

Aktif Yatırım Bankası
Anonim Şirketi

Condensed Consolidated Interim Financial Statements
For the Six Month Period Ended
30 June 2014

Aktif Yatırım Bankası Anonim Şirketi

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Board of Directors of
Aktif Yatırım Bankası Anonim Şirketi:

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aktif Yatırım Bankası Anonim Şirketi ("the Bank") and its subsidiaries ("the Group") as at 30 June 2014, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The condensed consolidated financial statements for the six-month period ended as at 30 June 2014 consist of a general provision amounting to TL 32,000 thousand provided by the Bank management for the possible result of the negative circumstances which may arise from any changes in the economy or market conditions. If the mentioned general provision were not provided, as at 30 June 2014, other provisions would decrease by TL 32,000 thousand and retained earnings would increase by TL 32,000 thousand, and for the six-month period ended as at 30 June 2013, other operating income, profit before tax and net profit for the period would increase by TL 7,000 thousand.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Deloitte.

Emphasis of matter

Without further qualifying our conclusion, we draw attention to the following matter:

As described in Note 17 to the condensed consolidated interim financial statements, the Bank has provided a significant portion of cash and non-cash loans to its related parties (Çalık Group Companies) as at 30 June 2014.

Other matter

The consolidated financial statements of the Bank and its affiliates as of and for the six-month period ended 30 June 2013 were reviewed and as of and for the year ended 31 December 2013 were audited by another auditor. The other independent auditor stated in their review report dated 2 September 2013 for the financial statements as of 30 June 2013 that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" except for the effect of the general provision amounting to TL 32,000 thousand of which TL 25,000 thousand was recognized in the previous periods and TL 7,000 thousand was charged to the statement of income in that period, provided by the Bank management for the possible result of the negative circumstances which may arise from any changes in the economy or market conditions and expressed a qualified opinion in their audit report dated 14 February 2014 for the financial as of 31 December 2013 stating that the consolidated financial statements consisted of a general provision amounting to TL 32,000 thousand of which TL 25,000 thousand was recognized in the previous periods and TL 7,000 thousand was charged to the statement of income in that year, provided by the Bank management for the possible result of the negative circumstances which may arise from any changes in the economy or market conditions.

DRT Bağımsız Denetim ve SMMM A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Istanbul, 8 August 2014

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ**Condensed Consolidated Statement of Interim Financial Position****As of 30 June 2014***(Currency - In thousands of Turkish Lira ("TL"))*

	<i>Note</i>	30 June 2014	31 December 2013
ASSETS			
Cash and cash equivalents		352,456	196,494
Reserve deposits at Central Bank		182,353	299,299
Trading assets		4,063	6,248
Trade and other receivables		9,593	6,157
Inventories		13,151	3,957
Loans and advances to customers	7	3,694,187	3,580,143
Investment securities	8	671,063	644,789
Equity accounted investees		7,988	8,675
Tangible assets	9	203,099	181,950
Intangible assets	10	38,267	36,829
Goodwill		3,796	3,796
Deferred tax assets		9,183	5,118
Other assets		172,746	117,902
Total assets		5,361,945	5,091,357
LIABILITIES			
Trading liabilities		2,535	1,475
Trade and other payables		10,586	7,177
Obligations under repurchase agreements		167,435	538,404
Financial lease liabilities		36,200	32,229
Debt securities issued	11	2,352,914	2,004,194
Funds borrowed		1,185,517	1,098,274
Provisions	12	50,420	54,054
Income taxes payables		7,183	8,791
Deferred tax liabilities		7,316	-
Other liabilities		651,881	512,505
Total liabilities		4,471,987	4,257,103
EQUITY			
Share capital	16	701,595	701,595
Legal reserves		11,279	11,279
Reserves		3,210	(10,716)
Retained earnings		172,986	131,412
Total equity attributable to equity holders of the Bank		889,070	833,570
Non-controlling interests		888	684
Total equity		889,958	834,254
Total liabilities and equity		5,361,945	5,091,357

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Interim Comprehensive Income

For the Six-Month Period Ended 30 June 2014

(Currency - In thousands of Turkish Lira ("TL"))

