



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Six-Month Period Ended 30 June 2014
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

4 August 2014

*This report contains "Independent Auditors'
Review Report" comprising 1 pages and;
"Unconsolidated Financial Statements and
Related Disclosures and Footnotes" comprising
88 pages.*



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**Convenience Translation of the Independent Auditors' Review Report
Originally Prepared and Issued in Turkish**

To the Board of Directors of
Türkiye Sınai Kalkınma Bankası A.Ş.

We have reviewed the unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") as of 30 June 2014 and the related unconsolidated income statement, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the six-month interim period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of the (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly the financial position of the Bank as of 30 June 2014 and the results of its operations and its cash flows for the six-month interim period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411 and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
4 August 2014

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Orhan Akova
Partner

Additional paragraph for convenience translation to English:

As explained in Section 3 Note 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.


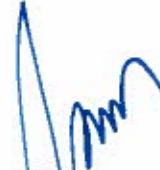




**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

The unconsolidated financial report for the six months includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures for the six months, unless otherwise indicated, are prepared in **thousands of Turkish Lira ("TRY")**, in accordance with the Communiqué on Bank's Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank's records, and have been independently reviewed and presented as attached.

4 August 2014

			
Adnan BALI	Özcan TÜRKAKIN	Ömer ERYILMAZ	Mustafa GÖKTAŞ
Chairman of Board of Directors	Member of Board of Directors and General Manager	Executive Vice President In Charge of Financial Reporting	Head of Financial Control Department
			
Kemal Serdar DİŞLİ		Murat BİLGİÇ	
Member of Audit Committee		Member of Audit Committee	

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY- 30 JUNE 2014
(Currency: Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Bank's incorporation date, beginning statue, changes in the existing statue

Türkiye Sınai Kalkınma Bankası A.Ş. (The Bank) was established in accordance with the decision of President of the Republic of Turkey numbered 3/11203 on 12 May 1950. This decision was declared by T.R. Office of Prime Ministry Procedures Directorate Decision Management on 12 May 1950.

According to the classification set out in the Banking Law No: 5411, the statute of the Bank is "Development and Investment Bank". The Bank does not have the license of "Accepting Deposit". Since the establishment date of the Bank, there is no change in its "Development and Investment Bank" status.

II. Explanations regarding the Bank's shareholding structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current year, if any and explanations on the controlling group of the Bank

Türkiye İş Bankası A.Ş. has the authority of managing and controlling power of the Bank directly or indirectly, alone or together with other shareholders. Shareholders of the Bank are as follows:

Current Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	750.002	50,00	750.002	-
T. Vakıflar Bankası T.A.O.	125.662	8,38	125.662	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	624.336	41,62	624.336	-
Total	1.500.000	100,00	1.500.000	-

Prior Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	650.001	50,00	650.001	-
T. Vakıflar Bankası T.A.O.	108.907	8,38	108.907	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	541.092	41,62	541.092	-
Total	1.300.000	100,00	1.300.000	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2014
(Currency: Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistant general managers and their shares in the Bank

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)	Date of Appointment	Academic Background	Experience in Banking and Management
Adnan Bali	Chairman of the Board of Directors	15 April 2011	Undergraduate	29
Kemal Serdar Dişli (2)	Vice Chairman of the Board of Directors and Member of the Audit Committee	25 May 2007	Undergraduate	27
Özcan Türkakın	Member of the Board of Directors and General Manager	31 January 2013	Postgraduate	31
Durmuş Yılmaz	Member of the Board of Directors	26 March 2012	Postgraduate	35
Ertan Burhanettin Kantar	Member of the Board of Directors	23 March 2005	Undergraduate	26
Murat Bilgiç (2)	Member of the Board of Directors and Audit Committee	23 March 2005	Postgraduate	24
Ebru Özşuca (3)	Member of the Board of Directors	17 April 2014	Postgraduate	21
Kamil Yılmaz (4)	Member of the Board of Directors	25 March 2014	Doctorate	23
Uygur Şafak Öğün	Member of the Board of Directors	2 April 2010	Postgraduate	19
Halil Aydoğan	Member of the Board of Directors	16 December 2013	Undergraduate	37

