sheet Short Position	-	-	-	-	-	(1.230.272)	(1.230.272)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Net Position	565.659	485.092	179.521	-	-	(1.230.272)	-

(*) Other assets and liabilities in non-interest bearing column are presented below.

Other Assets	Prior Year
-Tangible assets	14.413
-Sundry debtors	4.964
-Subsidiaries	4.825
-Deferred tax assets	2.679
-Temporary accounts	1.638
-Intangible assets	884
-Stationary supplies	37
-Custodian service commission accruals	2
Total	29.442

Other Liabilities	Prior Year
-Shareholder's equity	590.396
-Provisions	37.473
-Current tax liability	9.424
Total	637.293

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Average interest rates applied to monetary financial instruments:

Prior 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 And Financial Institutions	3,10	2,68	-	7,41
Financial Assets At Fair Value Through Profit And Loss	-	-	-	6,97
Money Market Placements	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	-
Loans	-	-	-	8,29
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	1,02	1,02	-	6,70
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Other Creditors	-	-	-	7,63
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-

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	5.518	0,69
TRY	(-) 400 bp	(4.432)	(0,55)
EURO	(+) 200 bp	2	0,00
EURO	(-) 200 bp	(2)	(0,00)
USD	(+) 200 bp	1.212	0,15
USD	(-) 200 bp	(1.212)	(0,15)
Total (of negative shocks)		(5.646)	(0,71)
Total (of positive shocks)		6.732	0,84

Equity share position risk in banking accounts

As of balance sheet date, bank has no equity share position risk.

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.

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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	166	158
Highest	197	180
Lowest	125	131

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	54	-	-	-	-	-	-	54
Banks	21.033	4.169.753	879.992	-	-	-	-	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	22.584	4.363.717	972.780	76.935	-	-	59.607	5.495.623
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	1.761.583	56.415	-	-	-	33.517	1.851.515
Money Market Borrowings	-	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	1.090.904	1.697.605	-	-	-	-	-	2.788.509
Other Liabilities	-	3.424	-	20.164	-	-	832.011	855.599
Total Liabilities	1.090.904	3.462.612	56.415	20.164	-	-	865.528	5.495.623
Current Period Liquidity Gap	(1.068.320)	901.105	916.365	56.771	-	-	(805.921)	-
Prior Period								
Total Assets	355.685	4.546.288	485.092	179.521	-	-	29.440	5.596.026
Total Liabilities	887.292	4.046.002	-	18.049	-	-	644.683	5.596.026
Prior Period Liquidity Gap	(531.607)	500.286	485.092	161.472	-	-	(615.243)	-

(*) 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 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
31 December 2013,								
Placements	-	-	-	-	-	-	-	-
Repo	-	-	-	-	-	-	-	-
Funds Borrowed	-	2.032.726	-	-	-	2.032.726	524	2.033.250
Other	-	124.787	-	-	-	124.787	-	124.787
Total	-	2.157.513	-	-	-	2.157.513	524	2.158.037

Securitisation positions:

The Bank does not apply securitisation as of 31 December 2014.

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 İMKB (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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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	182.071	-	-	-
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	8.703.458	501.946	-	-
Conditional and unconditional corporate receivables	-	-	-	-
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	292.467	-	-	-
Total	9.177.996	501.946	-	-

VII. 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.

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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	5.435.961	5.224.588	5.436.594	5.225.373
Financial Assets at Fair Value Through profit / (Loss)	1.256	1.609	1.256	1.609
Money Market Placements	24.786	16.034	24.786	16.034
Banks	5.070.778	4.683.410	5.070.778	4.683.410
Available-For-Sale Financial Assets	1.497	1.418	1.497	1.418
Held-To-Maturity Investments	168.467	239.826	169.100	240.611
Loans	169.177	282.291	169.177	282.291
Financial Liabilities	4.640.024	4.958.733	4.640.024	4.958.733
Placements on banks	-	-	-	-
Other placements	-	-	-	-
Payables to Money Market	-	209.469	-	209.469
Funds Borrowed From Other Financial Institutions	1.851.515	2.158.037	1.851.515	2.158.037
Securities Issued	-	-	-	-
Sundry Creditors	2.788.509	2.591.227	2.788.509	2.591.227

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The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market.