	<i>Note</i>	30 June 2014	30 June 2013
Continuing operations			
Interest income		264,881	238,126
Interest expense		(152,101)	(101,669)
Net interest income		112,780	136,457
Fees and commission income	13	29,762	45,765
Fees and commission expense		(10,339)	(11,787)
Net fee and commission income		19,423	33,978
Net trading loss		(15,796)	(5,086)
Sales income from subsidiaries	14	42,307	1,155
Other income		17,428	10,888
Operating income		176,142	177,392
Net impairment reversal / (loss) on financial assets		21,506	(29,489)
Personnel expenses		(54,001)	(28,283)
Cost of sales and services from subsidiaries	14	(38,757)	(1,178)
Depreciation and amortisation	9-10	(7,567)	(3,310)
Administrative expenses	15	(37,633)	(12,784)
Other operating expenses		(8,069)	(9,566)
Total operating expenses		(124,521)	(84,610)
Share of profit of equity accounted investee		883	(41)
Profit before income tax		52,504	92,741
Income tax expenses		(10,881)	(20,317)
Net profit for the period from continuing operations		41,623	72,424
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in actuarial gain related to employee benefits		(248)	-
Tax effect		(310)	-
		62	-
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		13,926	(13,703)
Foreign currency translation differences		19,226	(17,379)
Income tax on other comprehensive income		(1,455)	200
		(3,845)	3,476
Other comprehensive income for the period, net of tax		13,678	(13,703)
Total comprehensive income for the period		55,301	58,721
Profit attributable to			
Equity holders of the Bank		41,822	72,420
Non-controlling interest		(199)	4
Profit for the period		41,623	72,424
Total comprehensive income attributable to:			
Equity holders of the Bank		55,500	58,717
Non-controlling interest		(199)	4
Total comprehensive income for the period		55,301	58,721

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
Condensed Consolidated Statement of Interim Changes in Equity
For the Six-Month Period Ended 30 June 2014
(Currency - In thousands of Turkish Lira ("TL"))

	Attributable to equity holders of the Group											
	Note	Share capital	Adjustment to share capital	Legal reserves	Fair value reserve	Translation reserve	Revaluation surplus	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2014												
Total comprehensive income for the period									41,822	41,822	(199)	41,623
Profit for the period		-	-	-	-	-	-	-	-	-	-	-
- Other comprehensive income												
Net change in fair value of available-for-sale financial assets		-	-	-	15,381	-	-	-	-	15,381	-	15,381
Net change in actuarial gain related to employee benefits		-	-	-	-	-	-	-	(248)	(248)	-	(248)
Foreign currency translation differences		-	-	-	-	(1,455)	-	-	-	(1,455)	-	(1,455)
Total other comprehensive income		-	-	-	15,381	(1,455)	-	-	(248)	13,678	-	13,678
Total comprehensive income for the period		-	-	-	15,381	(1,455)	-	-	41,574	55,500	(199)	55,301
Capital increase		-	-	-	-	-	-	-	-	-	403	403
Total transactions with owners		-	-	-	-	-	-	-	-	-	403	403
At 30 June 2014	16	697,085	4,510	11,279	3,382	(258)	-	86	172,986	889,070	888	889,958

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
Condensed Consolidated Statement of Interim Changes in Equity
For the Six-Month Period Ended 30 June 2014
(Currency - In thousands of Turkish Lira ("TL"))

	Attributable to equity holders of the Group											
	Note	Share capital	Adjustment to share capital	Legal reserves	Fair value reserve	Translation reserve	Revaluation surplus	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Reserves												
At 1 January 2013		230,000	5,448	6,931	8,139	-	25,660	-	182,114	458,292	-	458,292
Total comprehensive income for the period		-	-	-	-	-	-	-	72,420	72,420	4	72,424
Profit for the period		-	-	-	-	-	-	-	-	-	-	-
- Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets		-	-	-	(13,903)	-	-	-	-	(13,903)	-	(13,903)
Foreign currency translation differences		-	-	-	-	200	-	-	-	200	-	200
Total other comprehensive income		-	-	-	(13,903)	200	-	-	-	(13,703)	-	(13,703)
Total comprehensive income for the period		-	-	-	(13,903)	200	-	-	72,420	58,717	4	58,721
Transactions with owners, recorded directly in equity												
Capital increase cash		188,000	-	-	-	-	-	-	-	188,000	-	188,000
Transactions with entities under common control		-	-	-	-	-	-	-	-	-	328	328
Transfer to share capital		169,085	(938)	-	-	-	(25,660)	-	(142,487)	-	-	-
Transfer to legal reserves		-	-	4,110	-	-	-	-	(4,110)	-	-	-
At 30 June 2013		587,085	4,510	11,041	(5,764)	200	-	-	107,937	705,009	332	705,341