General Manager and Vice Presidents:

Name Surname	Title / Area of Responsibility	Date of Appointment	Academic Background	Experience in Banking and Management
Özcan Türkakın	General Manager	31 January 2013	Postgraduate	31
A.Orhan Beşkök	Senior Vice President - Technical Services and Financial Institutions	24 January 2002	Postgraduate	32
Burak Akgüç	Vice President – Corporate Marketing and Project Finance	29 December 2004	Undergraduate	25
Ömer Eryılmaz	Vice President – Financial Control, Budget Planning and Investor Relations	27 January 2006	Undergraduate	28
Çiğdem İçel	Vice President – Treasury and Human Resources	27 January 2006	Undergraduate	25
Ufuk Bala Yücel	Vice President - Loans	25 December 2007	Undergraduate	28
B. Gökhan Çanakpınar	Vice President – Information Technology and Operation	27 Aralık 2011	Undergraduate	24
Ece Börü	Vice President – Enterprise Architecture	28 November 2013	Undergraduate	25
Hakan Aygen	Vice President – Corporate Finance and Economic Research	28 November 2013	Doctorate	25

- (1) The shares of above directors in the Bank are symbolic.
(2) According to the Communiqué of CMB Serial W No 63 members of the Audit Committee are regarded as Independent Members of the Board of Directors Kemal Serdar Dişli was elected to Vice Chairman of the Board of Directors in the meeting of the Bank on 27 March 2014
(3) Mustafa Baran Tuncer, the independent member of the Board of Directors, has resigned from his duty and in the Board of Directors meeting per decree on 17 April 2014, Ebru Özşuca was elected to vacant position in accordance with article no 363 of Turkish Commercial Code.
(4) Kamil Yılmaz was elected to Board Member because of resignation of Mehmet Şencan in accordance with article no.363 of the Turkish Commercial Code and the Bank's Articles of Association and in addition Kamil Yılmaz was elected as an Independent Member within the context of the Communiqué on Determination and Implementation of Corporate Governance Principles of CMB in the General Meeting held on 27 March 2014.
(5) Feridun Bilgin, the member of Board of Directors, has resigned from his duty on 2 May 2014.

According to the regulations on auditing in Articles 397-406 of the Turkish Commercial Code numbered 6102, Akis Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş. has been elected as auditor for 2014 in the General Meeting held on 27 March 2014.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2014
(Currency: Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

IV. Information about the persons and institutions that have qualified shares in the Bank

T. İş Bankası A.Ş. (İş Bank) Group owns the qualified shares that control the Bank's capital directly or indirectly.

Current Period	Share	Shareholding	Paid in	Unpaid
<u>Name Surname/Commercial Title</u>	<u>Capital</u>	<u>Rate (%)</u>	<u>Capital</u>	<u>Capital</u>
T. İş Bankası A.Ş. Group	750.002	50,00	750.002	-
T. Vakıflar Bankası T.A.O.	125.662	8,38	125.662	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	624.336	41,62	624.336	-
Total	1.500.000	100,00	1.500.000	-

Prior Period	Share	Shareholding	Paid in	Unpaid
<u>Name Surname/Commercial Title</u>	<u>Capital</u>	<u>Rate (%)</u>	<u>Capital</u>	<u>Capital</u>
T. İş Bankası A.Ş. Group	650.001	50,00	650.001	-
T. Vakıflar Bankası T.A.O.	108.907	8,38	108.907	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	541.092	41,62	541.092	-
Total	1.300.000	100,00	1.300.000	-

V. Summary on the Bank's functions and areas of activity

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") is the first private development and investment bank which was established by the Council of Ministers resolution number of 3/11203 established in 1950 with the support of World Bank, T.R. Government, T.R. Central Bank and commercial banks. As per the articles of association published in the Official Gazette on 2 June 1950, the aim of the Bank is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Bank, which operates as a non-deposit accepting bank, played a major role on manufacturing and finance sectors in every phase of the economic development of Turkey. The Bank started its journey in 1950 financing the private sector investments in Turkey and today it provides loans and project finance with the goal of sustainable development to corporations in different fields. As a leader in meeting the long term finance needs of the private sector, the Bank also continues to offer solutions with respect to the newest needs and client demands.