Current Period	Quoted Price	Valuation techniques - where market value is observable	Valuation techniques where market value is not observable	Fair Value Not Available
Financial Assets	170.356	5.264.741	1.497	-
Money Market Placements	-	24.786	-	-
Banks	-	5.070.778	-	-
Financial Assets Held for Trading	1.256	-	-	-
Available-For-Sale Financial Assets	-	-	1.497	-
Held-to-Maturity Investments	169.100	-	-	-
Loans	-	169.177	-	-
Financial Liabilities	-	4.640.024	-	-
Funds Borrowed From Other Financial Institutions	-	1.851.515	-	-
Sundry Creditors	-	2.788.509	-	-

Prior Period	Quoted Price	Valuation techniques - where market value is observable	Valuation techniques where market value is not observable	Fair Value Not Available
Financial Assets	242.220	4.981.735	1.418	-
Money Market Placements	-	16.034	-	-
Banks	-	4.683.410	-	-
Financial Assets Held for Trading	1.609	-	-	-
Available-For-Sale Financial Assets	-	-	1.418	-
Held-to-Maturity Investments	240.611	-	-	-
Loans	-	282.291	-	-
Financial Liabilities	-	4.749.264	-	-
Funds Borrowed From Other Financial Institutions	-	2.158.037	-	-
Sundry Creditors	-	2.591.227	-	-

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 2013: 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.

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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.

XI. Explanations on Segment Reporting

The Bank operates mainly in clearing-operation, custody, loans and treasury.

Current Period	Clearing and Operation	Custody	Loans and Money		Others	Total
			Market	Treasury		
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
Available-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)

Prior Period	Clearing and Operation	Custody	Loans and Money Market	Treasury	Others	Total
Cash and Balances with Central Bank	-	-	-	341.996	-	341.996
Financial Assets At Fair Value Through Profit or Loss (Net)	-	-	-	-	1.609	1.609
Banks	-	-	-	4.683.410	-	4.683.410
Money Markets	-	-	-	-	16.034	16.034
Available-For-Sale Financial Assets (Net)	-	-	-	1.418	-	1.418
Loans	-	-	282.291	-	-	282.291
Held-to-Maturity Securities (Net)	-	-	-	239.826	-	239.826
Subsidiaries	-	-	-	-	-	-
Joint Ventures (Net)	-	-	-	4.825	-	4.825
Property and Equipment (Net)	-	-	-	-	14.413	14.413
Intangible Assets (Net)	-	-	-	-	884	884
Tax Asset	-	-	-	-	2.679	2.679
Other Assets	-	4.945	-	-	1.696	6.641
Total Assets	-	4.945	282.291	5.271.475	37.315	5.596.026
Funds Borrowed	-	-	-	2.033.250	-	2.033.250
Miscellaneous Payables	-	-	-	209.469	-	209.469
Other Liabilities	2.556.415	1.791	18.679	-	14.342	2.591.227
Provisions	124.787	-	-	-	-	124.787
Shareholders' Equity	-	-	-	-	9.424	9.424
Total Liabilities	2.681.202	1.791	41.659	2.242.719	628.655	5.596.026

Current 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

Prior Period	Clearing and Operation	Loans and MM	Treasury	Others	Total
Net interest income	50	12.027	78.681	-	90.758
Net fees and commission income and other operating income	43.725	15.405	-	-	59.130
Dividend income	-	-	7.334	-	7.334
Net trading income	-	-	298	-	298
Other operating income	-	-	-	68	68
Provision for loan losses and other receivables	-	3.080	-	-	3.080
Other operating expenses	-	-	-	53.288	53.288
Profit/Loss before tax	43.775	24.352	86.313	(53.220)	101.220
Tax provision	-	-	-	(19.411)	(19.411)
Net Profit/Loss	43.775	24.352	86.313	(72.631)	81.809

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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	15	-	14	-
Balances with the Central Bank of Turkey	39	-	48.749	293.233
Other	-	-	-	-
Total	54	-	48.763	293.233

1.b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	39	-	48.749	13.506
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	-	-	279.727
Total	39	-	48.749	293.233

(*) 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 2013: None).

2.a) ii. Financial assets at fair value through profit and loss subject to repurchase agreements: None. (31 December 2013: None).

2.b) Positive differences related to derivative financial assets held-for-trading: None. (31 December 2013: None).

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3. Information on Banks:

3.a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3.228.643	1.842.135	2.978.032	1.705.378
Domestic	3.228.643	1.822.129	2.978.032	1.693.237
Foreign	-	20.006	-	12.141
Branches and head office abroad	-	-	-	-
Total	3.228.643	1.842.135	2.978.032	1.705.378

3.b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	19.997	11.560	-	-
USA and Canada	9	581	-	-
OECD Countries(*)	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	20.006	12.141		

(*) 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	24.786	16.034
Total	24.786	16.034

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 2013: None).

4.a) ii. Information on financial assets available-for-sale subject to repurchase agreements: None (31 December 2013: None).