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
Condensed Consolidated Statement of Interim Cash Flows
For the Six-Month Period Ended 30 June 2014

(Currency - In thousands of Turkish Lira ("TL"))

	<i>Note</i>	30 June 2014	30 June 2013
Cash flows from operating activities			
Net profit for the period		41,623	72,424
<i>Adjustments for:</i>			
Depreciation and amortization of tangible assets and intangible assets booked in operating expenses and cost of good sold	9,10	9,758	3,310
Retirement pay provision expense		666	1,329
Unused vacation provision expense		1,620	388
Impairment on financial assets	7	(21,506)	17,239
Impairment of non-cash loans	7	-	5,250
Net interest income		(131,151)	(136,457)
Provision / (Recoveries) for possible losses	7	-	7,000
Share of profit of equity investee		(883)	41
Other accruals		(29,077)	1,778
Unrealized foreign exchange gain/loss		(27,749)	2,212
Income tax		10,940	20,317
		(145,759)	(5,169)
Change in reserve deposit at Central Bank		116,946	(127,687)
Change in trading assets		(23)	(2,949)
Change in loans and advances to customers		(56,503)	(1,094,155)
Change in other assets		(122,978)	(5,141)
Proceeds from borrowings		138,689	215,172
Change in obligations under repurchase agreements		(370,919)	(1,408)
Change in other liabilities and provisions		141,750	196,865
		(153,038)	(819,303)
Interest received		287,364	267,671
Interest paid		(158,755)	(129,824)
Retirement pay provision and unused vacation paid		(166)	-
Income tax paid		(4,359)	(11,037)
Net cash used in operating activities		(28,954)	(692,493)
Cash flows from investing activities			
Purchase of investment securities		(1,005,277)	(695,981)
Sale of investment securities		1,002,212	693,230
Purchase of tangible assets		(27,200)	(7,960)
Proceeds from the sale of property and equipment		-	67
Equity accounted investees		-	(7,196)
Purchase of subsidiaries, net of cash acquired		-	369
Purchase of intangible assets		(3,461)	(1,265)
Development expenditure		(1,684)	(2,199)
Capital increase		-	188,000
Net cash (used in) / provided from investing activities		(35,410)	167,065
Cash flows from financing activities			
Change in financial lease liabilities		2,682	-
Proceeds from debt securities issued		1,848,354	4,652,697
Repayment of debt securities issued		(1,484,288)	(4,193,649)
Net cash provided from financing activities		366,748	459,048
Net (decrease) / increase in cash and cash equivalents		156,625	(71,549)
Cash and cash equivalents on 1 January		196,433	376,119
Effect of exchange rate fluctuations on cash held		(606)	(1,565)
Cash and cash equivalents on 30 June		352,452	303,005

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

Notes To The Condensed Consolidated Interim Financial Statements As Of and For The Six-Month Period Ended 30 June 2014

(Currency - In thousands of Turkish Lira ("TL"))

1. Reporting entity

Aktif Yatırım Bankası Anonim Şirketi (the "Bank") was incorporated under the name of Çalık Yatırım Bankası A.Ş. in Turkey in July 1999. The Bank changed its name as Aktif Yatırım Bankası A.Ş. on 1 August 2008.

The Bank operates as an "investment bank" and is mainly involved in corporate and consumer services such as cash or non-cash lending, financial leasing, factoring, corporate lending. As an investment bank, the Bank borrows funds from other banks, financial markets, partners and credit customers, but is not entitled to receive deposits from customers.

The head office of the Bank is located at Büyükdere Cad. No: 163/A Zincirlikuyu / Istanbul, and the Bank has eight branches.

The Bank and its subsidiaries are hereafter referred to as the "Group".

The Group employs 1,153 people as at 30 June 2014 (31 December 2013: 623).

The Group controls equity stakes in companies that are active in the areas of technology system integration, payment center, insurance brokerage, consulting in real estate projects, real estate, islamic financial leasing and electronic payment systems. Activities carried out in these business areas and main companies are explained below in summary.