The Bank has opened two branches in İzmir and Ankara in April 2006 to enhance marketing and valuation operations.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

VI. Differences between the communiqué on preparation of consolidated financial statements of banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods

Due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS), the non-financial subsidiaries and associates, TSKB Gayrimenkul Değerleme A.Ş., TSKB Gayrimenkul Danışmanlık A.Ş., Terme Metal Sanayi ve Ticaret A.Ş. and Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. are not consolidated since they are not in scope of financial institutions according to related communiqué.

The Bank and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. are included in the accompanying consolidated financial statements line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Faktoring A.Ş. are included in the accompanying consolidated financial statements by equity method.

Financial institutions included in the consolidation are determined in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated 8 November 2006 numbered 26340. The Bank has no partnership share on banks and financial institutions, with shareholding of more than 10% and deducted from capital.

Yatırım Finansman Menkul Değerler A.Ş. :

Yatırım Finansman Menkul Değerler A.Ş. (“YFAŞ”) was established in 15 October 1976. The Company’s purpose is to perform capital market operations specified in the Company’s main contract in accordance with the CMB and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on 29 December 2006. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 95,78%. The Company’s headquarters is located at İstanbul/Türkiye.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (“TSKB GYO”) was established on 3 February 2006. Core business of the company is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 59,00%. The Company’s headquarters is located at İstanbul/Türkiye.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. (“İş Finansal Kiralama”) was established on 8 February 1988. The company has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No 6361. The purpose of the company is performing domestic and foreign financial leasing activities and all kind of rental (leasing) transactions within the framework of legislation. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 28,56% and the share of Türkiye İş Bankası A.Ş. is 27,79%. The Company’s headquarters is located at İstanbul/Türkiye.

İş Faktoring A.Ş. :

İş Faktoring A.Ş. (“İş Faktoring”), was incorporated in Turkey on 4 July 1993 and it has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No: 6361. The Company’s main operation is domestic and export factoring transactions. The Company is a Türkiye İş Bankası A.Ş. Group entity and the parent is İş Finansal Kiralama A.Ş. with 78,23% shareholding. The direct share of Türkiye Sınai Kalkınma Bankası A.Ş. is 21,75%. Company’s headquarters is located at İstanbul/Türkiye.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2014
(Currency: Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

- VI. Differences between the communiqué on preparation of consolidated financial statements of banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods(continued)**

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“İş Girişim”) started its venture capital operations by the decision of Capital Market Board dated 5 September 2000. The principal activity of the Company is to perform long-term investments to venture capital companies mainly established or to be established in Turkey, have development potential and require resource. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67% in which the share of İş Yatırım Menkul Değerler A.Ş. is 29,00%. The Company’s headquarters is located at Istanbul/Türkiye.

- VII. The existing or potential, actual or legal obstacle on the transfer of shareholder’s equity between the Bank and its subsidiaries or the reimbursement of liabilities**

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries. The Bank charge or pay cost of the services according to the service agreements done between the Bank and its subsidiaries. Dividend distribution from shareholders’ equity is made according to related legal regulations.

