



**ŞEKER MORTGAGE FİNANSMAN  
ANONİM ŞİRKETİ**

**Financial Statements  
As At and For the Interim Period Ended  
30 June 2015 with  
Independent Auditors' Review Report Thereon**

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

10 August 2015

*This report contains 1 page of independent  
auditor's review report and 45 pages of financial  
statements and notes to the financial statements.*



**Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik A.Ş.**

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**Convenience Translation of the Auditors' Report  
Originally Prepared and Issued in Turkish (See Note 2.1)**

**INDEPENDENT AUDITORS' REVIEW REPORT**

To the Board of Directors of Şeker Mortgage Finansman Anonim Şirketi,

*Introduction*

We have reviewed the statement of financial position of Şeker Mortgage Finansman AŞ ("the Company") at 30 June 2015 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month-period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements. The Company Management is responsible for the preparation and fair presentation of interim financial information in accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and other regulations, communiqués and circulars published by the Banking Regulation and Supervision Board and the pronouncements made by the Banking Regulation and Supervision Agency (together "the BRSA Regulation") and the Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by the BRSA Regulation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited 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 reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information do not give a true view of the financial position of Şeker Mortgage Finansman AŞ at 30 June 2015 and of the results of its operations and its cash flows for the six-month-period then ended in all material aspects in accordance with the BRSA Regulation and the Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Regulation.

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

Orhan Akova, SMMM  
Partner

10 August 2015  
Istanbul, Turkey

**Additional paragraph for convenience translation to English**

As explained in Section 2.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

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**ŞEKER MORTGAGE FİNANSMAN ANONİM ŞİRKETİ**

**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2015**

(Currency: In Thousands of Turkish Lira (TL))

ASSETS	Notes	Reviewed 30 June 2015			Audited 31 December 2014		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND CASH EQUIVALENTS</b>	<b>3</b>	<b>1</b>	<b>12,245</b>	<b>12,246</b>	<b>1</b>	<b>10,826</b>	<b>10,827</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH P/L (Net)</b>	<b>4</b>	<b>419,673</b>	<b>1,259</b>	<b>420,932</b>	<b>360,376</b>	<b>4,057</b>	<b>364,433</b>
2.1 Financial assets held for trading		-	-	-	-	-	-
2.2 Financial assets at fair value through profit or loss	<b>6</b>	348,750	-	348,750	326,484	-	326,484
2.3 Derivative financial assets held for trading		70,923	1,259	72,182	33,892	4,057	37,949
<b>III. BANKS</b>	<b>5</b>	<b>19,821</b>	<b>99,083</b>	<b>118,904</b>	<b>26,396</b>	<b>62,712</b>	<b>89,108</b>
<b>IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS</b>		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)</b>		-	-	-	-	-	-
<b>VI. FINANCING LOANS</b>	<b>6</b>	<b>57,011</b>	-	<b>57,011</b>	<b>62,818</b>	-	<b>62,818</b>
6.1 Consumer Loans		57,011	-	57,011	62,818	-	62,818
6.1.1 Credit Cards		-	-	-	-	-	-
6.1.2 Commercial Loans with Installments		-	-	-	-	-	-
<b>VII. OTHER RECEIVABLES</b>	<b>11</b>	<b>421</b>	<b>520</b>	<b>941</b>	<b>795</b>	<b>75</b>	<b>870</b>
<b>VIII. RECEIVABLES AT FOLLOW UP</b>	<b>7</b>	<b>662</b>	-	<b>662</b>	<b>658</b>	-	<b>658</b>
8.1 Financing Loans at Follow Up		853	-	853	831	-	831
8.2 Specific Provisions (-)		191	-	191	173	-	173
<b>IX. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		-	-	-	-	-	-
9.1 Fair value hedges		-	-	-	-	-	-
9.2 Cash flow hedges		-	-	-	-	-	-
9.3 Net foreign investment hedges		-	-	-	-	-	-
<b>X. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>		-	-	-	-	-	-
<b>XI. INVESTMENTS IN ASSOCIATES (Net)</b>		-	-	-	-	-	-
<b>XII. INVESTMENTS IN SUBSIDIARIES (Net)</b>		-	-	-	-	-	-
<b>XIII. INVESTMENTS IN JOINT-VENTURES (Net)</b>		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	<b>8</b>	<b>46</b>	-	<b>46</b>	<b>54</b>	-	<b>54</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>9</b>	<b>553</b>	-	<b>553</b>	<b>635</b>	-	<b>635</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		553	-	553	635	-	635
<b>XVI. PREPAID EXPENSES</b>	<b>11</b>	<b>160</b>	<b>1,093</b>	<b>1,253</b>	<b>205</b>	<b>982</b>	<b>1,187</b>
<b>XVII. TAX ASSET OF CURRENT PERIOD</b>		<b>548</b>	-	<b>548</b>	<b>369</b>	-	<b>369</b>
<b>XV. DEFERRED TAX ASSET</b>	<b>10</b>	-	-	-	-	-	-
<b>XVI. OTHER ASSETS</b>		<b>58</b>	-	<b>58</b>	<b>14</b>	-	<b>14</b>
<b>SUBTOTAL</b>		<b>498,954</b>	<b>114,200</b>	<b>613,154</b>	<b>452,321</b>	<b>78,652</b>	<b>530,973</b>
<b>XVII. (Net)</b>		-	-	-	-	-	-
17.1 Assets held for sale		-	-	-	-	-	-
17.2 Assets of discontinued operations		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>498,954</b>	<b>114,200</b>	<b>613,154</b>	<b>452,321</b>	<b>78,652</b>	<b>530,973</b>

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

**ŞEKER MORTGAGE FİNANSMAN ANONİM ŞİRKETİ**

**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2015**

(Currency: In Thousands of Turkish Lira (TL))

LIABILITIES	Notes	Reviewed 30 June 2015			Audited 31 December 2014		
		TL	FC	Total	TL	FC	Total
<b>I. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<i>12</i>	-	1,618	1,618	-	125	125
<b>II. BORROWINGS</b>	<i>13</i>	-	484,526	484,526	-	430,153	430,153
<b>III. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IV. LEASING PAYABLES</b>		-	-	-	-	-	-
4.1 Financial Leasing Payables		-	-	-	-	-	-
4.2 Operating Leasing Payables		-	-	-	-	-	-
4.3 Other		-	-	-	-	-	-
4.4 Deferred Financial Leasing Payables		-	-	-	-	-	-
<b>V. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonos		-	-	-	-	-	-
<b>VI. MISCELLANEOUS PAYABLES</b>	<i>14</i>	146	69,084	69,230	127	39,556	39,683
<b>VII. OTHER LIABILITIES</b>		104	-	104	183	-	183
<b>VIII. MANAGEMENT</b>		-	-	-	-	-	-
8.1 Fair value hedges		-	-	-	-	-	-
8.2 Cash flow hedges		-	-	-	-	-	-
8.3 Net foreign investment hedges		-	-	-	-	-	-
<b>IX. TAXES</b>	<i>16</i>	160	-	160	166	-	166
<b>X. PROVISIONS</b>	<i>17</i>	1,540	-	1,540	2,164	-	2,164
10.1 Restructuring reserves		-	-	-	-	-	-
10.2 Reserve for employee benefits	<i>17.1</i>	264	-	264	193	-	193
10.3 Other provisions	<i>17.2</i>	1,276	-	1,276	1,971	-	1,971
<b>XI. DEFERRED INCOME</b>	<i>15</i>	629	-	629	737	-	737
<b>XII. TAX LIABILITY OF CURRENT PERIOD</b>		-	-	-	-	-	-
<b>XIII. DEFERRED TAX LIABILITY</b>	<i>10</i>	962	-	962	1,435	-	1,435
<b>XIV. SUBORDINATED LOANS</b>	<i>13</i>	23,613	-	23,613	23,593	-	23,593
<b>SUBTOTAL</b>		27,154	555,228	582,382	28,405	469,834	498,239
<b>XV. LIABILITIES FOR ASSETS HELD FOR SALE AND LIABILITIES OF DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
15.1 Held for sale		-	-	-	-	-	-
15.2 Discontinued operations		-	-	-	-	-	-
<b>XVI. EQUITY</b>		30,772	-	30,772	32,734	-	32,734
16.1 Paid-in capital	<i>18.1</i>	26,000	-	26,000	26,000	-	26,000
16.2 Capital reserves		-	-	-	-	-	-
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities value increase fund		-	-	-	-	-	-
16.3. Other comprehensive income reclassified to profit or loss		24	-	24	24	-	24
16.4. Other comprehensive income non- reclassified to profit or loss		-	-	-	-	-	-
16.5 Profit reserves	<i>18</i>	6,710	-	6,710	508	-	508
16.5.1 Legal reserves		614	-	614	304	-	304
16.5.2 Status reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		6,096	-	6,096	204	-	204
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		(1,962)	-	(1,962)	6,202	-	6,202
16.6.1 Retained Earnings/(Accumulated losses)		-	-	-	-	-	-
16.6.2 Current period net profit/loss		(1,962)	-	(1,962)	6,202	-	6,202
<b>TOTAL LIABILITIES</b>		57,926	555,228	613,154	61,139	469,834	530,973

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

**ŞEKER MORTGAGE FİNANSMAN ANONİM ŞİRKETİ**  
**STATEMENT OF OFF-BALANCE SHEET ITEMS AS AT 30 JUNE 2015**

(Currency: In Thousands of Turkish Lira (TL))

OFF-BALANCE SHEET ITEMS	Notes	Reviewed 30 June 2015			Audited 31 December 2014		
		TL	FC	Total	TL	FC	Total
<b>I. RISK-BEARING FINANCING ACTIVITIES</b>		-	-	-	-	-	-
<b>II. NON RISK-BEARING FINANCING ACTIVITIES</b>		-	-	-	-	-	-
<b>III. COLLATERALS RECEIVED</b>	26.1	664,843	-	664,843	572,669	-	572,669
<b>IV. COLLATERALS GIVEN</b>	26.2	348,656	432	349,088	346,555	-	346,555
<b>V. COMMITMENTS</b>		2,039	-	2,039	1,896	-	1,896
5.1 Irrevocable commitments		57	-	57	57	-	57
5.2 Revocable commitments		1,982	-	1,982	1,839	-	1,839
5.2.1 Lease commitments		-	-	-	-	-	-
5.2.1.1 Finance lease commitments		-	-	-	-	-	-
5.2.1.2 Operating lease commitments		-	-	-	-	-	-
5.2.2 Other revocable commitments		1,982	-	1,982	1,839	-	1,839
<b>VI. DERIVATIVE FINANCIAL INSTRUMENTS</b>		375,503	438,689	814,192	358,812	393,663	752,475
6.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
6.1.1 Fair value hedges		-	-	-	-	-	-
6.1.2 Cash flow hedges		-	-	-	-	-	-
6.1.3 Net foreign investment hedges		-	-	-	-	-	-
6.2 Trading derivatives	26.3	375,503	438,689	814,192	358,812	393,663	752,475
6.2.1 Forward foreign currency purchases/sales		-	-	-	-	-	-
6.2.2 Currency and interest rate swaps purchases/sales	26.3	375,503	438,689	814,192	358,812	393,663	752,475
6.2.3 Currency, interest rate and security options purchases/sales		-	-	-	-	-	-
6.2.4 Currency futures purchases/sales		-	-	-	-	-	-
6.2.5 Others		-	-	-	-	-	-
<b>VII. CUSTODY AND PLEDGED ITEMS</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>1,391,041</b>	<b>439,121</b>	<b>1,830,162</b>	<b>1,279,932</b>	<b>393,663</b>	<b>1,673,595</b>