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4. Information on financial assets available-for-sale(Continued):

4.b) Information on available for sale assets:

Name	Current Period			Prior Period	
	Acquired On	Amount	Ratio(%)	Amount	Ratio(%)
Borsa İstanbul A.Ş. (VOBAŞ Devir Hisseleri)	31.05.2013	324	0,15	324	0,15
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	03.01.2011	637	4,10	555	4,10
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	29.07.2011	210	10,50	200	10,00
S.W.I.F.T SCRL	24.04.2009	125	0,32	130	0,32
SASE-Sarajevo Menkul Kıymetler Borsası	18.05.2011	201	5,00	209	5,00
Total		1.497		1.418	

	Current Period	Prior Period
Debt securities		
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	-	-
Share certificates	1.497	1.418
Quoted on a stock exchange	-	-
Not quoted on a stock exchange(*)	1.497	1.418
Impairment provision(-)	-	-
Total	1.497	1.418

(*) 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	92.124	2.170.773	222.278	2.138.897
Corporate shareholders	92.124	2.170.773	222.278	2.138.897
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	-	-
Total	92.124	2.170.773	222.278	2.138.897

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (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	Cash Loans	Restructured or Rescheduled	Other
Cash Loans						
Non-specialized loans	169.177	-	-	-	-	-
-Working capital loans	-	-	-	-	-	-
Export loans	-	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	169.177	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	-	-	-	-	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	169.177	-	-	-	-	-

- c) Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short-term loans and other receivables	169.177	-	-	-
Non-specialized loans	169.177	-	-	-
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	-	-	-	-
Non-specialized loans	-	-	-	-
Non-specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Total	169.177	-	-	-

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

None. (31 December 2013: None).

There is no employee loans as of the balance sheet date (31 December 2013: None).

- e) Information on commercial loans with installments and corporate credit cards: None (31 December 2013: None).

- f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	169.177	282.291
Total	169.177	282.291

- g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	169.177	282.291
Foreign loans	-	-
Total	169.177	282.291

- h) Loans granted to subsidiaries and associates: None (31 December 2013: 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	1.637	1.637
Total	1.637	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 2013: None).

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j.2) Information on movement of non-performing loans:

	III.Group	IV.Group	V.Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible 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 (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	-	1.637
Specific provision (-)	-	-	1.637
Net Balances on Balance Sheet	-	-	-

j.3) Information on foreign currency non-performing loans and other receivables: None (31 December 2013: None).

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Doubtful Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current 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)	-	-	-
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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- 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 2013: 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 2014 and 2013 are as follows:

	Current Period	Prior Period
Equity Shares (quoted)	19.508	10.754
Letters of Guarantee	229.980	334.570
Total	249.488	345.324

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	234.893
Unrealized accrual related to these investments	10.170	4.933
Total	168.467	239.826

- 6.a) ii. Held-to-maturity investments subject to repurchase agreements: None (31 December 2013: 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	168.467	239.826
Treasury Bill	-	-
Other Public Sector Debt Instruments	-	-
Total	168.467	239.826

- 6.c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	168.467	239.826
Quoted on a stock exchange	168.467	239.826
Not quoted on a stock exchange	-	-
Impairment provision (-)	-	-
Total	168.467	239.826

- 6.d) Movement of held-to-maturity investments

	Current Period	Prior Period
Beginning balance	239.826	-
Foreign currency differences on monetary assets	-	-
Purchases during year	213.250	236.992
Disposals through sales and redemptions	(289.845)	-
Impairment provision (-)	-	-
Effect of unearned coupon income on cost	5.236	2.834
Closing Balance	168.467	239.826

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7. Information on associates (net):

7.a) Information on the unconsolidated associates: The Bank has no unconsolidated associates (31 December 2013: None). Informations related Central Registry Agency are presented in the disclosure no.8.

7.b) Information on the unconsolidated associates: None (31 December 2013: None).

7.c) Explanations of consolidated associates: None (31 December 2013: None).

7.d) Information on sector information on consolidated associates: None (31 December 2013: None).

7.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2013: 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 Kayıt Kuruluşu A.Ş.	İstanbul/Türkiye	28,57	65,00

Bank’s share in Merkezi Kayıt 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
102.894	68.965	16.938	4.796	-	18.788	17.545	-

(*) Non-Audited financial statements yet, prepared as of 31 December 2014, in accordance with the Turkish Accounting Standards.