Written policies of the Bank related to compliance to publicly disclosed obligations of the Bank and assessment of accuracy, frequency and compliance of mentioned disclosures

The Bank Disclosure Policy updated by the meeting of the Board of Directors has entered into force on 28 February 2014. Compliance to publicly disclosed obligations, frequency of public disclosures and tools and methods used for public disclosures are explained in the disclosure policy of the Bank accessible from the the Bank corporate website.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 JUNE 2014

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

		Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013			
ASSETS		Note Ref.	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	9.111	398.626	407.737	42.105	302.864	344.969
II.	FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	20.565	30.788	51.353	6.655	34.032	40.687
2.1	Trading financial assets		20.565	30.788	51.353	6.655	34.032	40.687
2.1.1	Public sector debt securities		6.813	-	6.813	-	-	-
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		13.752	30.788	44.540	6.655	34.032	40.687
2.1.4	Other marketable securities		-	-	-	-	-	-
2.2	Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Other marketable securities		-	-	-	-	-	-
2.2.4	Loans		-	-	-	-	-	-
III.	BANKS	(3)	4.363	44.089	48.452	418	6.902	7.320
IV.	MONEY MARKET PLACEMENTS		384.410	-	384.410	50	-	50
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		384.410	-	384.410	50	-	50
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.624.125	369.691	2.993.816	2.588.430	378.066	2.966.496
5.1	Share certificates		20.879	2.957	23.836	41.510	2.957	44.467
5.2	Public sector debt securities		2.122.607	339.904	2.462.511	1.996.493	332.811	2.329.304
5.3	Other marketable securities		480.639	26.830	507.469	550.427	42.298	592.725
VI.	LOANS	(5)	2.456.670	7.208.962	9.665.632	2.318.337	6.853.905	9.172.242
6.1	Loans		2.456.670	7.208.962	9.665.632	2.318.337	6.853.905	9.172.242
6.1.1	Loans to risk group of the Bank		284.753	143.116	427.869	295.191	170.979	466.170
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		2.171.917	7.065.846	9.237.763	2.023.146	6.682.926	8.706.072
6.2	Non performing loans		12.432	3.451	15.883	15.792	20.461	36.253
6.3	Specific provisions (-)		(12.432)	(3.451)	(15.883)	(15.792)	(20.461)	(36.253)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	157.195	-	157.195	152.328	-	152.328
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		157.195	-	157.195	152.328	-	152.328
9.2.1	Financial investments		155.840	-	155.840	150.682	-	150.682
9.2.2	Non-financial investments		1.355	-	1.355	1.646	-	1.646
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	130.012	-	130.012	134.698	-	134.698
10.1	Unconsolidated financial subsidiaries		129.400	-	129.400	134.086	-	134.086
10.2	Unconsolidated non-financial subsidiaries		612	-	612	612	-	612
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(10)	-	1.393	1.393	-	4.518	4.518
12.1	Finance lease receivables		-	1.492	1.492	-	4.573	4.573
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	(99)	(99)	-	(55)	(55)
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair value hedge		-	-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	9.553	-	9.553	7.335	-	7.335
XV.	INTANGIBLE ASSETS (Net)	(13)	640	-	640	645	-	645
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		640	-	640	645	-	645
XVI.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	4.155	-	4.155	15.036	-	15.036
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset		4.155	-	4.155	15.036	-	15.036
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Assets held for sale		-	-	-	-	-	-
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	17.736	31.403	49.139	19.212	45.621	64.833
TOTAL ASSETS			5.818.535	8.084.952	13.903.487	5.285.249	7.625.908	12.911.157