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

**ŞEKER MORTGAGE FİNANSMAN ANONİM ŞİRKETİ**  
**STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

(Currency: In Thousands of Turkish Lira (TL))

INCOME AND EXPENSE ITEMS	Notes	Reviewed Current Period (01.01.2015 - 30.06.2015)	Not Reviewed Current Period (01.04.2015 - 30.06.2015)	Reviewed Prior Period (01.01.2014 - 30.06.2014)	Not Reviewed Prior Period (01.04.2014 - 30.06.2014)
<b>I. OPERATING INCOME</b>		<b>15,931</b>	<b>6,037</b>	<b>29,900</b>	<b>26,294</b>
1.1 FACTORING INCOME		-	-	-	-
1.1.1 Interest income from factoring		-	-	-	-
1.1.1.1 Discounted		-	-	-	-
1.1.1.2 Other		-	-	-	-
1.1.2 Fees and commissions paid		-	-	-	-
1.1.2.1 Discounted		-	-	-	-
1.1.2.2 Other		-	-	-	-
1.2. INCOME FROM FINANCING LOANS	19	15,931	6,037	29,900	26,294
1.2.1 Interest income from financing loans		14,679	5,385	27,487	24,551
1.2.2 Fees and commissions received from financing loans		1,252	652	2,413	1,743
1.3 INCOME FROM LEASING		-	-	-	-
1.3.1 Financial leasing income		-	-	-	-
1.3.2 Operating Leasing income		-	-	-	-
1.3.3 Fees and commissions from leasing		-	-	-	-
<b>II. FINANCIAL EXPENSES (-)</b>		<b>(6,202)</b>	<b>(3,241)</b>	<b>(4,941)</b>	<b>(2,511)</b>
2.1. Interest on borrowings		(2,233)	(1,209)	(1,969)	(1,060)
2.2. Interest on factoring payables		-	-	-	-
2.3. Finance lease expenses		-	-	-	-
2.4. Interest on shares issued		-	-	-	-
2.5. Other interest expenses		(1)	-	(24)	(9)
2.6. Fees and commissions paid		(3,968)	(2,032)	(2,948)	(1,442)
<b>III. Gross (I-II)</b>		<b>9,729</b>	<b>2,796</b>	<b>24,959</b>	<b>23,783</b>
<b>IV. OPERATING EXPENSES (-)</b>	20	<b>(4,350)</b>	<b>(2,183)</b>	<b>(4,999)</b>	<b>(2,638)</b>
4.1. Personnel Expenses	20.1	(1,905)	(933)	(2,016)	(994)
4.2. Reserve for employee termination benefits		(27)	(14)	(27)	(14)
4.3. Development and Research Expenses		-	-	-	-
4.4. General administrative expenses	20.2	(2,418)	(1,236)	(2,956)	(1,630)
4.5. Others		-	-	-	-
<b>V. GROSS OPERATING EXPENSES</b>		<b>5,379</b>	<b>613</b>	<b>19,960</b>	<b>21,145</b>
<b>VI. OTHER OPERATING INCOME</b>	21	<b>63,934</b>	<b>17,489</b>	<b>31,573</b>	<b>12,002</b>
6.1 Interest income from bank loans		2,131	1,108	1,171	554
6.2 Interest income from reverse repurchase agreements		-	-	-	-
6.3 Interest income from securities		-	-	-	-
6.3.1 Trading securities		-	-	-	-
6.3.2 Financial assets at fair value through profit or loss		-	-	-	-
6.3.3 Financial assets available-for-sale		-	-	-	-
6.3.4 Investment securities held-to-maturity		-	-	-	-
6.4 Dividend Income		-	-	-	-
6.5 Trading account income		60,890	15,592	7,883	(466)
6.5.1 Derivative financial instruments		60,890	15,592	7,883	(466)
6.5.2 Others		-	-	-	-
6.6 Foreign exchange gain		639	630	22,395	11,857
6.7 Others		274	159	124	57
<b>VII. PROVISIONS FOR RECEIVABLES AT FOLLOW-UP</b>		<b>(272)</b>	<b>(56)</b>	<b>(248)</b>	<b>(163)</b>
<b>VIII. OTHER OPERATING EXPENSE (-)</b>	22	<b>(71,476)</b>	<b>(21,002)</b>	<b>(43,330)</b>	<b>(23,004)</b>
8.1. Impairment losses on securities		-	-	-	-
8.1.1. Impairment losses on financial assets at fair value through profit/loss		-	-	-	-
8.1.2. Impairment losses on financial assets available-for -sale		-	-	-	-
8.1.3. Impairment losses on investment securities held-to-maturity		-	-	-	-
8.2 Impairment losses on non-current assets		-	-	-	-
8.2.1 Impairment losses on tangible assets		-	-	-	-
8.2.2 Impairment losses assets held for sale and assets of discontinued operations		-	-	-	-
8.2.3 Impairment losses on goodwill		-	-	-	-
8.2.4 Impairment losses on other intangible assets		-	-	-	-
8.2.5 Impairment losses on associates, subsidiaries and joint-ventures		-	-	-	-
8.3. Loss on derivative financial instruments, Net		(9,036)	(6,987)	(22,220)	(18,627)
8.4. Foreign exchange loss, Net		(62,440)	(14,015)	(21,023)	(4,319)
8.5. Others		-	-	(87)	(58)
<b>IX. NET OPERATING PROFIT/LOSS (I+...+VI)</b>		<b>(2,435)</b>	<b>(2,956)</b>	<b>7,955</b>	<b>9,980</b>
<b>X. INCOME SURPLUS AFTER MERGER OPERATIONS</b>		-	-	-	-
<b>XI. NET MONETARY POSITION PROFIT/LOSS</b>		-	-	-	-
<b>XII. OPERATING PROFIT/LOSS BEFORE TAX (VII+VIII-IX)</b>		<b>(2,435)</b>	<b>(2,956)</b>	<b>7,955</b>	<b>9,980</b>
<b>XIII. OPERATING TAX PROVISION (±)</b>	23	<b>(473)</b>	<b>(589)</b>	<b>1,585</b>	<b>1,993</b>
13.1 Current tax provision		-	-	-	-
13.2 Deferred tax expense effect (+)		6,880	(331)	4,177	3,326
13.3 Deferred tax income effect(-)		(7,353)	(258)	(2,592)	(1,333)
<b>XIV. OPERATING PROFIT/LOSS (X+XII)</b>		<b>(1,962)</b>	<b>(2,367)</b>	<b>6,370</b>	<b>7,987</b>
<b>XV. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
15.1 Income from assets held for sale		-	-	-	-
15.2 Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
15.3 Others		-	-	-	-
<b>XVI. EXPENSES ON DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
16.1 Expense on assets held for sale		-	-	-	-
16.2 Loss on sale of associates, subsidiaries and joint-ventures		-	-	-	-
16.3 Others		-	-	-	-
<b>XVII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIII-XIV)</b>		-	-	-	-
<b>XVIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
18.1 Current tax expense		-	-	-	-
18.2 Deferred tax expense		-	-	-	-
18.3 Deferred tax income		-	-	-	-
<b>XIX. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XV±XVI)</b>		-	-	-	-
<b>XX. NET PROFIT/LOSS (XII+XVII)</b>		<b>(1,962)</b>	<b>(2,367)</b>	<b>6,370</b>	<b>7,987</b>

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

**ŞEKER MORTGAGE FİNANSMAN ANONİM ŞİRKETİ****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

(Currency: In Thousands of Turkish Lira (TL))

RECOGNIZED INCOME AND EXPENSE ITEMS UNDER EQUITY	Reviewed	Reviewed
	01.01.2015-30.06.2015	01.01.2014-30.06.2014
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>(1,962)</b>	<b>6,370</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	-	-
<b>2.1 Items that will not be Reclassified to Profit or Loss</b>	-	-
2.1.1 Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2 Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3 Employee Benefits Re-Measuring Loss/Income	-	-
2.1.4 Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5 Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5.1 Current Tax Income/Expense	-	-
2.1.5.2 Deferred Tax Income/Expense	-	-
<b>2.2 Items that may be Reclassified subsequently to Profit or Loss</b>	-	-
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2 Value Increases or Decreases on Assets Held for Sales	-	-
2.2.3 Cash Flow Hedge Income/Losses	-	-
2.2.4 Net Investment Hedge Income/Losses	-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6 Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6.1 Current Tax Income/Expense	-	-
2.2.6.2 Deferred Tax Income/Expense	-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>(1,962)</b>	<b>6,370</b>

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



**ŞEKER MORTGAGE FİNANSMAN ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**  
(Currency: In Thousands of Turkish Lira (TL))

CHANGES IN EQUITY							Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss												
		Paid-in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Profit Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Net Current Period Profit/Loss	Non-Controlling Interest	Total Equity
<b>Prior Period (01.01 – 30.06.2014) (Reviewed)</b>																						
I.	Balance at the Beginning of the Period (31.12.2013)	26,000	-	-	-	-	-	13	-	-	-	-	349	296	-	53	-	159	159	-	-	26,521
II.	Correction Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	26,000	-	-	-	-	-	13	-	-	-	-	349	296	-	53	-	159	159	-	-	26,521
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Cash Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in-Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increases / Decreases due to other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,370	-	6,370	-	6,370
XII.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	159	8	-	151	-	(159)	(159)	-	-	-
12.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	159	8	-	151	-	(159)	(159)	-	-	-
12.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at the End of the Period (30.06.2014)</b>		<b>26,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>508</b>	<b>304</b>	<b>-</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,370</b>	<b>-</b>	<b>32,891</b>
<b>Current Period (01.01. –30.06.2015) (Reviewed)</b>																						
I.	Balance at the Beginning of the Period (31.12.2014)	26,000	-	-	-	-	-	24	-	-	-	-	508	304	-	204	-	6,202	6,202	-	-	32,734
II.	Correction Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	26,000	-	-	-	-	-	-	-	-	-	-	508	304	-	204	-	6,202	6,202	-	-	32,734
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Cash Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in-Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increases / Decreases due to other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,962)	-	(1,962)	-	(1,962)
XII.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	6,202	310	-	5,892	-	(6,202)	(6,202)	-	-	-
12.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	6,202	310	-	5,892	-	(6,202)	(6,202)	-	-	-
12.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at the End of the Period (30.06.2015)</b>		<b>26,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,710</b>	<b>614</b>	<b>-</b>	<b>6,096</b>	<b>-</b>	<b>(1,962)</b>	<b>-</b>	<b>(1,962)</b>	<b>-</b>	<b>30,772</b>

1. Revaluation increase/decrease of property and equipment.
2. Employee benefits re-measuring income/loss.
3. Other (Other comprehensive income related with equity pick up investment portions and accumulated other comprehensive income components that will not be re-classified to profit/loss)
4. Foreign currency translation differences for foreign operations.
5. Net change in fair value of available-for-sale financial assets.
6. Other (Cash flow hedge income/ (losses), accumulated other comprehensive income components that may re-classified subsequently to profit/loss)