Sigortayeri Sigorta ve Reasürans Brokerlığı A.Ş. (Sigortayeri): With the virtual and physical multi-channel structure that is shaped according to the needs of potential policyholders comparative insurance products, provide customers with fast and intuitive way to operate in the field of insurance broking.

E-Post Elektronik Perakende Otomasyon Satış Ticaret A.Ş. (E-Post): N Kolay İşyeri allocated to business with the brand through reliable/secure devices, sales and collection operations for making the dealership system.

E-Kent Teknoloji ve Ödeme Sistemleri Sanayi ve Ticaret A.Ş. (E-Kent): E-Kent, increases both the new products and services applied in the field and also the number of cities (in 22 cities) in which services are offered in its fields of operation with its vision which is "building city technologies".

Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret A.Ş. (Pavo): Pavo operates in the area of payment recorders import, manufacture, sales and technical services.

N Kolay Mağazacılık A.Ş. (N Kolay): N Kolay operates in the area of invoice payment point.

Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Ticaret A.Ş. (Asset): Asset operates in the area of ticket sale organization of sports and arts activities.

Emlak Girişim Danışmanlığı A.Ş. (Emlak Girişim): Works on real estate projects, structures and systems, and in this regard make active counseling and guidance.

İFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş. (İFM): İFM operates in special projects, land recreation, area sales and revenue sharing provisions for the construction of the immovable, construction and sales activity is independent sections.

Kazakhstan Ijara Company Jsc. (KIC): KIC carries on Islamic leasing business. The aim of firm in Kazakhstan is to support the development of small and medium enterprises (SMEs) by providing alternative sources of Shariah compliant financing for their projects.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

Notes To The Condensed Consolidated Interim Financial Statements

As Of and For The Six-Month Period Ended 30 June 2014

(Currency - In thousands of Turkish Lira ("TL"))

2. Basis of preparation

2.1 Statement of compliance

The Bank and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory condensed consolidated financial statements in Turkish Lira ("TL") in accordance with the accounting principles as promulgated by the Banking Regulation and Supervision Agency ("BRSA"), Capital Markets Board of Turkey, the Turkish Commercial Code and tax legislation. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations adopted by the International Accounting Standards Board ("IASB").

The condensed consolidated interim financial statements were authorised for issue by the Group's management on 8 August 2014. The Bank's General Assembly and the other reporting bodies have the power to amend the condensed consolidated interim financial statements after their issue.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for the following:

- derivative financial instruments are measured at fair value,
- financial instruments at fair value through profit or loss are measured at fair value,
- available-for-sale financial instruments.

2.3 Functional and presentation currency

These financial statements are presented in TL, which is the Bank's functional currency. Except as indicated, financial information presented in TL has been rounded to the nearest thousand.

2.4 Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at 31 December 2013.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

Notes To The Condensed Consolidated Interim Financial Statements As Of and For The Six-Month Period Ended 30 June 2014

(Currency - In thousands of Turkish Lira ("TL"))

3. Significant accounting policies

The condensed consolidated interim financial statements as of 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting of IFRS and are in compliance with the accounting policies used to prepare the financial statements as of 31 December 2013. Therefore the condensed consolidated financial statements should be read in conjunction with the financial statements of the Group for the year ended 31 December 2013.

Except as described below, the accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements, and have been applied consistently by Group entities. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2013.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Application of new and revised International Financial Reporting Standards (IFRSs)

a) Amendments to IFRSs affecting amounts reported and/or disclosures in the financial statements

None.

b) New and Revised IFRSs applied with no material effect on the condensed consolidated financial statements

Amendments to IFRS 10, 11, IAS 27	<i>Investment Entities¹</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRIC 21	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

Amendments to IFRS 10, 11, IAS 27 *Investment Entities*

This amendment with the additional provisions of IFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

As a consequence of IFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of IAS 36 have been changed.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

Notes To The Condensed Consolidated Interim Financial Statements As Of and For The Six-Month Period Ended 30 June 2014

(Currency - In thousands of Turkish Lira ("TL"))