	31.12.2014	31.12.2013
Paid-in capital	36.000	36.000
Legal reserves	18.948	13.385
Other reserves	-	-
Profit/loss	14.898	13.169
Prior periods profit/loss	(3.890)	(4.376)
Current period net profit/loss	18.788	17.545
Intangible Assets (-)	(13.519)	(10.061)
Total Core Capital	56.327	52.498
Supplementary Capital		
Capital	56.327	52.498
Net Usable Equity	56.327	52.498

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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8.b) Information on the consolidated subsidiaries:

- i. Information on the consolidated subsidiaries: None (31 December 2013: None).
- ii. Information on movement of consolidated subsidiaries: None (31 December 2013: None).
- iii. Sectoral information on the consolidated subsidiaries and the related carrying amounts: None (31 December 2013: None).
- iv. Consolidated subsidiaries quoted on the stock exchange: None (31 December 2013: None).

9. Information on entities under common control (joint ventures): None.(31 December 2013: None).

10. Information on finance lease receivables (Net): None (31 December 2013: None).

11. Information on derivative financial assets for hedging purposes: None (31 December 2013: None).

12. Information on tangible assets:

	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 31December2013	Charge for the Year	Disposals	Closing Year Balance 31 December 2014
Accumulated Depreciation:				
Land and buildings	(3.593)	(153)	-	(3.746)
Leased tangible assets	-	-	-	-
Vehicles	(266)	(429)	-	(695)
Other	(4.196)	(740)	-	(4.936)
Total Accumulated Depreciation	(8.055)	(1.322)	-	(9.377)
Net Book Value	14.413	5.532	(2.830)	17.115

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	Prior Year's Closing Balance 31 December 2012	Additions	Disposals	Current Year's Closing Balance 31 December 2013
Cost:				
Land and buildings	12.837	1.608	(57)	14.388
Leased tangible assets	-	-	-	-
Vehicles	333	237	-	570
Other	5.853	1.893	(236)	7.510
Total Cost	19.023	3.738	(293)	22.468
	Prior Year's Closing Balance 31 December 2012	Charge for the year	Disposals	Current Year's Closing Balance 31 December 2013
Accumulated Depreciation:				
Land and buildings	(3.379)	(214)	-	(3.593)
Leased tangible assets	-	-	-	-
Vehicles	(262)	(4)	-	(266)
Other	(3.258)	(938)	-	(4.196)
Total Accumulated Depreciation	(6.899)	(1.156)	-	(8.055)
Net Book Value	12.124	2.582	(293)	14.413

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 2013: 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 2013: None).

13. Information on intangible assets:

	Prior Year Closing Balance 31 December 2013	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

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	Prior Year Closing Balance 31 December 2012	Additions	Disposals	Closing Balance 31 December 2013
Cost:				
Leasehold improvements	-	-	-	
Other intangible assets	4.718	183	(1)	4.900
Total Cost	4.718	183	(1)	4.900
Accumulated Amortization:				
Leasehold improvements	-	-	-	
Other intangible assets	(3.214)	(802)	-	(4.016)
Total Accumulated Amortization	(3.214)	(802)	-	(4.016)
Net Book Value	1.504	(619)	(1)	884

- 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 2013: None).
 - b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None (31 December 2013: 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 2013: None).
 - d) The book value of intangible fixed assets that are pledged or restricted for use: None (31 December 2013: None).
 - e) Amount of purchase commitments for intangible fixed assets: None (31 December 2013: None).
 - f) Information on revalued intangible assets according to their types: None (31 December 2013: None).
 - g) Amount of total research and development expenses recorded in income statement within the period if any: None (31 December 2013: None).
 - h) Positive or negative consolidation goodwill on entity basis: None (31 December 2013: None).
 - i) Information on goodwill: None (31 December 2013: None).
 - j) Movements on goodwill in the current period: None (31 December 2013: None).
- 14. Information on investment property:** None (31 December 2013: None).

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15. Explanations on deferred tax asset:

- a) As of 31 December 2014, deferred tax asset is TL 4.013 (31 December 2013: TL 2.679).

Distribution of deferred tax asset:

	Current Period	Prior Period
CMB provisions	1.704	1.422
Severance provision	1.437	883
Provision for Employee Termination Benefits	746	537
Provision for Legal Claims	110	58
Difference between Book Value and Tax Base of Tangible and intangible assets	(120)	(56)
Valuation Differences of Marketable Securities	136	(165)
Total	4.013	2.679

- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None (31 December 2013: None).

- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None (31 December 2013: None)

- d) Movement of deferred tax asset:

	Current Period	Prior Period
January 1	2.679	2.287
Effect of change in effective tax rate	-	-
Deferred tax (charge)/benefit	971	381
Deferred tax (charge)/benefit (Net)	971	381
Deferred tax accounted in Shareholders' Equity	363	11
Deferred Tax Asset	4.013	2.679

16. Information on assets held for sale and discontinued operations:

None (31 December 2013:None).