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

**ŞEKER MORTGAGE FİNANSMAN ANONİM ŞİRKETİ**

**STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

(Currency: In Thousands of Turkish Lira (TL))

STATEMENT OF CASH FLOWS	Notes	Reviewed ( 01.01.2015 - 30.06.2015 )	Reviewed ( 01.01.2014 - 30.06.2014 )
<b>A. CASH FLOWS FROM OPERATIONS</b>			
1.1 Operating profit/(loss) before changes in operating assets and liabilities		39,044	3,008
1.1.1 Interests received		23,046	14,642
1.1.2 Lease Expenses		(53)	(94)
1.1.3 Dividends received		-	-
1.1.4 Fees and commissions received		1,224	2,361
1.1.5 Other income		55	-
1.1.6 Collection from previously written-off loans and other receivables		219	124
1.1.7 Payments to personnel and service suppliers		(4,297)	(4,905)
1.1.8 Taxes paid		(178)	(201)
1.1.9 Others		19,028	(8,919)
1.2 Changes in operating assets and liabilities		(9,775)	(25,987)
1.2.1 Net (increase) decrease in financing loans		(24,865)	(75,279)
1.2.2 Net (increase) decrease in other assets		(1,932)	(15,551)
1.2.3 Net (increase) decrease in borrowings		(11,893)	72,629
1.2.4 Net (increase) decrease in matured payables		-	-
1.2.5 Net (increase) decrease in other liabilities		28,915	(7,786)
I. Net cash (used in)/provided from operations		29,269	(22,979)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets	8, 9	(59)	(104)
2.4 Sales of tangible assets		-	-
2.5 Cash paid for purchase of financial assets available-for-sale		-	-
2.6 Cash obtained from sale of financial assets available-for-sale		-	-
2.7 Cash paid for purchase of investment securities held-to-maturity		-	-
2.8 Cash obtained from sale of investments held-to-maturity		-	-
2.9 Others		-	-
II. Net cash used in investing activities		(59)	(104)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Others		-	-
III. Net cash (used in)/provided from financing activities		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
<b>V. Net increase/(decrease) in cash and cash equivalents</b>		<b>29,210</b>	<b>(23,083)</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>88,141</b>	<b>65,149</b>
<b>VII. Cash and cash equivalents at the end of period</b>	2.2.19	<b>117,351</b>	<b>42,066</b>

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

# Şeker Mortgage Finansman Anonim Şirketi

*Notes to the Financial Statements  
For the Interim Period Ended 30 June 2015*

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

## 1 ORGANIZATION AND NATURE OF OPERATIONS

Şeker Mortgage Finansman A.Ş. (“the Company”) was established on 9 January 2008 under the title of “İstanbul Finansman Anonim Şirketi” after obtaining establishment license from Banking Regulation and Supervision Agency (“BRSA”) in November 2007 with the related Decree No: 90 ‘Regulation on Lending Transactions’ on 30 September 1983, and within the framework of other Laws, Decrees and Regulations related to Banking Law No: 5411 in order to operate as a consumer finance company. The Company’s financial activities were deemed appropriate in accordance with Article 7 of the Regulation on Leasing, Factoring and Financing Companies Establishment and Operations based on Banking Regulation and Supervision Board decision No: 2715 on 24 July 2010. The main purpose and business area of the Company is to provide financing to consumers by crediting for procurement of all kinds of goods and services in accordance with the related regulations.

The Company changed its title as ‘İstanbul Mortgage Finansman A.Ş.’ with the Board of Directors decision on 31 July 2008. Title change was registered by İstanbul Trade Registry Office on 8 August 2008 and published on the Trade Registry Gazette with numbered 7138 on 29 August 2008. The Company converted its title to ‘Şeker Mortgage Finansman A.Ş.’ with the Board of Directors decision on 14 October 2010. Title change was registered by İstanbul Trade Registry Office on 20 October 2008 and published on the Trade Registry Gazette with numbered 7677 on 26 October 2010.

Share transfer negotiations between the Company’s main shareholder İpotek Financing S.A (domiciled in Luxembourg) and Şekerbank T.A.Ş. approved by BRSA with the letter numbered 19805 on 22 September 2010, was resulted on 21 December 2010. Şekerbank T.A.Ş. has taken over 10.200.000 units of stocks which makes up 51% of the Company’s shares belonging to İpotek Financing S.A. with the transfer share agreement.

The Company’s marketing, sales, financing and lending activities were started by the campaign began on 20 April 2011 and carried out with the Şekerbank T.A.Ş. by the permission which given to Şekerbank T.A.Ş. based on the BRSA’s decision no: 3993 on 31 December 2010 and published on the Official Gazette numbered 27803 (5.Repeating) and relation to introduction of the Company’s products through branches and alternative distribution channels.

The Company’s primary objective is to operate in the field of housing finance.

The Company registered at the following address:

Barbaros Bulvarı No: 149 Kat: 7 Balmumcu, İstanbul/Türkiye

The shareholder structure of the Company is as follows:

	30 June 2015	31 December 2014
	Share (%)	Share (%)
Şekerbank T.A.Ş.	62	62
İpotek Financing S.A.	38	38
Şeker Yatırım Menkul Değerler AŞ	<1	<1
Şeker Finansal Kiralama AŞ	<1	<1
Şeker Faktoring AŞ	<1	<1
<b>Total</b>	<b>100</b>	<b>100</b>

The number of personnel of the Company is 29 as at 30 June 2015 (31 December 2014: 33).

***Şeker Mortgage Finansman Anonim Şirketi***  
***Notes to the Financial Statements***  
***For The Interim Period Ended 30 June 2015***  
*(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)*

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**2.1.1 Accounting Principles**

The Company prepared accompanying financial statements in accordance with the “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies” and the “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public” published in the Official Gazette dated 24 December 2013 and numbered 28861 and Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight Accounting and Auditing Standards Institute (POA) and other regulations, communiqués, and circulars (all of them referred to “Reporting Standards”) announced by BRSA in respect of accounting and financial reporting.

The Company’s financial statements as of and for the interim period ended 30 June 2015 have been approved by the Board of Directors on 10 August 2015. The General Assembly has the power to amend the financial statements after their issue.

Additional paragraph for convenience translation to English

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

**2.1.2 Functional and presentation currency**

The presentation and functional currency of the Company is TL.

**2.1.3 Change in accounting policies**

Changes in accounting policies are applied retrospectively and the prior year financial statements are restated. There is no change in the accounting policies.

**2.1.4 Accounting Estimates**

The preparation of financial statements in conformity with ‘Reporting Standards’ requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Accounting estimates mainly used are presented in the following note:

Note 4 – Financial assets at fair value through profit or loss

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

*(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)*

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.1 Basis of Presentation (continued)**

**2.1.5 New standards and interpretations adopted as at 30 June 2015**

*The standards and interpretations adopted in 2015.*

The Company applied all of the relevant and required standards and interpretations of TAS/IFRS as at 30 June 2015.

*Standards and interpretations not yet issued as at 30 June 2015*

There have been new standards and interpretations not yet adopted to the accompanying financial statements as at and for the interim period ended 30 June 2015 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below;

**Standards issued but not yet effective and not early adopted**

**IFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

**TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization**

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

**Disclosure Initiative (Amendments to TAS 1)**

The narrow-focus amendments to TAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.1 Basis of Presentation (continued)**

**2.1.5 New standards and interpretations adopted as at 30 June 2015 (continued)**

**Improvements to TFRSs**

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

**Annual Improvements to TFRSs – 2012–2014 Cycle**

**TFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal Company) and no longer meets the criteria to be classified as held-for-distribution.

**TFRS 7 Financial Instruments: Disclosures**

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7)*.

**TAS 19 Employee Benefits**

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

**TAS 34 Interim Financial Reporting**

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

**The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA**

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

**IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 - (2013)**

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

**Şeker Mortgage Finansman Anonim Şirketi**  
**Notes to the Financial Statements**  
**For The Interim Period Ended 30 June 2015**  
(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.1 Basis of Presentation (continued)**

**2.1.5 New standards and interpretations adopted as at 30 June 2015 (continued)**

**IFRS 9 Financial Instruments (2014)**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TMS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

**2.2 Summary of significant accounting policies**

**2.2.1 Offsetting**

Financial assets and liabilities are offset and net amount is reported in the balance sheet when there is legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**2.2.2 Interest Income and Expenses**

Total interest income / expense arising from financial loans measured at fair value through profit or loss are accounted on interest income from financing loans. Other income and expenses are accounted on an accrual basis by using the effective interest rate method.

**2.2.3 Fee and commissions income and expenses**

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are calculated according to either on an accrual basis of accounting or by using effective interest rate method depending on nature of fees and commissions, incomes derived from agreements and asset purchases from third parties are recognized as income when realized.

**Şeker Mortgage Finansman Anonim Şirketi**  
**Notes to the Financial Statements**  
**For The Interim Period Ended 30 June 2015**  
(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.2 Summary of significant accounting policies (continued)**

**2.2.4 Tangible Assets**

Tangible assets are carried at acquisition cost less accumulated depreciation and impairment losses.

*Subsequent expenditure*

Expenditure incurred to replace a component of an item of tangible assets that is accounted for separately, including major inspection and maintenance and repair costs, are capitalized. Other subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in the statement of profit or loss as an expense as incurred.

*Depreciation*

Tangible assets are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis over the cost. Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

The estimated useful lives of tangible assets are as follows:

	<b>(Years)</b>
Furniture and Fixtures	4-10
Leasehold improvements	5

Expenditure incurred to replace a component of an item of tangible assets is capitalized and depreciated over the remaining life of related assets. Gain or loss on disposal of tangible assets is recorded as other income or other expenses, respectively.

**2.2.5 Intangible assets**

Intangible assets comprise software and rights. Intangible assets are carried at acquisition cost less accumulated amortization and impairment losses.

Amortization rate used for licenses is 7% and for software products is 33%, annually.

**2.2.6 Borrowing Costs**

All borrowing costs are recognized in the statement of profit or loss in the period they occur.

**2.2.7 Financial Instruments**

Financial instruments are composed of cash and cash equivalents, financing loans and borrowings.

*Cash and equivalents*

Cash and cash equivalents comprise cash and balances with banks with an original maturity of three months or less. Cash and cash equivalents are short term and highly liquid assets which can easily be converted into cash, with an original maturity of maximum three months and without carrying an insignificant risk of impairment. Balances with banks are recognized at their acquisition costs and measured at their amortized cost by using effective interest rate method.



***Şeker Mortgage Finansman Anonim Şirketi***

***Notes to the Financial Statements***

***For The Interim Period Ended 30 June 2015***

*(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)*

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.2 Summary of significant accounting policies (continued)**

**2.2.7 Financial Instruments (continued)**

*Financial Assets at Fair Value Through Profit and Loss (Financing Loans)*

The Company is funding its growing long term and fixed interest rate loan portfolio through long term floating interest rate foreign currency resources provided from international markets. The Company transforms the foreign currency liquidity which is created by funds provided from international markets to TL liquidity through long term swap contracts, as a result of this situation the Company can both provide TL fund for the long term fixed rate loans and provide protection against interest rate risk.