3. Significant accounting policies (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

This amendment to IAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

c) New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	<i>Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i> ³
Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements to 2010-2012 Cycle	<i>IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, IAS 24</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>IFRS 1, IFRS 3, IFRS 13, IAS 40</i> ¹
IFRS 14	<i>Regulatory Deferral Accounts</i> ²
Amendments to IFRS 11	<i>Accounting for Acquisition of Interests in Joint operations</i> ²
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
IFRS 15	<i>Revenue from Contracts with Customers</i> ³

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2017.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to IFRS 9 and IFRS 7 *Mandatory Effective Date of IFRS 9 and Transition Disclosures*

On November 2013, it is tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

Notes To The Condensed Consolidated Interim Financial Statements As Of and For The Six-Month Period Ended 30 June 2014

(Currency - In thousands of Turkish Lira ("TL"))

3. Significant accounting policies (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8: Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

IFRS 1: Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 14 was issued by the IASB on 30 January 2014 and is applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

Amendments to IFRS 11 Accounting for Acquisition of Interests in Joint operations

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

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Notes To The Condensed Consolidated Interim Financial Statements

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3. Significant accounting policies (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

This amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when the entity satisfies a performance obligation.

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Notes To The Condensed Consolidated Interim Financial Statements As Of and For The Six-Month Period Ended 30 June 2014

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4. Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the condensed consolidated interim financial statements of the Bank and entities controlled by the Bank (its subsidiaries). The control exists if and only if; 1) when the Bank has the power over an affiliate which that power, directly or indirectly, give rights to govern the financial and operating policies of the entity so as to obtain benefits from its activities, 2) exposure, or rights, to variable returns from its involvement with the affiliate, 3) the ability to use its power over the affiliate to affect the amount of its returns. The Bank reassesses its control power over its subsidiaries if there is an indication that there are changes to any of the three elements of control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the condensed consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

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Notes To The Condensed Consolidated Interim Financial Statements As Of and For The Six-Month Period Ended 30 June 2014

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4. Basis of consolidation (continued)

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

Group entities

The subsidiaries included in the consolidation and their ownership percentages are as follows:

Subsidiaries	Country of Incorporation	Direct ownership %		Indirect ownership %	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Insurance Brokerage					
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	Turkey	100.00	100.00	-	-
Payment Systems					
Epost Elektronik Perakende Otomasyon Satış Tic. A.Ş.	Turkey	99.27	99.27	-	-
E-Kent Teknoloji ve Ödeme Sistemleri San ve Tic. A.Ş.	Turkey	-	-	99.27	99.27
N Kolay Mağazacılık A.Ş.	Turkey	-	-	100.00	-
Real Estate					
Emlak Girişim Danışmanlığı A.Ş.	Turkey	100.00	100.00	-	-
Service					
Pavo Teknik Servis Elektrik Elektronik Sanayi ve Ticaret A.Ş.	Turkey	-	-	79.42	79.42
Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Tic. A.Ş.	Turkey	-	-	100.00	-
Equity accounted investees		Country of Incorporation		Ownership %	
Kazakhstan Ijara Company Jsc.		Kazakhstan		14.31	
IFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş.		Turkey		5.00	

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**Notes To The Condensed Consolidated Interim Financial Statements
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5. Financial risk management

The Bank's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at 31 December 2013.

6. Segment reporting

The Bank is operating mainly in retail banking, corporate banking and investment banking.

Current period	Retail banking	Corporate banking	Investment banking	Other⁽¹⁾	Total
Operating income	96,401	188,166	26,059	-	310,626
Undistributed costs	(48,044)	(9,549)	(16,935)	(176,449)	(250,977)
Income from subsidiaries	-	-	-	(7,145)	(7,145)
Profit before tax	48,357	178,617	9,124	(183,594)	52,504
Tax provision	-	-	-	(10,881)	(10,881)
Profit after tax	48,357	178,617	9,124	(194,475)	41,623
Net profit	48,357	178,617	9,124	(194,475)	41,623
Total assets	1,268,541	2,410,653	1,203,684	479,067	5,361,945
Total liabilities and equity	1,106,714	1,848,148	1,355,015	1,052,068	5,361,945
Other segment items					
Capital investment ⁽²⁾	-	-	-	32,345	32,345
Depreciation ⁽²⁾	-	-	-	9,758	9,758

(1) Costs that cannot be allocated according to consistent base.

(2) Other segment costs could not be distributed. Total depreciation expense has been recognized in both operating expenses and cost of sales&services, amounting to TL 7,567 and L 2,191, respectively.