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
Seller advances (NASDAQ)	24.033	-
Commission receivables from members	5.393	4.943
Prepaid expenses	2.504	1.638
Custody accruals	35	37
Cash guarantees given	10	10
Office supply inventory	1	2
Other	256	11
Total	32.232	6.641

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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 Istanbul, 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 2013: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	478.356	1.293.920	668.610	1.574.109
From Foreign Banks, Institutions and Funds	-	-	-	-
Total	478.356	1.293.920	668.610	1.574.109

(*) In the prior period balance, there is an amount of 209.469 TL fund revenue which comes from repo transactions .

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- b) Maturity analysis of Funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	478.356	1.293.920	668.610	1.574.109
Medium and long-term	-	-	-	-
Total	478.356	1.293.920	668.610	1.574.109

- 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 Istanbul 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 2013: 209.469).

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	
	TL	FC	TL	FC
BIAŞ Guarantee Fund - Share Certificates	31.758		48.158	
BIAŞ Guarantee Fund - Bond	103		25.265	
Other	47.378		51.364	
Total	79.239		124.787	

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	2.107.037	491.502	2.100.474	394.450
Other Cash Guarantees	114.811	53.371	54.571	28.972
Expense Accruals	21.013	-	12.267	-
-Capital Market Board's share fee (*)	775	-	493	-
Total	2.243.636	544.873	2.167.805	423.422

- (*) The relevant amount is subject to accretion in the "Bank" account, as explained in Section VI, as per the instruction of the Capital Markets Board.

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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 2013: None).
- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None (31 December 2013: None).
- c) Explanation on finance lease payables: None (31 December 2013: None).
- d) Explanations regarding operational leases: None (31 December 2013: None).
- e) Explanations on the lesser and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None (31 December 2013: None).

7. Information on derivative financial liabilities for hedging purposes:

None (31 December 2013: 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	6.284	6.002
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non-cash Loans	17.701	16.978
Other	-	-
Total	23.985	22.980

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (31 December 2013: None).
- c) The specific provisions provided for unindemnified non cash loans: None (31 December 2013: 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 3.541,37 (31 December 2013: TL 3.438,22) effective from 1 January 2013 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 2014, 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 6,00% (31 December 2013: 4,5%) and interest rate 9,00% and a discount rate of 2,83% (31 December 2013 2,87%), resulting in a real discount rate of approximately 3,75% (31 December 2013: 3,75%). The anticipated rate of forfeitures is considered.

	Current Period	Prior Period
Total	15.382	11.824
The ratio of provision to undiscounted total liabilities	8.197	7.408
Provision for employee termination (Presented in financial statements)	7.185	4.416
Total liabilities of employee terminations (Undiscounted)(%)	87,65	59,61

As of 31 December 2014, the Bank provided a reserve of TL 3.730 (31 December 2013: TL 2.684) 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	4.416	3.476
Paid during the year	(285)	(2)
Actuarial (gain)/loss	1.814	53
Charge for the year	1.241	889
Service charge	594	558
Interest charge	647	331
Total	7.185	4.416

d.2) The reserve for the employee benefits

	Current Period	Previous Period
Unused vacation provision	3.730	2.684
Retirement bonus provision	-	-
Total	3.730	2.684

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e Information on other provisions:

e.1) Information on provisions for possible losses: None (31 December 2013: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Capital Market Board's Share Fee (*)	8.522	7.103
Provision for Legal Claims (**)	549	290
Total	9.071	7.393

(*) Capital Market Board's Share Fee consists of commission fee which will be paid to the CMB in accordance with the Article 28 of the CMB's regulation dated 25 February 2011. The calculation of the expense accrual, which will be paid to the CMB in 2013, is based on %10 of the current year's income accounts, excluding interest income. Additionally, CMB has discretion to change the commission fee amount.

(**) According to Information from the Law Department of the Bank, there are eleven cases which filed against the bank and still ongoing. One of these cases is the case prosecuted by Investors Protection Fund which have been brought an action against the case of bank with the demand of cancelation of pledged right on the Capital Market Instruments as a colletarel of credits used by a brokerage house whose operations have been interrupted by CMB and it has been decided to liquidate gradually. Other six cases are relevant with mentioned CMB cases that are about claim for return of the capital market instruments pledged by the customers of brokerage firm. One of the remaining cases is related with compensation of the loss which was occurred due to payment made by a brokerage house to Istanbul 8th directorate of enforcement.