The Company reflects swaps, used through funding long term and fixed interest rate TL loan portfolio, with fair value in the financial statements. The Company has initially classified these long terms and fixed interest rate TL loan portfolio funded through swaps as “financial assets at fair value through profit and loss” and measures them at fair value in the financial statements. 348,750 TL of the mortgage loans amounts are classified under the account of financial asset at fair value through profit and loss (31 December 2014: 326,484 TL).

*Financing Loans*

The financing loans given to customers are classified as consumer loans and recognized initially at their fair value less transaction costs. Subsequent to initial recognition financing loans are measured at their amortized cost by using effective interest rate method less impairment losses, if any.

*Borrowings*

Borrowings are recognized at their acquisition cost less transaction costs. Subsequent to initial recognition, borrowings are measured at their amortized cost by using effective interest rate method. The difference between the amortized amount and the cost less transaction costs is recorded as financial expense in the statement of profit or loss during the borrowing period.

*Impairment of financial assets*

The Company evaluates whether there exists objective evidence of impairment on a financial asset or on a group of financial assets in each reporting period. If there exists such an indicator, the Company determines the amount of the impairment.

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.2 Summary of significant accounting policies (continued)**

**2.2.7 Financial Instruments (continued)**

Provision for financial loans are recognized as an expense and written off against the profit for the year. Provision for non-performing receivables is allocated assessing the Company's loan portfolio, quality and risk and considering the economic conditions and other factors including the related legislation against the potential losses that may be resulted from the current financial loans. In accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published in the Official Gazette dated 20 July 2007 and numbered 26588 by BRSA, the Group's specific provision rate allocated for the below finance lease receivables considering their collaterals as at 1 January 2008 are as follows: 20%, at a minimum, for finance lease receivables overdue more than 90 days not exceeding 180 days, 50%, at a minimum, for finance lease receivables overdue more than 180 days not exceeding 365 days; and 100%, at a minimum, for finance lease receivables overdue more than 1 year.

*Recognition and Derecognition*

The financial assets and liabilities are recognized in the balance sheet when the Company becomes a contractual party of a contract. A financial asset is fully or partially derecognized when the control over the contractual rights that comprise that asset is lost. A financial liability is derecognized when it is redeemed, cancelled or expired.

**2.2.8 Forwards, options and other derivative transactions**

Derivative transactions are classified as forward foreign currency purchases/sales, swaps, options and futures are classified "trading purposes" in accordance with the Turkish Accounting Standard 39 ("TAS 39") "Financial Instruments: Recognition and Measurement". Derivatives are initially recognized at their purchase costs including the transaction costs. Subsequently, the derivative transactions are measured at their fair values and recorded on the balance sheet under "derivative financial assets held for trading" or "derivative financial liabilities held for trading", respectively. Subsequent fair value changes for trading derivatives are recorded under statement of profit or loss. Additionally, contractual value of derivatives are recorded to off balance sheet accounts.

**2.2.9 Foreign Currency Transactions**

Income and expenses from transactions in foreign currencies have been translated into Turkish Lira ("TL") at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from conversion of foreign currency items have been included in the statement of profit or loss.

The foreign exchange rates used by the Company at 30 June 2015 and 31 December 2014 are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
US Dollar	2.6863	2.3189
Euro	2.9822	2.8207
Great Britain Pound	4.2104	3.5961

***Şeker Mortgage Finansman Anonim Şirketi***

***Notes to the Financial Statements***

***For The Interim Period Ended 30 June 2015***

*(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)*

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS *(continued)***

***2.2.10 Earnings/Loss per share***

Earnings/Loss per share is calculated by dividing net income/loss for the period by the weighted average number of shares of the Company during the period. Weighted average number of shares, is the sum of the number of ordinary shares at the beginning of the period and number of shares recalled or issued during the period, multiplied by a time-weight factor.

***2.2.11 Events after the reporting period***

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. In accordance with Turkish Accounting Standard 10, "Events after the Reporting Period" (TAS 10), if there occur events that provide evidence of conditions that existed at the end of the reporting period, they are adjusted in the financial statements. If the events are indicative of conditions that arose after the reporting period, they are disclosed in the notes to the financial statements.

***2.2.12 Provisions, commitments and contingencies***

In accordance with the Turkish Accounting Standard 37 ("TAS 37"), "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Company has a legal or constructive obligation as a result of a past event and 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 of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes. Contingent assets are disclosed in the notes and not recognized unless it is realized.

***2.2.13 Changes in Accounting Estimates and Errors***

Changes in accounting estimates and errors are presented regarding to Turkish Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors ("TAS 8"). If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Company in the current year.

***2.2.14 Leasing Transactions***

*Finance Lease*

Finance lease is the transfer of the all risks and benefits related to the ownership of the assets to the lessee in accordance with a finance lease agreement. Leased assets are presented by the lower of present value of the minimum lease payables as of the balance sheet date and the fair value of the assets less accumulated depreciation and impairment costs in the financial statements. The lease payables decrease by the payments of the principal and the interest payments are recorded in the statement of profit or loss as an expense.

*Operational Lease*

Operational lease transactions are recognized in the statement of profit or loss in the accrual basis they incur.

***2.2.15 Related Parties***

In accordance with the Turkish Accounting Standard ("TAS 24") "Related Party Disclosures" shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

**Şeker Mortgage Finansman Anonim Şirketi**  
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**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.2 Summary of significant accounting policies (continued)**

**2.2.16 Taxes on income**

*Corporate tax*

Taxes on income comprise current tax and the change in the deferred taxes. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

*Deferred Taxes*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

According to the Turkish Accounting Standard 12 (“TAS 12”) “Income Taxes”, deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to extend that it is no longer probable that the related tax benefit will be realized.

**2.2.17 Employee Benefits**

In accordance with the existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Those payments are calculated with basis of taking the upper limit of severance payment at the balance sheet date. Turkish Ministry of Labor and Social Security has announced the upper limit of severance payment as full TL 3,541.37 for the related period (31 December 2014: full TL 3,438.22).

*Reserve for Severance Payments*

In accordance with the “Turkish Accounting Standard 19 (“TAS 19”) “Employee Benefits”, the Company calculated the severance pay liability incurred due to retirement of its employees by discounting the future liabilities to their present values, by using a statistical method and reflected to the financial statements. The main assumptions used are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Net Discount Rate	8,10%	8,10%
Interest Rate	5,0%	5,0%
Expected Severance Payment Rate	100%	100%

*Retirement Plan*

The Company does not have any retirement plans.

*Short-term employment benefits*

According to TAS 19, the liabilities in accordance with the services in an accounting period, reflected to the financial statements without discount.

**2.2.18 Segment Reporting**

Since the Company does not have reportable segments whose performance is monitored separately by the Company’s decision maker, segment information is not considered necessary.

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)**

**2.2 Summary of Significant Accounting Policies (continued)**

**2.2.19 Statement of Cash Flows**

The Company prepares statement of cash flows to inform users of financial statements about changes in net assets and ability to direct financial structure, amounts and timing of cash flows according to changing situations.

In the statement of cash flows, current period cash flows are grouped according to operating, financing, and investing activities. Operating cash flows are cash flows resulting from activities in scope of Company's main operating scope. Cash flows related to investing activities are cash flows resulting from investing activities (fixed investments and financial investments) of the Company. Cash flows related to financing activities comprise of funds used in financing activities of the Company and their repayments.

Cash and cash equivalents that are basis for the statement of cash flows for the periods ended 30 June 2015 and 31 December 2014 are as follows;

	<b>30 June 2015</b>	<b>31 December 2014</b>
Cash at Banks (less than three months)	131,009	99,869
Accrued Interest	141	66
Restricted Cash	(13,799)	(11,794)
<b>Total</b>	<b>117,351</b>	<b>88,141</b>

(\*) As at 30 June 2015, the Company's accounts at U.S Bank and Istanbul Takas and Saklama Bankası A.Ş. ("Takasbank") compromised asset side of loans which were borrowed from Overseas Private Investment Corporation ("OPIC"). TL 1,285 of time deposits have been restricted until the borrowed amount will be appreciated as Mortgage Loans under the borrowing agreement (31 December 2014: 1,110). TL 12,081 has been established in the Central Bank reserves (31 December 2014: 10,684). TL 433 of time deposits have been restricted at Şekerbank T.A.Ş. accounts' for derivative transactions (31 December 2014: None).

**3 CASH AND CASH EQUIVALENTS**

As at 30 June 2015 and 31 December 2014, the details of the cash and cash equivalents are as follows.

	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Central Bank of Turkey	1	12,245	1	10,826
<b>Total</b>	<b>1</b>	<b>12,245</b>	<b>1</b>	<b>10,826</b>

Required Reserve Ratios: Finance companies used after 4 October 2013 over the amount of the liability for loans is calculated according to the original term foreign currency TL 12,081 from the account balance is all about. (31 December 2014: 10,684)

- a) Liabilities denominated in Turkish Lira
  - 1) up to 1 year (1 year included) is 11,5%
  - 2) up to 3 years (3 year included) is 8%
  - 3) longer than 3 years is 5%
- b) Liabilities denominated in Foreign Currency
  - 1) up to 1 year (1 year included) is 20%
  - 2) up to 2 year (2 year included) is 14%
  - 3) up to 3 years (3 year included) is 8%
  - 4) up to 5 years (5 year included) is 7%
  - 5) longer than 5 years is 6%

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**4 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

**Financial Assets At Fair Value Through P/L**

At fair value through profit / loss financial assets classified as loans and movements during the period are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Opening Balance	326,484	185,555
Additions (+)	59,194	155,313
Change in interest rates (*)	(39,072)	12,136
Change in credit risk (**)	32,809	8,807
Impairment provision	(170)	(365)
Collections (-)	(30,495)	(34,962)
<b>Net Balance</b>	<b>348,750</b>	<b>326,484</b>

(\*) Change in interest rates shows the effect of TRLIBOR (basic interest rate) difference on loans at fair value through profit and loss between two periods.

(\*\*) Impact of credit risk and prepayment risk; this value shows the change in the fair value of the expected cash flows from the mortgages that are classified as subject to fair value valuation as of 30 June 2015. The difference between (a) the benchmark interest rate and (b) the prepayment risk alongside the credit risk is expressed as single rate is used to augment the current yield curve for configuring the impact on net present value of those cash flows.

As of 30 June 2015, loans amounting to TL 348,750 (31 December 2014: 326,484 TL) based on fair value method which are classified as financial assets at fair value through profit and loss, have discounted value of TL 338,535 by using effective interest rate (31 December 2014: 309,836 TL).

As at 30 June 2015, "Fair Value Through Profit / Loss Financial Assets" consists of loans under follow-up amounting to TL 3,200 (31 December 2014: TL 2,394) and allowance for possible loan losses amounting to TL 505 (31 December 2014: TL 469). As at 30 June 2015 Mortgages amounting to TL 3,879 are taken as collateral against the doubtful financing loans (31 December 2014: TL 2,994).

**Derivative financial assets held for trading:**

Derivative financial instruments are measured at their fair values. Favorable fair value changes of derivative financial instruments are recognized under derivative financial assets held for trading and unfavorable fair value changes of derivative financial instruments are recognized under derivative financial liabilities held for trading.