Prior period	Retail banking	Corporate banking	Investment banking	Other⁽¹⁾	Total
Operating income	71,416	201,521	21,246	1,669	295,852
Undistributed costs	(27,507)	(41,671)	(6,434)	(127,581)	(203,193)
Income from subsidiaries	-	-	-	82	82
Profit before tax	43,909	159,850	14,812	(125,830)	92,741
Tax provision	-	-	-	(20,317)	(20,317)
Profit after tax	43,909	159,850	14,812	(146,147)	72,424
Net profit	43,909	159,850	14,812	(146,147)	72,424
Total assets	1,529,199	2,085,247	1,139,884	337,027	5,091,357
Total liabilities and equity	669,208	1,712,855	1,636,657	1,072,637	5,091,357
Other segment items					
Capital investment ⁽²⁾	-	-	-	199,115	199,115
Depreciation ⁽²⁾	-	-	-	3,310	3,310

(1) Costs that cannot be allocated according to consistent base.

(2) Other segment costs could not be distributed. Total depreciation expense has been recognized in operating expenses, amounting to TL 3,310.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

**Notes To The Condensed Consolidated Interim Financial Statements
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(Currency - In thousands of Turkish Lira ("TL"))

7. Loans and advances to customers

As of 30 June 2014 and 31 December 2013, all loans and advances to customers are at amortised cost.

	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
	30 June 2014			31 December 2013		
Corporate customers:						
- Finance leases	884	-	884	1,252	-	1,252
- Other lending	3,734,126	(40,823)	3,693,303	3,641,220	(62,329)	3,578,891
Corporate loans	2,421,292	(6,550)	2,414,742	2,087,244	(36,443)	2,050,801
Consumer loans	1,312,834	(34,273)	1,278,561	1,553,440	(25,886)	1,527,554
Factoring receivables	-	-	-	536	-	536
	3,735,010	(40,823)	3,694,187	3,642,472	(62,329)	3,580,143

As at 30 June 2014, TL 1,324,014 (31 December 2013: TL 1,151,451) of loans and advances to customers are expected to be recovered more than 12 months after the reporting date.

Allowance for impairment

Allowance for impairment	30 June 2014 (*)	30 June 2013 (*)
Specific allowances for impairment		
Balance on 1 January	54,145	16,001
Impairment loss for the period	(23,390)	14,393
- Charge for the period	6,679	15,559
- Reversal of provision	(30,069)	(1,166)
Balance at the end of the period	30,755	30,394
Collective allowances for impairment		
Balance on 1 January	8,184	2,912
Impairment loss for the period	1,884	2,846
- Charge for the period	1,884	2,846
Balance at the end of the period	10,068	5,758
Total allowances for impairment	40,823	36,152

(*) As of 30 June 2014, net impairment reversal on financial assets amounting to TL 21,506 includes impairment loss release for specific allowances amounting to TL 23,390, impairment loss charge for collective allowances amounting to TL 1,884 (30 June 2013: Net impairment loss charge on financial assets amounting to TL 29,489 includes impairment loss charge for specific allowances amounting to TL 14,393, impairment loss for collective allowances amounting to TL 2,846, general provision loan loss charge amounting to TL 7,000 and provision charge for non-cash loans amounting to TL 5,250).

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**Notes To The Condensed Consolidated Interim Financial Statements
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(Currency - In thousands of Turkish Lira ("TL"))

7. Loans and advances to customers (continued)

Finance lease receivables

Loans and advances to customers include the following finance lease receivables.

	30 June 2014	31 December 2013
Gross investment in finance leases, receivable:		
- Less than one year	400	-
- Between one and five years	541	1,359
	941	1,359
Unearned future income on finance leases	(57)	(107)
Net investment in finance leases	884	1,252
The net investment in finance leases comprises:		
- Less than one year	366	-
- Between one and five years	518	1,252
	884	1,252