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 549 (31 December 2013: TL 290) 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	290	32
Additions	700	264
Payments	(441)	(6)
Provisions for Cases Year End	549	290

f) Liabilities Resulting from Retirement Benefits: None (31 December 2013: TL None).

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2013: None).

f.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post retirement benefits for the employees: None (31 December 2013: 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	30.026	19.792
Advance Taxes (-)	22.332	12.993
Provision for current taxes	7.694	6.799

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	7.694	6.799
Taxation on Securities	439	517
Banking Insurance Transaction Tax (BITT)	879	742
Value Added Tax Payable	89	72
Other	1.702	838
Total	10.803	8.968

a.3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	262	207
Social Security Premiums-Employer	263	205
Unemployment Insurance-Employee	19	15
Unemployment Insurance-Employer	37	29
Total	581	456

b) Explanations on deferred tax liabilities, if any: None (31 December 2013: None).

10. Information on liabilities regarding assets held for sale and discontinued operations:

None (31 December 2013: 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 2013: None).

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12. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock (*)	600.000	420.000
Preferred stock	-	-

(*) As of 31 December 2014 The Bank has totally 6.000.000.000 issued share certificates. 2.000 of these shares are preferred shares.

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 2013: Not applied).

c) Other information on the share of capital increased through capital contributions performed during the current period and capital funds: As per the 19th Ordinary General Assembly meeting of the Bank dated 28 March 2014, the Bank's paid-in capital was increased from TL 420.000 to TL600.000. Dated 20 June 2014, the Bank's paid-in capital increased to TL600.000, TL60.000 comes from cash, TL120.000 comes from domestic funds.

d) Other information on the share of capital increased through capital contributions performed during the current period and capital funds: During the period ending 31 December 2014 ,The Bank has been added to capital amount to TL 120.000 from other capital reserve. (31 December 2013: 92.700 from capital reserves, 83.700 from extraordinary reserves).

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: None (31 December 2013: 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) Information on preferred shares:

As of 31 December 2014, 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 Istanbul Stock Exchange 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) Information on marketable securities value increase fund: None (31 December 2013: None).

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i) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	9.531	56.007
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Capital Exchange Difference	-	-
Total	9.531	56.007

13. Other Information on Shareholders' Equity:

The Bank has been added to capital amount to TL 120.000 from other capital reserve. (31 December 2013: 92.700 from capital reserves, 83.700 from extraordinary reserves).

14. Information on minority shares:

None (31 December 2013: None).

15. Information on profit distribution:

As per the decision taken at the Bank's Ordinary General Assembly meeting dated 28 March 2014, a dividend amounting to TL3.943(31 December 2013: TL 3.695) was distributed to personnel. According to the decision the Bank took at its Ordinary General Assembly Meeting dated 4 April 2014, the tax provision amounting to TL747 remaining after the taxation of the dividend to be distributed to personnel, management and audit committee members was extracted from the provision account and added to the extraordinary reserve account.

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 2013: 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 (*)	6.425.023	5.830.013
Total	6.425.023	5.830.013

(*) 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	6.425.023	100,00	-	-	5.830.013	100,00	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and telecommunication	-	-	-	-	-	-	-	-
Financial institutions	6.425.023	100,00	-	-	5.830.013	100,00	-	-
Real estate and renting services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	6.425.023	100,00	-	-	5.830.013	100,00	-	-

Information on I. and II. Group non-cash loans:

	I. Group		II. Group	
	TL	FC	TL	FC
Non-cash loans	6.425.023	-	-	-
Letters of guarantee	-	-	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	6.425.023	-	-	-

b.2) Guarantees, temporary guarantees, collateral and other warranties: None (31 December 2013: 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) Information related to Market Securities Hedges; the market securities hedges, TL 1.446.801.581 TL (31 December 2013: TL 997.027.387) of the TL 1.446.555.860 (31 December 2013: TL 996.781.231) balance of market securities hedges are investment funds as the other TL 245.721 (31 December 2013: TL 246.156) balance consists of share certificate hedges.
- e) According to the strategic cooperation between BİAŞ and Nasdaq OMX; service of back-up, maintenance, information transfer, practice, source codes and licences of Nasdaq OMX softwares that Bank needs for barter, warrant management and risk management is decided to be bought from BİAŞ which costs 26.985.000 USD via Bank Board of Directors. In this context, Bank has paid the first installment that costs 10.794.000 USD to BİAŞ (equivalent to 22.862 TL) in 30 April 2014. Bank will make the payment of the equivalence of 10.794.000 USD in TL in 31/03/2015 and equivalence of 5.397.000 USD in TL in 31 March 2016.