As at 30 June 2015 and 31 December 2014, details of derivative financial assets held for trading are as follows:

	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Swap purchase/sale transactions	70,923	1,259	33,892	4,057
<b>Total</b>	<b>70,923</b>	<b>1,259</b>	<b>33,892</b>	<b>4,057</b>

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**5 BANKS**

As at 30 June 2015 and 31 December 2014, the details of the banks are as follows:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Bank				
-Demand Deposits	963	1,285	1,537	1,110
-Time Deposits	18,858	97,798	24,859	61,602
<b>Total</b>	<b>19,821</b>	<b>99,083</b>	<b>26,396</b>	<b>62,712</b>

As at 30 June 2015, the Company's accounts at U.S. Bank and Takasbank compromised asset side of loans which was borrowed from Overseas Private Investment Corporation ("OPIC"). TL 1,285 of time deposits have been restricted until the borrowed amount will be appreciated as Mortgage Loans under the borrowing agreement (31 December 2014: 1,110).

As at 30 June 2015, interest rates applied for time deposits in TL is 10.00% - 11.70% with a maturity of 1-27 days, in USD is 1.7%5-2.00% with a maturity of 1-30 days, in EUR is 1.75% - 2.00% with a maturity of 1-48 days (31 December 2014: interest rates applied for time deposits in TL is 8.60%-10.75% with a maturity of 2-18 days, in USD is 2.00% - 2.40% with a maturity of 2 - 36 days, in EUR is 1.2% - 2.6% with a maturity of 2-42 days).

**6 FINANCING LOANS**

As at 30 June 2015 and 31 December 2014, details of financial loans are as follows:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Mortgage loans-TL (*)	57,011	-	62,818	-
Financing loans at fair value through profit or loss	348,750	-	326,484	-
<b>Total</b>	<b>405,761</b>	<b>-</b>	<b>389,302</b>	<b>-</b>

(\*)TL 348,656 of mortgage loans has been put into the possession at OPIC in accordance with the loan agreement (31 December 2014: TL 346,555).

As at 30 June 2015 there is no foreign currency indexed financing loan (31 December 2014: None).

The Company received collateral for mortgage loans amounting TL 664,843. Details of collaterals received is stated in note 26.1 (31 December 2014: 572,669 TL).

**7 RECEIVABLES AT FOLLOW-UP**

As at 30 June 2015 and 31 December 2014, loans under follow-up and allowance for possible loan losses are as follows:

	30 June 2015	31 December 2014
Loans under follow-up	853	831
Less: Allowance for possible loan losses	(191)	(173)
<b>Doubtful receivables, net</b>	<b>662</b>	<b>658</b>

(\*) As at 30 June 2015, mortgages amounting to TL 1,110 are taken as collateral against the doubtful financing loans (31 December 2014: TL 985).

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

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**7 RECEIVABLES AT FOLLOW-UP (continued)**

As at 30 June 2015 and 31 December 2014, delays in doubtful financing loans and the allocation of specific provisions are shown below:

	30 June 2015		31 December 2014	
	Loans under follow-up	Allowance	Loans under follow-up	Allowance
Up to 90 Days	-	-	-	-
90 – 180 Days	77	5	229	14
180 – 360 Days	231	33	64	9
360 Days and Over	545	153	538	150
<b>Total</b>	<b>853</b>	<b>191</b>	<b>831</b>	<b>173</b>

**8 TANGIBLE ASSETS**

30 June 2015	Furniture and Fixtures	Leasehold Improvements	Total
<b>Cost</b>			
Opening balance at 1 January 2014	305	156	461
Additions	10	-	10
<b>Closing balance at 30 June 2015</b>	<b>315</b>	<b>156</b>	<b>471</b>
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2014	(251)	(156)	(407)
Depreciation for the period	(18)	-	(18)
<b>Closing balance at 30 June 2015</b>	<b>(269)</b>	<b>(156)</b>	<b>(425)</b>
<b>Net carrying amounts at 30 June 2015</b>	<b>46</b>	<b>-</b>	<b>46</b>
30 June 2014	Furniture and Fixtures	Leasehold Improvements	Total
<b>Cost</b>			
Opening balance at 1 January 2014	300	156	456
Additions	1	3	4
<b>Closing balance at 30 June 2014</b>	<b>301</b>	<b>159</b>	<b>460</b>
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2014	(211)	(156)	(367)
Depreciation for the period	(19)	-	(19)
<b>Closing balance at 30 June 2014</b>	<b>(230)</b>	<b>(156)</b>	<b>(386)</b>
<b>Net carrying amounts at 30 June 2014</b>	<b>71</b>	<b>3</b>	<b>74</b>

As at 30 June 2015 and 31 December 2014, there is no restriction on the tangible assets of the Company.



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**9 INTANGIBLE ASSETS**

<b>30 June 2015</b>	<b>Licenses and Software</b>	<b>Total</b>
<b>Cost</b>		
Beginning Balance, 1 January 2014	2,092	2,092
Additions	49	49
<b>Ending Balance, 30 June 2015</b>	<b>2,141</b>	<b>2,141</b>
<b>Accumulated Amortization</b>		
Beginning Balance, 1 January 2014	(1,457)	(1,457)
Current period amortization	(131)	(131)
<b>Ending Balance, 30 June 2015</b>	<b>(1,588)</b>	<b>(1,588)</b>
<b>Net carrying amount, 30 June 2015</b>	<b>553</b>	<b>553</b>
<b>30 June 2014</b>		
<b>Licenses and Software</b>		
<b>Total</b>		
<b>Cost</b>		
Beginning Balance, 1 January 2014	1,923	1,923
Additions	100	100
<b>Ending Balance, 30 June 2014</b>	<b>2,023</b>	<b>2,023</b>
<b>Accumulated Amortization</b>		
Beginning Balance, 1 January 2014	(1,155)	(1,155)
Current period amortization	(151)	(151)
<b>Ending Balance, 30 June 2014</b>	<b>(1,306)</b>	<b>(1,306)</b>
<b>Net carrying amount, 30 June 2014</b>	<b>717</b>	<b>717</b>

As at 30 June 2015 and 31 December 2014 the Company does not have any internally generated intangible asset.

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

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**10 DEFERRED TAX ASSET/ LIABILITY**

The temporary differences attributable to the deferred tax assets and liabilities as at 30 June 2015 and 31 December 2014 are as follows:

	31		31		31	
	30 June	December	30 June	December	30 June	December
	2015	2014	2015	2014	2015	2014
	Asset		Liabilities		Net	
Difference between carrying value and tax base of tangible and intangible assets	-	-	(27)	(38)	(27)	(38)
Derivative financial instruments	324	25	(14,436)	(7,590)	(14,112)	(7,565)
Provision for employee termination benefits	34	28	-	-	34	28
Provision for vacation liability	19	10	-	-	19	10
Provision for unrecorded liabilities	1,415	1,165	-	-	1,415	1,165
Doubtful receivable provision	117	128	-	-	117	128
Linear Irr of interest accruals	-	-	-	(4)	-	(4)
Financing loans at fair value through profit or loss	-	-	(3,283)	(4,181)	(3,283)	(4,181)
File charges collected in advance	124	148	-	-	124	148
Tax losses (*)	14,751	8,874	-	-	14,751	8,874
<b>Total</b>	<b>16,784</b>	<b>10,378</b>	<b>(17,746)</b>	<b>(11,813)</b>	<b>(962)</b>	<b>(1,435)</b>

(\*) Tax losses can be carried forward to offset with future taxable income as following maturities:

	Tax Losses	Final Utilization Date
2011	840	31 December 2016
2012	2,590	31 December 2017
2013	27,704	31 December 2018
2014	13,517	31 December 2019
2015	29,106	31 December 2020
	<b>73,757</b>	

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to the Financial Statements**

**For The Interim Period Ended 30 June 2015**

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**11 PREPAID EXPENSES AND OTHER RECEIVABLES**

As at 30 June 2015 and 31 December 2014 prepaid expenses are as follows:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Prepaid expenses (*)	160	1,093	205	982
<b>Total</b>	<b>160</b>	<b>1,093</b>	<b>205</b>	<b>982</b>

(\*) As at 30 June 2015, TL 1,093 of prepaid expenses consists of prepaid commissions to OPIC Loan (31 December 2014: TL 982).

As at 30 June 2015 and 31 December 2014 other receivables are as follows:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Deposits given	-	88	-	75
Collaterals on swap transactions	-	432	-	-
Enforced buildings	-	-	388	-
Others (**)	421	-	407	-
<b>Total</b>	<b>421</b>	<b>520</b>	<b>795</b>	<b>75</b>

(\*\*) As at 30 June 2015 and 31 December 2014, "Other" contains TL 401 of receivable from İstanbul Finans Danışmanlık Limited Şirketi. The Company made provision for the receivable at 2009 and this provision has been presented at "Other Provisions" (31 December 2014: 401 TRY).

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**12 DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**

As at 30 June 2015 and 31 December 2014, derivative financial liabilities held for trading are as follows:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Swap purchase/sales transaction (*)	-	1,618	-	125
<b>Total</b>	<b>-</b>	<b>1,618</b>	<b>-</b>	<b>125</b>

(\*) As at 30 June 2015 the Company's swap purchase/sale transactions' maturities are August 2015 and January 2019.

**13 BORROWINGS AND SUBORDINATED LOANS**

As at 30 June 2015 and 31 December 2014, details of the borrowings and subordinated loans are as follows:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
<b>Borrowings</b>				
Long-term bank borrowings	-	484,526	-	430,153
<b>Subordinated loans</b>				
Long-term subordinated loans	23,613	-	23,593	-
<b>Total</b>	<b>23,613</b>	<b>484,526</b>	<b>23,593</b>	<b>430,153</b>

	30 June 2015 TL Equivalent				31 December 2014 TL Equivalent			
	Original Currency	Interest Rate	Less than 1 year	1 year and more	Original Currency	Interest Rate	Less than 1 year	1 year and more
TL	23,613	6M TRLIBOR+6	-	23,613	23,593	6M TRLIBOR+6	-	23,593
US Dollar (Thousand)	180,361	%1.5+US Treasury Rate	-	484,526	185,498	1.5%+US Treasury Rate	-	430,153
<b>Total</b>				<b>508,139</b>				<b>453,746</b>

The Company has signed OPIC loan agreement at 10 May 2011 in order to provide long-term consumer financing loans which is non-existent market in Turkey. By OPIC loans, the Company is provided a limit of USD 200 million in 8 years. According to agreement, the Company provides in terms of collateral to OPIC and keep them in alienation custody account of Takasbank.

The Company has received USD 200,000 which is the first six part of OPIC loan, at 25 June 2014. The Company will pay interest expense of loans for each part of OPIC loan, after six months from the loan's receiving date. The interest of loan is weekly variable and maturity of loan is 15 June 2034. The Company will pay commissions which commission rates are determined at loan agreement for this period.

The Company borrowed TL 23,088 thousand from Şekerbank T.A.Ş. as subordinated loan in accordance with the Article of 11 of the Financial Leasing, Factoring and Financing Companies.

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**14 OTHER PAYABLES**

As at 30 June 2015 and 31 December 2014, miscellaneous payables are as follows:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Miscellaneous payables (*)	146	609	127	508
Liquidity reserve account(**)	-	1,286	-	1,110
Guarantees received for derivative transactions	-	67,189	-	37,938
<b>Total</b>	<b>146</b>	<b>69,084</b>	<b>127</b>	<b>39,556</b>

(\*) Foreign currency of miscellaneous payables, OPIC loan agreement should consist of the calculation of commission accruals.