8. Investment securities

	30 June 2014		
	Interest rate %	Latest maturity	Carrying amount
Available-for-sale investment securities			
- Government bonds			654,567
TL	5.00-11.25	11-Mar-20	618,138
USD	11.88	15-Jan-30	20,234
EUR	5.13	18-May-20	16,195
- Corporate bonds			16,496
TL	8.5-14.50	20-Apr-18	16,496
			671,063
	31 December 2013		
	Interest rate %	Latest maturity	Carrying amount
Available-for-sale investment securities			
- Government bonds			626,260
TL	4.50-9.50	13-May-15	592,533
USD	11.88	15-Jan-30	17,886
EUR	5.13	18-May-20	15,841
- Corporate bonds			18,529
TL	6.69-13.58	04-Jan-16	18,529
			644,789

As at 30 June 2014, TL 18,357 and TL 175,167 of investment securities are given as collateral for performing transactions at stock exchange and for repurchase agreement, respectively (31 December 2013: TL 20,375 and TL 565,501, respectively). As at 30 June 2014, TL 9,926 investment securities are blocked for asset backed securitisation funds (31 December 2013: TL 18,516).

9. Tangible assets

For the six-month period ended 30 June 2014, acquisitions of tangible assets amount to TL 27,200 (30 June 2013: TL 8,151; TL 191 of which is due to business combination). There is no disposal of tangible assets (30 June 2013: None). Depreciation charge for the six month period ended 30 June 2014 is TL 6,051 (30 June 2013: TL 1,603).

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ**Notes To The Condensed Consolidated Interim Financial Statements****As Of and For The Six-Month Period Ended 30 June 2014***(Currency - In thousands of Turkish Lira ("TL"))***10. Intangible assets**

For the six-month period ended 30 June 2014, acquisitions of intangible assets amount to TL 5,145 (30 June 2013: TL 3; all of which is due to business combination). There is no disposal of intangible assets (30 June 2013: None). Amortisation charge for the six month period ended 30 June 2014 is TL 3,707 (30 June 2013: TL 1,707).

11. Debt securities issued

	30 June 2014	31 December 2013
Debt securities issued-TL	1,881,360	1,742,319
Debt securities issued-FC	471,554	261,875
	2,352,914	2,004,194

	30 June 2014	31 December 2013
Nominal of debt securities issued	2,455,597	2,075,900
Valuation difference of debt securities issued	(102,683)	(71,706)
	2,352,914	2,004,194

As at 30 June 2014, the Bank issued TL debt securities with maturities between 1 July 2014 and 22 July 2015. The interest rate for TL debt securities is between 9.00%-14.20%. In 2014, the Bank issued USD foreign currency debt securities with maturities between 1 July 2014 and 18 December 2014 and with interest rate range of 1.50%-4.93% and for EUR foreign currency debt securities which will mature between on 1 July 2014 and 22 June 2015 and with interest rate range of 2.20%-5.83%.

12. Provisions

	30 June 2014	31 December 2013
Provision for possible losses (*)	32,000	32,000
Bonus provision	11,720	17,639
Vacation pay liability	3,395	2,465
Employee termination benefits	3,305	1,771
Provision for non-cash loans	-	2
Other	-	177
Total	50,420	54,054

(*) As at 30 June 2014, the accompanying condensed consolidated statement of financial position includes a general provision amounting to TL 32,000 provided by the Group management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions (31 December 2013: TL 32,000).

13. Fees and commission income

	30 June 2014	30 June 2013
Other fee and commissions received		
Intermediary commissions	16,173	9,941
Non-cash commission income	6,856	7,116
Remittance commissions	4,425	3,182
Insurance commissions (*)	-	22,982
Other	2,308	2,544
Total	29,762	45,765

(*) As of 30 June 2014, the Group has transferred the insurance business portfolio that is managed by the Bank to Sigortayeri.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ**Notes To The Condensed Consolidated Interim Financial Statements
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	30 June 2014	30 June 2013
Commission agency income	11,392	-
Card and ticket income	10,368	-
Spare part income	6,921	-
Insurance commission income (*)	5,341	-
GSM loading income	4,376	1,115
Visa income	1,327	-
Other	2,582	-
Total	42,307	1,115

(*) As of 30 June 2014, the Group has transferred the insurance business portfolio that is managed by the Bank to Sigortayeri.