2. Information related to derivative financial instruments:

The Bank has no derivative financial instruments as of 31 December 2014 and 2013.

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 2013: None).

Fair Value Hedges

Net profit/(loss) due to hedging instruments of the Bank: None (31 December 2013: 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 2014: None (31 December 2013: None).

Net Investment Hedges at the Foreign Companies

None (31 December 2013: 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 2013: None).

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None (31 December 2013: None).

a.3) The Bank's contingent liabilities resulting from liabilities of other ventures in entities under common control (joint ventures): None (31 December 2013: None).

b) Accounting and presentation of contingent assets and liabilities in the financial statements: None (31 December 2013: 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 Istanbul Stock Exchange 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 2013: 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	8.489	-	12.008	-
Short term loans	8.489	-	12.008	-
Medium and long term loans	-	-	-	-
Interest on non-performing loans	-	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	8.489	-	12.008	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	98.849	47.714	70.588	34.110
Foreign banks	-	-	-	1
Branches and head office abroad	-	-	-	-
Total	98.849	47.714	70.588	34.111

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	24.044	-	6.894	-
Total	24.158	-	6.894	-

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d) **Information on interest income received from associates and subsidiaries:** None (31 December 2013: None).

e) **Other information:** None (31 December 2013: None).

2. Information on interest expense

a) **Information on interest on funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	40.076	-	32.912	-
The Central Bank of Turkey	-	-	-	-
Domestic banks	40.076	-	32.912	-
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	40.076	-	32.912	-

b) **Information on interest expense to associates and subsidiaries:** None (31 December 2013: None).

c) **Information on interest expense to marketable securities issued:** None (31 December 2013: None).

d) **Distribution of interest expense on deposits based on maturity of deposits:** None (31 December 2013: 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	-	1.299
Other (Investment in subsidiaries)	6.166	6.035
Total	6.166	7.334

4. Information on net trading income:

	Current period	Prior Period
Income	736	312
Gains on capital market operations	270	-
Gains on derivative financial instruments	-	-
Foreign exchange gains	466	312
Losses (-)	(416)	(14)
Losses on capital market operations	-	-
Losses on derivative financial instruments	-	-
Foreign exchange losses	(416)	(14)
Total(Net)	320	298

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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
Collection from the prior periods expenses	103	40
Income from sales of the assets	111	-
Other income	27	28
Total	241	68

In the fifth section and fourth part Note 11, 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 2013: 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	1.005	3.080
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	1.005	3.080

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7. Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	39.670	30.962
Provision for Employee Rights	1.241	1.156
Tangible Amortisation Expenses	1.322	1.338
Intangible Amortisation Expenses	855	802
Other Management Expenses	9.825	7.154
-Maintenance and Repair Expenses	159	236
-Announcement and Advertisement Expenses	281	579
-Other Expenses	9.385	6.339
CMB Council Portion	8.522	7.103
Other	6.152	4.773
-Tax, Duty and Charge Expenses	2.230	2.405
-Short Term Employee Benefits Provision Expense	1.222	604
-Audit and Consultancy Expenses	802	687
-Leave Fee Provision Expenses	700	307
-BRSA Share Expenses	551	353
-Various Service Purchase Expenses	513	259
-Union of Banks of Turkey Share Expenses	134	153
-Expenses of Prior Year Incomes	-	5
Total	67.587	53.288

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 charge	(30.026)	(19.792)
Deferred tax benefit / (charge)	971	381
Total	(29.055)	(19.411)

- b) Deferred tax benefit on temporary differences

	Current Period	Prior Period
Amortized cost effect of held-to-maturity investments	301	(165)
Retirement pay provision	554	188
Time deposits amortized cost effect	(64)	(41)
Useful life differences on tangible and intangible fixed assets (Tax legislation & TAS)	543	(410)
Other provisions	(363)	(11)
Total	971	381

- c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	150.547	101.220
Corporate tax rate	%20	%20
Calculated tax	(30.109)	(20.244)
Effects of undeductable expenses	14.763	(2.488)
Other tax exempt income	(13.709)	3.321
Tax expense	(29.055)	(19.411)

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9. Information on net profit/ (loss) from continued and discontinued operations:

As of 31 December 2014, net profit of the Bank is TL 121.492 (31 December 2013: TL 81.809).