(\*\*) As at 30 June 2015, in accordance with the OPIC Loan Agreement, the Company allocated the commission fees that are paid by U.S. Bank filed as liquidity reserve.

**15 DEFERRED INCOME**

As at 30 June 2015 and 31 December 2014, other liabilities are comprised of the following:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Advance fees and commission (*)	629	-	737	-
<b>Total</b>	<b>629</b>	<b>-</b>	<b>737</b>	<b>-</b>

(\*) The Company records income from interest, fees and commissions using the effective interest method which are collected in advance from loans in accordance with the maturity of the loan.

**16 TAX LIABILITIES**

As at 30 June 2015 and 31 December 2014, tax liabilities are comprised of the following:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Income taxes payable	80	-	92	-
Premium payables	57	-	52	-
VAT payable	2	-	2	-
Stamp tax duties	21	-	20	-
<b>Total</b>	<b>160</b>	<b>-</b>	<b>166</b>	<b>-</b>

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**17 PROVISIONS**

**17.1 Reserves for Employee Benefits**

As at 30 June 2015 and 31 December 2014, reserves for employee benefits are comprised of the following:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Vacation pay liability	96	-	51	-
Reserve for severance payments	168	-	142	-
<b>Total</b>	<b>264</b>	<b>-</b>	<b>193</b>	<b>-</b>

For the year ended 30 June 2015 and 31 December 2014, movements in reserve for employee severance indemnity are as follows:

	30 June 2015	31 December 2014
Balance at the beginning of the period	142	119
Service Cost	45	96
Interest Cost	1	11
Actuarial (Loss) / Gain	-	(14)
Severance Pay Liability	(20)	(70)
<b>Balance at the end of the period</b>	<b>168</b>	<b>142</b>

**Unused Vacation**

The movement of the provision for unused vacation are as follows:

	30 June 2015	31 December 2014
Balance at the beginning of the period	51	65
Increase in current period	45	10
Paid / used in the period	-	(24)
<b>Balance at the end of the period</b>	<b>96</b>	<b>51</b>

**17.2 Other Provisions**

As at 30 June 2015 and 31 December 2014, other provisions are comprised of the following:

	30 June 2015		31 December 2014	
	TL	FC	TL	FC
Provision for receivables (Note 11)	401	-	401	-
Provision for expense returns	875	-	1,290	-
Expense provisions (*)	-	-	280	-
<b>Total</b>	<b>1,276</b>	<b>-</b>	<b>1,971</b>	<b>-</b>

(\*) As at 30 June 2015, the Company has no expense provisions (As at 31 December 2014, TL 20 other expense provisions and TL 260 other provisions comprises of bonus).

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**18 SHAREHOLDERS' EQUITY**

**18.1 Paid-in Capital**

As at 30 June 2015 and 31 December 2014, the capital structure of the Company is as follows:

	30 June 2014		31 December 2014	
	Share (%)	Share Amount	Share (%)	Share Amount
Şekerbank T.A.Ş.	62	16,200	62	16,200
İpotek Financing S.A.	38	9,800	38	9,800
Şeker Yatırım Menkul Değerler A.Ş.	<1	-	<1	-
Şeker Finansal Kiralama A.Ş.	<1	-	<1	-
Şeker Faktoring A.Ş.	<1	-	<1	-
<b>Total</b>	<b>100</b>	<b>26,000</b>	<b>100</b>	<b>26,000</b>

As at 30 June 2015, the issued capital of the Company is TL 26,000 comprising of 26.000 registered units (31 December 2014: 26.000) with a nominal value of TL 1 each.

The Company does not have any preference shareholders.

**18.2 Profit Reserves**

The profit reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

As at 30 June 2015, nature of the Company's profit reserves is as follows:

	30 June 2015	31 December 2014
Legal Reserves	614	304
- I. Disposal Legal Reserve (TTC 466/1)	614	304
Extraordinary Reserves	6,096	204
-Reserves Allocated by the General Assembly	6,096	1,818
-Accumulated Losses	-	(1,614)
<b>Total</b>	<b>6,710</b>	<b>508</b>

**18.3 Retained Earnings**

As at 30 June 2015 and 31 December 2014, prior period losses is not available except which those reclassified to extraordinary reserves.

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**19 OPERATING INCOME**

For the interim periods ended 30 June 2015 and 30 June 2014, details of the operating income are as follows:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Interest income from financing loans	21,112	13,991
Fees and commissions received from financing loans	1,252	2,413
Financial assets at fair value through profit or loss	(6,433)	13,496
<b>Total</b>	<b>15,931</b>	<b>29,900</b>

**20 OPERATING EXPENSES**

**20.1 Personnel Expenses**

For the interim periods ended 30 June 2015 and 30 June 2014, personnel expenses comprised of the following:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Wages and salaries	1,582	1,623
Compulsory social security contributions	172	180
Health expenses	42	65
Food and transport expenses	51	54
Other	58	94
<b>Total</b>	<b>1,905</b>	<b>2,016</b>

**20.2 Administrative Expenses**

For the interim periods ended 30 June 2015 and 30 June 2014, administrative expenses comprised of the following:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Advocacy and expertise expenses	569	616
Financing loan intermediary expense	400	545
Advisory and consultancy expenses	321	378
Computer utilization expenses	174	21
Notary expenses	154	315
Amortization and depreciation expenses	149	171
Tax and other legal expenses	142	220
Rent expenses	111	101
Communication expenses	69	74
Legal institutions expense paid membership	61	95
Vehicle rent expenses	52	94
Vacation pay liability	44	34
Subscription fees	40	33
Fuel expenses	28	56
Stationary expenses	25	31
Cleaning expenses	21	20
Advertising expenses	13	15
Legal expenses	-	42
Other	45	95
<b>Total</b>	<b>2,418</b>	<b>2,956</b>



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**21 OTHER OPERATING INCOME**

For the interim periods ended 30 June 2015 and 30 June 2014, other operating income comprised of the following:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Derivative gains	60,890	7,883
Interest income from time deposits	2,131	1,171
Foreign exchange gain	639	22,395
Adjustments to prior year's expenditures	221	82
Insurance commission income	-	41
Other	53	1
<b>Total</b>	<b>63,934</b>	<b>31,573</b>

**22 OTHER OPERATING EXPENSE**

For the interim periods ended 30 June 2015 and 30 June 2014, other operating expense comprised of the following:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Foreign exchange loss	62,440	21,023
Derivative loss	9,036	22,220
Others	-	87
<b>Total</b>	<b>71,476</b>	<b>43,330</b>

**23 TAXES ON INCOME**

Statutory income is subject to 20% corporate tax.

The withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%.

The transfer pricing provisions has been stated under the Article 13 of "Corporate Tax Law" with the heading of "Disguised Income Distribution via Transfer Pricing". The General Communiqué on disguised profit distribution via "Transfer Pricing" dated 18 November 2007 sets details about implementation.

If taxpayers are involved in buying or selling activities of goods, services or products that are not priced according to the counterpart principle, with related institutions (people), then it will be thought that related income is distributed disguisedly via transfer pricing. That kind of disguised income distribution via transfer pricing will not be deducted from corporate tax calculation.

The prepaid taxes are calculated over income of three month period, declared till 14<sup>th</sup> day of the following second month of related period and paid till evening of 17<sup>th</sup> day. Temporary tax paid during the year is valid for that year and the prepayments can be deducted from the annual corporate tax calculated for the whole year earnings. If there is prepaid temporary tax despite the deduction, this amount can be collected back or deducted from another financial liability to the state.

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**23 TAXES ON INCOME (continued)**

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years.

For the interim periods ended 30 June 2015 and 30 June 2014, tax items in the statement of profit or loss comprised of the following:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Current tax expense	-	-
Deferred tax income/(expense)	473	(1,585)
<b>Total tax income/(expense)</b>	<b>473</b>	<b>(1,585)</b>

	<b>30 June 2015</b>	<b>% Rate</b>	<b>30 June 2014</b>	<b>% Rate</b>
Profit/ (Loss) before tax	(2,435)	-	7,955	-
statutory tax rate	-	20	-	20
Income tax using the statutory tax rate	487	(20.00)	(1,591)	(20.00)
Non-deductible expenses	(1)	(0.00)	(1)	(0.00)
Tax exempt income	-	-	-	-
Others	(13)	(0.00)	7	(0.00)
<b>Income tax</b>	<b>473</b>	<b>(20.00)</b>	<b>(1,585)</b>	<b>(20.00)</b>

The movement of corporate taxes payable is as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Current tax liability	-	-
Prepaid taxes	-	-
<b>Corporate tax payable/(Prepaid taxes)</b>	<b>-</b>	<b>-</b>

**24 EARNINGS / (LOSSES) PER SHARE**

According to TAS 33 "Earning per Share", companies which have unlisted shares are not obliged to explain earnings per share. Since the Company has unlisted shares, earnings per share are not calculated.

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**25 RELATED PARTY DISCLOSURES**

For the interim periods ended 30 June 2015 and 30 June 2014, the transactions with the related parties are as follows:

	<b>30 June 2015</b>	<b>30 June 2014</b>
<b>Interest and commissions expense</b>		
Şekerbank T.A.Ş - interest expense	(1,975)	(9)
Şekerbank T.A.Ş- commission expenses	(348)	(499)
Şeker Yatırım Menkul Değerler AŞ- commission expenses	-	(1,239)
	<b>(2,323)</b>	<b>(1,747)</b>
<b>Interest and commission income</b>		
Şekerbank T.A.Ş - interest income	1,712	744
SBN Sigorta A.Ş.- commission income – Insurance Agency	-	82
	<b>1,712</b>	<b>826</b>
<b>Derivatives</b>		
Şekerbank T.A.Ş.- Derivative gain	51,853	4,670
Şekerbank T.A.Ş.- Derivative loss	-	(19,457)
	<b>51,853</b>	<b>(14,787)</b>
<b>Other Service Expenses</b>		
Sekar Oto Kiralama Tur. Ltd. Şti.- Vehicle rent expense	(52)	(94)
Desmer Bilgi ve İletişim Hiz.Tic.A.Ş. – Call center expense	(25)	-
	<b>(77)</b>	<b>(94)</b>
<b>Receivables from Related Parties:</b>		
	<b>30 June 2015</b>	<b>31 December 2014</b>
Banks - Şekerbank T.A.Ş.	109,311	73,530
Miscellaneous Receivables - Şekerbank T.A.Ş.	432	-
<b>Total</b>	<b>109,743</b>	<b>73,530</b>
<b>Miscellaneous Payables:</b>		
	<b>30 June 2015</b>	<b>31 December 2014</b>
Şekerbank T.A.Ş.-Guarantees received for derivative transactions	67,189	37,938
Desmer Bilgi Ve İletişim Hiz.Tic.AŞ	8	4
SBN Sigorta A.Ş.	3	20
	<b>67,200</b>	<b>37,962</b>

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**25 RELATED PARTY DISCLOSURES (continued)**

**Off-Balance Sheet Accounts:**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<i>Currency Swaps Purchase/Sales</i>		
Şekerbank T.A.Ş.	375,503	358,812
<b>Total</b>	<b>375,503</b>	<b>358,812</b>

For the interim period ended 30 June 2015, the Company's key management and members of the Board of Directors received remuneration and fees amounting TL 1,043 (30 June 2014: 817 TL). This amount is comprised of salary and premiums.