Cost of sales and services:

	30 June 2014	30 June 2013
Cost of trade goods sold	11,940	-
Cost of services	26,817	1,178
-Dealer commission and services expenses	6,168	-
-Personnel expenses	5,319	-
-GSM loading expenses	4,095	1,178
-Outsource expenses	3,114	-
-Depreciation and amortization expenses	2,191	-
-Rent expenses	1,867	-
-Football ticket expenses	749	-
-Communication expenses	749	-
-Maintenance expenses	330	-
-Supplies expenses	208	-
-Travelling expenses	170	-
-Other	1,857	-
Total	38,757	1,178

15. Administrative expenses

	30 June 2014	30 June 2013
Consultancy expenses	8,209	2,002
Advertisement expenses	7,286	716
Communication expenses	4,586	2,372
Taxes and dues other than on income	4,014	3,871
Expenses on vehicles	3,859	1,114
Rent expenses	1,961	2,378
Maintenance expenses	551	331
Other	7,167	87
Total	37,633	12,784

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ**Notes To The Condensed Consolidated Interim Financial Statements
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	30 June 2014	31 December 2013
Number of common shares , TL 1,000 (in full TL), par value (Authorised and issued)	697,085	697,085

As at 30 June 2014, all issued shares are fully paid and there is no preference shares assigned to shareholders of the Group.

Share capital and share premium

As of 30 June 2014 and 31 December 2013, the composition of shareholders and their respective percentage of ownership are summarised as follows:

	30 June 2014		31 December 2013	
	Amount	%	Amount	%
Çalık Holding A.Ş.	693,074	99.42	693,074	99.42
GAP Güneydoğu Tekstil San. ve Tic. A.Ş.	2,123	0.30	2,123	0.30
Ahmet Çalık	944	0.14	944	0.14
Başak Yönetim Sistemleri A.Ş.	472	0.07	472	0.07
Irmak Yönetim Sistemleri A.Ş.	472	0.07	472	0.07
Total paid-in-capital	697,085	100.00	697,085	100.00
Restatement effect per IAS 29	4,510		4,510	
Total share capital	701,595		701,595	

Reserves*Fair value reserve*

This reserve includes the cumulative net change in the fair value of available-for-sale investment securities until the investment is derecognised or impaired.

Other reserves

Other reserves consist of legal reserves. The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

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The Bank is controlled by Çalık Holding A.Ş. which owns 99.42% of ordinary shares (31 December 2013: 99.42%).

Compensation of key management personnel of the Group

Total salaries and other benefits paid to the Board of Members and top management during the period are TL 12,009 (30 June 2013: TL 7,480).

Balances with related parties

30 June 2014	Related party balances	Total balance	Rate %
Loans and advances to customers	1,965,121	3,694,187	53.19
Other liabilities (Customer accounts)	1,304	597,779	0.22
Debt securities issued	15,536	2,352,914	0.66

31 December 2013	Related party balances	Total balance	Rate %
Loans and advances to customers	1,809,613	3,580,143	50.55
Other liabilities (Customer accounts)	4,841	456,383	1.06
Debt securities issued	40,838	2,004,194	2.04

Off balance sheet balances with related parties

30 June 2014	Related party balances	Total balance	Rate %
Non-cash loans	790,385	1,331,732	59.35

31 December 2013	Related party balances	Total balance	Rate %
Non-cash loans	574,456	993,470	57.82

Transactions with related parties

	30 June 2014	30 June 2013
Interest income on loans	139,784	65,985
Fee and commission income	3,660	4,825
Rent expenses	2,043	1,703
Accommodation expenses	1,220	1,009

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ**Notes To The Condensed Consolidated Interim Financial Statements
As Of and For The Six-Month Period Ended 30 June 2014***(Currency - In thousands of Turkish Lira ("TL"))***18. Commitments and contingencies**

	30 June 2014	31 December 2013
Letters of guarantee	1,086,453	911,639
Letters of credit	103,275	47,154
Acceptance credits	1,063	583
Other guarantees	140,941	34,094
	1,331,732	993,470
Check limits	1,275	1,470
Other commitments	2,426,723	2,083,507
Total	3,759,730	3,078,447

On 27 August 2013, the Group and Turkish Football Federation ("TFF") has signed General Agreement ("the Agreement") for 10 years. The Agreement is related to E-Ticket System ("E-Bilet") that is used for entrance to sports activities. 53% of income and expenses mentioned in the Agreement will be to the Group. In accordance with the Agreement, the Group has committed paying less part to TFF during ten years if income transferred to TFF is less than TL 150,000.

19. Subsequent events

None.