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 2013: 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 2013: 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 2013: 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	58.435	45.289
- Turkish derivative exchange commissions	10.439	6.093
- Custody commissions	9.794	8.556
- Customer account maintenance commissions	12.333	10.287
- Exchange commissions	5.814	5.327
-Portfolio commissions of problematic members	198	103
- Service commissions	8.542	6.292
- Blockage transaction commissions	98	101
- Expense recharges	41	37
- Other	11.176	8.493
Transfer commissions	3.122	2.635
Other commision	3	5
Total Banking Service Income	61.560	47.929
Collection due to previous year's expenses	103	40
Income on sales of assets	111	-
Other income	27	28
Total Non-Interest Income	241	68

12. Information for the fees and commissions given:

	Current Period	Prior Period
Central Securities depository commissions	2.916	2.179
Electronic fund transfer commissions	1.010	902
Other Commissions	1.401	1.123
Fees and commissions expense	5.327	4.204

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 2013: None).

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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 2012: None).
- b) **Increase in cash flow risk hedging items:** None (31 December 2012: None).
- b.1) Reconciliation of beginning and ending balances:** None (31 December 2012: 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 2012: None).
- c) **The reconciliation related with foreign exchange amounts in the beginning and end of the period:** None (31 December 2012: None).
- d) **Net investment hedges:** None (31 December 2012: 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:** The Board of Directors has not decided for profit appropriation as of the date of the financial statements is authorized for issue.

h) Amounts transferred to legal reserves:

As per the decision taken at the Bank's 19th Ordinary General Assembly meeting dated 28 March 2014 decided to transferred to TL 73.524 of the Banks net profits calculated on 28 March 2014 dated.The General Assembly appropriated the extraordinary reserves and legal reserves of TL 4.454 Thousand on dividends payable.

	Current Period	Prior Period
Amounts transferred to reserves from retained earnings (+)	4.454	369

- i) **Information on shares issued:** The Bank has 1.800.000 new shares issued as of the balance sheet date (31 December 2013: 3.600.000.000 shares).

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

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 31.767 (31 December 2013: TL 64.898) 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 95.936 (31 December 2013: TL 633.533) 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 250.716 (31 December 2013: 222.894) consists of changes in sundry debtors and other assets.

The effect of changes in foreign currencies on cash and cash equivalents is TL 159.330 (31 December 2013: TL 39.241).

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	62.269	132.912
Cash in TL/Foreign Currency	14	16
Central Bank - Unrestricted amount	62.255	132.896
Other	-	-
Cash equivalents	4.680.074	3.204.101
Banks	4.664.040	3.190.024
Money market placements	16.034	14.077
Total Cash and Cash Equivalents	4.742.343	3.337.013
Accruals (-)	(12.317)	(8.221)
Total cash and cash equivalents in cash flow statement	4.730.026	3.328.792
End of the 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

(*) 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 2014.

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

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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	-	-	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	-

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	
	Non-cash	Cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	90.168	3.918.889	60.009	191.189
Balance at end of period	-	-	222.278	4.776.503	-	-
Interest and commission income (*)	138	-	16.099	10.035	3.016	-

(*) The balances stated above indicate the balances at 31 December 2013

c) **Information on related party deposits balances:** None (31 December 2013: None).

d) **Information on forward and option agreements and other similar agreements made with related parties:** None (31 December 2013: 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 2013: 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 2013: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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 2013: None).
- d) **Transactions accounted for under the equity method:** None (31 December 2013: None).
- 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 2013: 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			
Domestic branches	1	257			
			Country		
Rep-offices abroad	-	-	-		
				Total Asset	Capital
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 2013: None).

IX. Explanations and Notes Related To Subsequent Events

In accordance with the 4th subsection of 130th section of Capital Market Law, CMB Council Share which is total 18.797 TL for 2011, 2012 and 2013 and which is 10% of the tax base that is calculated by discounting interest incomes from the sum of all incomes that are shown in Banks' Income Statement is paid on 26 January 2015 and CMB Council Share of 2014 that costs total 8.522 TL is paid on 16 February 2015.

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SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank

- i. As of 31 December 2014, under the Financial Assets at Fair Value through Profit and Loss account, the Bank has government bonds, amounting to TL 1.241 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 24.775 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 15 and the income accrual of the reverse repo transactions amounting to TL 11 based on the difference between the sale and repurchase prices, are recorded under other liabilities without recognizing the amounts in the income statement.
- ii. Upon receipt of a directive from Capital Markets Board, the Bank accounts for the board share debt, which amounts to TL 21.013 and is followed under the "Other Debts" account in the financial year ending on 31 December 2014 (31 December 2013: TL 12.267), in the "Banks" account so that it yields interest on behalf of the Capital Markets Board.
- iii. 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 450.000 USD contribution has planned to be made on the basis of voluntariness and 180.000 USD of this amount has been paid in 2014.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements for the year ended 31 December 2014 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 20 February 2015 has been presented prior to the unconsolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditor

None (31 December 2013: None).

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