**26 CONTINGENT ASSETS AND LIABILITIES**

**26.1 Collaterals Received**

As at 30 June 2015 and 31 December 2014, collaterals received comprised of the following:

	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Real Estate Mortgage	529,963	-	446,110	-
Surety	134,511	-	125,052	-
Other	369	-	1,507	-
<b>Total</b>	<b>664,843</b>	<b>-</b>	<b>572,669</b>	<b>-</b>

**26.2 Collaterals Given**

	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Transfer of claim (*)	348,656	-	346,555	-
Collaterals given for derivative transactions	-	432	-	-
<b>Total</b>	<b>348,656</b>	<b>432</b>	<b>346,555</b>	<b>-</b>

(\*) Mortgage loans amounting to TL 348,656 has assigned to OPIC in accordance with the loan agreement (31 December 2014: TL 346,555).

**26.4 Swap Purchases/Sales**

As at 30 June 2015 and 31 December 2014, swap purchases/sales comprised of the following:

	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Swap Purchases	-	438,689	-	393,663
Swap Sales	375,503	-	358,812	-
<b>Total</b>	<b>375,503</b>	<b>438,689</b>	<b>358,812</b>	<b>393,663</b>

The longest maturity of swap purchases and sales is January 2019 (31 December 2014: September 2017).

## **27 FINANCIAL RISK MANAGEMENT**

### **27.1 Financial Risk Management Policies**

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of above risks, the Company's objectives, policies and processes for measuring and managing risks.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The management reviews and agrees on policies for managing each of these risks which are summarized below.

The Risk Management policies of the Company are continued to create to determine and analyze the risks that the Company may be exposed to.

#### **27.1.1 Credit Risk**

The Company is exposed to credit risk through its main activity which is to provide housing loan and financing operations. The Company's Credit Allocation and Collection/Operation Department is responsible for management of credit risk. Risk Management Department follows activities of these two departments and reports to Risk Committee periodically. By its loan policy, the Company demands guarantees for its financing loans. Loan relationship does not start with customers who do not satisfy the necessary loan financing conditions. All loan demands are assessed within the framework of Credit Committee approval authorizations. Related Credit Committee collects the loan amount demands that are within their authorization extent, assessed them and finalizes them. The Company uses a application and scoring module of an international institution that is adapted to mortgage loans. This module works integrated with Bureau of Credit Registration, Central Bank and Identity Sharing System.

The Company's maximum credit risk is equal to carrying value of each financial asset.

#### **27.1.2 Liquidity Risk**

Liquidity risk arises from the Company's financing of its operations. This risk comprises of the risk that risk of not to finance its assets at proper maturity and rates and risk of not to liquidate an asset in a proper price and time range. The Company meets it financing necessity through banks and other financial institutions. The Company assesses its liquidity risk consistently to determine changes in financing sources that are necessary to reach its goals.

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**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.1 Financial Risk Management Policies (continued)**

**27.1.3 Market Risk**

*(i) Currency Risk*

The Company will be exposed to currency risk through operations it makes in foreign currencies (such as financing operations and bank borrowings). Since the Company prepares its financial tables in TL basis, those tables are affected from the fluctuations of foreign currencies against TL. The Company will make derivative transactions to avoid foreign currency risk.

*(ii) Interest rate risk*

The Company's is exposed to the interest rate risk to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different time periods or in different amounts. In addition the Company is sensitive to the interest rate fluctuations in the market because of its floating rate (Libor and US Treasury Rate) borrowings. The objective of the Company's risk management operations is to optimize the return on risk by taking the market interest rates into account.

The interest rate sensitivity analysis of the assets, liabilities and off balance sheet items are evaluated weekly in the asset liability committee (ALCO) meetings and monthly in the risk committee meetings by taking the current market conditions at those dates into consideration.

The Company uses Value at Risk (VaR), standard, and asset/liability risk measurement methods to measure the interest rate risk. Asser/liability risk measurement method includes daily sensitivity analysis, duration and gap analysis, and the calculation of net foreign currency position to equity ratio. With daily VaR analysis the Company measures the interest rate risk on the financial assets and off balance positions. The related analysis is supported by the scenario analysis and stress tests.

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**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures**

**27.2.1 Credit Risk**

As at 30 June 2015 and 31 December 2014, the assets of the Company that are subject to credit risk are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Banks	118,904	89,108
Financing Loans	405,761	389,302
<b>Total</b>	<b>524,665</b>	<b>478,410</b>

As at 30 June 2015 and 31 December 2014, mortgage loans with exceeding maturity but not yet impaired is shown below and has no restructured loans:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Overdue 1-30 Days	30,005	25,895
Overdue 1-2 Months	9,723	7,592
Overdue 2-3 Months	6,878	3,789
	<b>46,606</b>	<b>37,276</b>
Collateralized	46,606	37,276
<b>Total</b>	<b>46,606</b>	<b>37,276</b>

The Company's finance loan risk ratings are as follows:

<b>Credit Risk</b>	<b>30 June 2015</b>	<b>%</b>	<b>31 December 2014</b>	<b>%</b>
Low	405,761	100	389,302	100
Normal	-	-	-	-
High	-	-	-	-
<b>Total Credit</b>	<b>405,761</b>	<b>100</b>	<b>389,302</b>	<b>100</b>

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**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures (continued)**

**27.2.2 Liquidity Risk**

As at 30 June 2015 and 31 December 2014, maturity profiles of the assets and liabilities of the Company are as follows:

	30 June 2015						Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed <sup>(*)</sup>	
<b>Assets</b>							
Cash and Cash Equivalents	165	-	-	-	-	12,081	12,246
Banks	90,408	28,496	-	-	-	-	118,904
Derivatives financial assets held for trading	72,182	-	-	-	-	-	72,182
Financing Loans (**)	5,512	5,330	25,492	149,277	220,812	-	406,423
Other Assets	-	-	-	-	-	3,399	3,399
<b>Total</b>	<b>168,267</b>	<b>33,826</b>	<b>25,492</b>	<b>149,277</b>	<b>220,812</b>	<b>15,480</b>	<b>613,154</b>
<b>Liabilities</b>							
Borrowings (***)	2,318	4,592	20,664	110,207	370,358	-	508,139
Derivatives financial liabilities held for trading	1,618	-	-	-	-	-	1,618
Miscellaneous payables	69,230	-	-	-	-	-	69,230
Other liabilities	9	8	39	231	342	-	629
Provisions	(290)	-	-	-	-	1,830	1,540
Tax and other liabilities	160	-	-	-	-	-	160
Other Liabilities(Deferred tax Liabilities)	104	-	-	-	-	962	1,066
<b>Total</b>	<b>73,149</b>	<b>4,600</b>	<b>20,703</b>	<b>110,438</b>	<b>370,700</b>	<b>2,792</b>	<b>582,382</b>
<b>Liquidity (gap)/surplus</b>	<b>95,118</b>	<b>29,226</b>	<b>4,789</b>	<b>38,839</b>	<b>(149,888)</b>	<b>12,688</b>	<b>30,772</b>

(\*) Amounts at investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets and prepaid expenses which are non-liquid assets, are presented in "Other Assets" column.

(\*\*) Loans and other receivables amounting to TL 348,750 have been included in "Financial Assets at Fair Value Through Profit and Loss" (31 December 2014: TL 326,484) in the financial statements.

(\*\*\*) Borrowings amounting to TL 23,613 have been shown as "Subordinated Loans" at Statement of Financial Position (31 December 2014: TL 23,593).



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**Notes to Financial Statements**

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**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures (continued)**

**27.2.2 Liquidity Risk**

	31 December 2014						Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed(*)	
<b>Assets</b>							
Cash and Cash Equivalents	143	-	-	-	-	10,684	10,827
Banks	79,373	9,735	-	-	-	-	89,108
Derivatives financial assets held for trading	37,949	-	-	-	-	-	37,949
Financing Loans(**)	4,973	5,134	23,983	149,693	206,177	-	389,960
Other Assets (*)	-	-	-	-	-	3,129	3,129
<b>Total</b>	<b>122,438</b>	<b>14,869</b>	<b>23,983</b>	<b>149,693</b>	<b>206,177</b>	<b>13,813</b>	<b>530,973</b>
<b>Liabilities</b>							
Borrowings	2,004	3,964	17,838	95,134	334,806	-	453,746
Derivatives financial liabilities held for trading	125	-	-	-	-	-	125
Miscellaneous payables	39,683	-	-	-	-	-	39,683
Other liabilities	9	10	45	283	390	-	737
Provisions	334	-	-	-	-	1,830	2,164
Tax and other liabilities	166	-	-	-	-	-	166
Other Liabilities(Deferred tax Liabilities)	183	-	-	-	-	1,435	1,618
<b>Total</b>	<b>42,504</b>	<b>3,974</b>	<b>17,883</b>	<b>95,417</b>	<b>335,196</b>	<b>3,265</b>	<b>498,239</b>
<b>Liquidity (gap)/surplus</b>	<b>79,934</b>	<b>10,895</b>	<b>6,100</b>	<b>54,276</b>	<b>(129,019)</b>	<b>10,548</b>	<b>32,734</b>

The profiles of the residual contractual maturities of the liabilities are as follows:

	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over
<b>30 June 2015</b>								
Borrowings	508,139	577,092	525	2,936	5,906	26,313	136,102	405,310
Miscellaneous Payables	69,230	69,230	-	69,230	-	-	-	-
Other Liabilities	629	629	-	9	8	39	231	342
<b>Total</b>	<b>577,998</b>	<b>646,951</b>	<b>525</b>	<b>72,175</b>	<b>5,914</b>	<b>26,352</b>	<b>136,333</b>	<b>405,652</b>
<b>31 December 2014</b>								
Borrowings	453,746	516,635	505	2,533	5,074	22,947	118,188	367,388
Miscellaneous Payables	39,683	39,683	-	39,683	-	-	-	-
Other Liabilities	737	737	-	9	10	45	283	390
<b>Total</b>	<b>494,166</b>	<b>557,055</b>	<b>505</b>	<b>42,225</b>	<b>5,084</b>	<b>22,992</b>	<b>118,471</b>	<b>367,778</b>

The table above shows the nearest undiscounted cash flows of the financial liabilities of the Company.

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**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures (continued)**

**27.2.3 Market Risk**

*Currency Risk*

As at 30 June 2015 and 31 December 2014, profiles of the foreign currency assets and liabilities of the Company are as shown below:

	<b>30 June 2015 (TL Amount)</b>	<b>31 December 2014 (TL Amount)</b>
A. Foreign currency monetary assets	114,200	78,652
B. Foreign currency monetary liabilities	(555,228)	(469,834)
C. Derivatives	438,689	393,663
<b>Net foreign currency position (A+B+C)</b>	<b>(2,339)</b>	<b>2,481</b>

<b>30 June 2015</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	12,245	-	-	12,245
Banks	31,665	67,418	-	99,083
Other assets	2,440	432	-	2,872
<b>Total Assets</b>	<b>46,350</b>	<b>67,850</b>	<b>-</b>	<b>114,200</b>
<b>Liabilities</b>				
Borrowings	484,526	-	-	484,526
Other liabilities	3,513	67,189	-	70,702
<b>Total Liabilities</b>	<b>488,039</b>	<b>67,189</b>	<b>-</b>	<b>555,228</b>
<b>Net foreign currency balance sheet position</b>	<b>(441,689)</b>	<b>661</b>	<b>-</b>	<b>(441,028)</b>
Derivative financial instruments long position	438,689	-	-	438,689
Derivative financial instruments short position	-	-	-	-
<b>Total foreign currency position</b>	<b>(3,000)</b>	<b>661</b>	<b>-</b>	<b>(2,339)</b>

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(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures (continued)**

**27.2.3 Market Risk (continued)**

**Currency Risk (continued)**

<b>31 December 2014</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	10,826	-	-	10,826
Banks	24,560	38,152	-	62,712
Other Assets	5,114	-	-	5,114
<b>Total Assets</b>	<b>40,500</b>	<b>38,152</b>	<b>-</b>	<b>78,652</b>
<b>Liabilities</b>				
Borrowings	430,153	-	-	430,153
Other liabilities	1,672	38,009	-	39,681
<b>Total Liabilities</b>	<b>431,825</b>	<b>38,009</b>	<b>-</b>	<b>469,834</b>
<b>Foreign currency balance sheet position</b>	<b>(391,325)</b>	<b>143</b>	<b>-</b>	<b>(391,182)</b>
Derivative financial instruments long position	393,663	-	-	393,663
Derivative financial instruments short position	-	-	-	-
<b>Total foreign currency position</b>	<b>2,338</b>	<b>143</b>	<b>-</b>	<b>2,481</b>

**Sensitivity Analysis**

Depreciation / (appreciation) of TL by 10% against the other currencies as at 30 June 2015 would have TL 234 decreased (31 December 2014: TL 248 increased) the Company's profit before tax by the amounts shown below. This analysis assumes that all other variables, as at 30 June 2015 and 31 December 2014 remain constant.

	<b>Profit/(Loss)</b>		<b>Shareholders' Equity</b>	
	<b>Foreign Currency Appreciation</b>	<b>Foreign Currency Depreciation</b>	<b>Foreign Currency Appreciation</b>	<b>Foreign Currency Depreciation</b>
<b>30 June 2015</b>				
US Dollar	(300)	300	(300)	300
EUR	66	(66)	66	(66)
<b>Total</b>	<b>(234)</b>	<b>234</b>	<b>(234)</b>	<b>234</b>

	<b>Profit/(Loss)</b>		<b>Shareholders' Equity</b>	
	<b>Foreign Currency Appreciation</b>	<b>Foreign Currency Depreciation</b>	<b>Foreign Currency Appreciation</b>	<b>Foreign Currency Depreciation</b>
<b>31 December 2014</b>				
US Dollar	234	(234)	234	(234)
EUR	14	(14)	14	(14)
<b>Total</b>	<b>248</b>	<b>(248)</b>	<b>248</b>	<b>(248)</b>

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**For The Interim Period Ended 30 June 2015**

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures (continued)**

**27.2.3 Market Risk (continued)**

*Interest rate risk*

The Company's interest sensitive assets and liabilities are as follows:

<b>Interest Position Table</b>		
	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Fixed interest rate financial instruments</b>		
Financing Loans	406,423	389,960
Banks-time deposits	118,904	89,108
<b>Floating interest rate financial instruments</b>		
Borrowings	(484,526)	(430,153)
Subordinated Loans	(23,613)	(23,593)

The Company invests its cash investment securities or bank deposits depending on the current market condition. The interest bearing assets and liabilities of the Company based on the reprising dates are as follows:

	<b>30 June 2015</b>						<b>Total</b>
	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and over</b>	<b>Without Interest</b>	
Cash and cash equivalents	12,245	-	-	-	-	1	12,246
Banks	88,158	28,496	-	-	-	2,250	118,904
Financing Loans	5,512	5,330	25,492	149,277	220,812	-	406,423
<b>Total Assets</b>	<b>105,915</b>	<b>33,826</b>	<b>25,492</b>	<b>149,277</b>	<b>220,812</b>	<b>2,251</b>	<b>537,573</b>
Borrowings	484,526	-	23,613	-	-	-	508,139
<b>Total Liabilities</b>	<b>484,526</b>	<b>-</b>	<b>23,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>508,139</b>
<b>Long position in balance sheet</b>	<b>-</b>	<b>33,826</b>	<b>1,879</b>	<b>149,277</b>	<b>220,812</b>	<b>2,251</b>	<b>408,045</b>
<b>Short position in balance sheet</b>	<b>(378,611)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(378,611)</b>
Long position in off- balance sheet	121,611	317,078	-	-	-	-	<b>438,689</b>
Short position in off- balance sheet	(120,978)	(73,758)	(47,001)	(133,766)	-	-	<b>(375,503)</b>
<b>Interest Position</b>	<b>(377,978)</b>	<b>277,146</b>	<b>(45,122)</b>	<b>15,511</b>	<b>220,812</b>	<b>2,251</b>	<b>92,620</b>

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to Financial Statements**

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(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures (continued)**

**27.2.3 Market Risk (continued)**

**Interest rate risk (continued)**

<b>31 December 2014</b>							
	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and over</b>	<b>Without Interest</b>	<b>Total</b>
<b>Assets</b>							
Cash and Cash Equivalents	-	-	-	-	-	10,827	10,827
Banks	86,462	-	-	-	-	2,646	89,108
Financing Loans	4,973	5,134	23,983	149,693	206,177	-	389,960
<b>Total Assets</b>	<b>91,435</b>	<b>5,134</b>	<b>23,983</b>	<b>149,693</b>	<b>206,177</b>	<b>13,473</b>	<b>489,895</b>
<b>Liabilities</b>							
Borrowings	430,153	-	23,593	-	-	-	453,746
<b>Total Liabilities</b>	<b>430,153</b>	<b>-</b>	<b>23,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>453,746</b>
<b>Long position in balance sheet</b>							
	-	5,134	390	149,693	206,177	13,473	374,867
<b>Short position in balance sheet</b>							
	(338,718)	-	-	-	-	-	(338,718)
<b>Off-balance sheet</b>							
Long position in off-balance sheet	70,690	322,973	-	-	-	-	393,663
Short position in off-balance sheet	(69,797)	(146,756)	(19,087)	(123,172)	-	-	(358,812)
<b>Interest Position</b>	<b>(337,825)</b>	<b>181,351</b>	<b>(18,697)</b>	<b>26,521</b>	<b>206,177</b>	<b>13,473</b>	<b>71,000</b>

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**For The Interim Period Ended 30 June 2015**

(Currency: Thousands of Turkish Lira (TL) unless otherwise stated)

**27 FINANCIAL RISK MANAGEMENT (continued)**

**27.2 Risk Management Disclosures (continued)**

**27.2.3 Market Risk (continued)**

*Interest rate risk (continued)*

*Interest rate risk sensitivity*

As at 30 June 2015 and 31 December 2014, assuming that all the other variables are fixed, when the interest rates decrease and increase 100 basis points (bp), the effect of the Company's interest position on the Company's net income and equity has been analyzed as follows:

<b>Current Period</b>	<b>Statement of profit or loss</b>		<b>Shareholder's Equity (*)</b>	
	<b>100 bp Increase</b>	<b>100 bp Decrease</b>	<b>100 bp Increase</b>	<b>100 bp Decrease</b>
Financial Assets at Fair Value Through Profit or Loss	3,026	(3,026)	3,026	(3,026)
Variable rate financial assets	(6,125)	6,125	(6,125)	6,125
Variable rate financial liabilities	(74)	74	(74)	74
<b>Total, net</b>	<b>(3,173)</b>	<b>3,173</b>	<b>(3,173)</b>	<b>3,173</b>

<b>Prior Period</b>	<b>Statement of profit or loss</b>		<b>Shareholder's Equity (*)</b>	
	<b>100 bp Increase</b>	<b>100 bp Decrease</b>	<b>100 bp Increase</b>	<b>100 bp Decrease</b>
Financial Assets at Fair Value Through Profit or Loss	(5,524)	5,524	(5,524)	5,524
Variable rate financial assets	2,699	(2,699)	2,699	(2,699)
Variable rate financial liabilities	(352)	352	(352)	352
<b>Total, net</b>	<b>(3,177)</b>	<b>3,177</b>	<b>(3,177)</b>	<b>3,177</b>

(\*) Equity effect also includes the effects of profit or loss.

**27.2.4 Capital Management**

The Company's policy is to maintain a strong capital base and to maintain a balance between the indebtedness and equity in an effective way so as to increase its profit. The cost of equity and each other risk associated with equity items analyzed by the Company's management.

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**28 FINANCIAL INSTRUMENTS**

*Fair values of financial instruments*

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

As at 30 June 2015, same interest and maturity of financial instrument has been used to determine the estimated fair value fair value of financing loans and borrowings.

As at 30 June 2015 and 31 December 2014, fair values of financial instruments of the Company are as shown below:

	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial Assets</b>				
Financing Loans	405,761	408,363	389,302	391,750
Cash and Cash Equivalents	118,904	118,904	89,108	89,108
<b>Financial Liabilities</b>				
Borrowings	484,526	475,039	430,153	416,656
Subordinated Loans	23,613	23,665	23,593	23,757

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Şeker Mortgage Finansman Anonim Şirketi**

**Notes to Financial Statements**

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**28 FINANCIAL INSTRUMENTS (continued)**

*Fair values of financial instruments (continued)*

<b>30 June 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial assets held for trading	-	72,182	-	72,182
Derivative financial liabilities held for trading	-	(1,618)	-	(1,618)
Financial Assets at Fair Value Through Profit or Loss	-	-	348,750	348,750
	-	<b>70,564</b>	<b>348,750</b>	<b>419,314</b>

  

<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial assets held for trading	-	37,949	-	37,949
Derivative financial liabilities held for trading	-	(125)	-	(125)
Financial Assets at Fair Value Through Profit or Loss	-	-	326,484	326,484
	-	<b>37,824</b>	<b>326,484</b>	<b>364,308</b>

The Company uses (1) the benchmark treasury bond rates, (2) BRSA data of non-performing loans' share in total, (3) impact of prepayments on the portfolio and the spread for refinancing the existing mortgages; for evaluating the Level 3. The benchmark treasury bond rate is chosen in reference to the aggregate duration figure of the Company's mortgage receivables that is 5 years. The loss due to the non-performing loans' projected impact is 47 bps.

The Company foresees the influence of the structural component of prepayments (that is independent of the market mortgage rates) on the portfolio value through the impacts of prepaid mortgages on the expected cashflow and the fair value evaluation when the annual prepayment rate is 29 percent.

Refinance spread represents the impact of interest rate drops experienced due to decreases in the market mortgage rates and the Company's voluntary efforts to avoid prepayment of existing customers in the face of competitors' interest rates. The impact of these interest rate decreases on the fair value expressed as a single rate is 58 bps.

Current term transactions sheet (table) of the financing credits, which are classified as assets that their fair value variation is reflected to profit/loss, are explained in note 4.

Even if the Company assumes that fair value estimations are suitable, applying different methods and hypothesis may result as different measure valuations.

**29 EVENTS AFTER THE REPORTING PERIOD**

None.