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 JUNE 2014

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

		Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
LIABILITIES	Note Ref.	TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
I.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
I.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	6.722	31.163	37.885	7.277	33.507	40.784
III. FUNDS BORROWED	(3)	-	9.349.095	9.349.095	-	9.002.255	9.002.255
IV. MONEY MARKET BALANCES		1.742.828	218.230	1.961.058	1.362.794	246.231	1.609.025
IV.1 Interbank money market takings		-	-	-	-	-	-
IV.2 Istanbul Stock Exchange money market takings		-	-	-	3.893	-	3.893
IV.3 Funds provided under repurchase agreements		1.742.828	218.230	1.961.058	1.358.901	246.231	1.605.132
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
V.1 Bills		-	-	-	-	-	-
V.2 Asset backed securities		-	-	-	-	-	-
V.3 Bonds		-	-	-	-	-	-
VI. FUNDS		561	37.079	37.640	946	5.008	5.954
VI.1 Borrower funds		561	37.079	37.640	946	5.008	5.954
VI.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		65.034	12.907	77.941	72.777	4.866	77.643
VIII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	(5)	-	-	-	-	-	-
X.1 Finance lease payables		-	-	-	-	-	-
X.2 Operating lease payables		-	-	-	-	-	-
X.3 Other		-	-	-	-	-	-
X.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
XI.1 Fair value hedge		-	-	-	-	-	-
XI.2 Cash flow hedge		-	-	-	-	-	-
XI.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	204.627	-	204.627	161.195	1.865	163.060
XII.1 General loan loss provisions		110.738	-	110.738	104.331	-	104.331
XII.2 Restructuring provisions		-	-	-	-	-	-
XII.3 Reserve for employee benefits		7.759	-	7.759	6.614	-	6.614
XII.4 Insurance technical reserves (Net)		-	-	-	-	-	-
XII.5 Other provisions		86.130	-	86.130	50.250	1.865	52.115
XIII. TAX LIABILITY	(8)	42.726	-	42.726	20.993	-	20.993
XIII.1 Current tax liability		42.726	-	42.726	20.993	-	20.993
XIII.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
XIV.1 Held for sale		-	-	-	-	-	-
XIV.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	105.859	105.859	-	106.759	106.759
XVI. SHAREHOLDERS' EQUITY		2.044.989	41.667	2.086.656	1.869.036	15.648	1.884.684
XVI.1 Paid-in capital	(11)	1.500.000	-	1.500.000	1.300.000	-	1.300.000
XVI.2 Capital reserves		39.279	41.667	80.946	(11.027)	15.648	4.621
XVI.2.1 Share premium		-	-	-	-	-	-
XVI.2.2 Share cancellation profits		-	-	-	-	-	-
XVI.2.3 Marketable securities value increase fund	(11)	29.585	41.667	71.252	(20.321)	15.648	(4.673)
XVI.2.4 Tangible assets revaluation differences		9.320	-	9.320	8.920	-	8.920
XVI.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
XVI.2.6 Investment property revaluation differences		-	-	-	-	-	-
XVI.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
XVI.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
XVI.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
XVI.2.10 Other capital reserves		374	-	374	374	-	374
XVI.3 Profit reserves		307.082	-	307.082	254.006	-	254.006
XVI.3.1 Legal reserves		173.329	-	173.329	156.268	-	156.268
XVI.3.2 Statutory reserves		75.641	-	75.641	75.641	-	75.641
XVI.3.3 Extraordinary reserves		54.612	-	54.612	18.597	-	18.597
XVI.3.4 Other profit reserves		3.500	-	3.500	3.500	-	3.500
XVI.4 Profit or loss		198.628	-	198.628	326.057	-	326.057
XVI.4.1 Prior years' income/losses		-	-	-	-	-	-
XVI.4.2 Current year income/loss		198.628	-	198.628	326.057	-	326.057
TOTAL LIABILITIES AND EQUITY		4.107.487	9.796.000	13.903.487	3.495.018	9.416.139	12.911.157

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 30 JUNE 2014

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

	Note Ref	Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		2.138.883	8.011.513	10.150.396	1.611.464	6.726.766	8.338.230
I. GUARANTEES AND COLLATERALS	(1)	499.230	939.146	1.438.376	505.921	947.499	1.453.420
1 1 Letters of guarantee		499 230	445 778	945 008	505 921	509 466	1 015 387
1 1 1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1 1 2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1 1 3 Other letters of guarantee		499 230	445 778	945 008	505 921	509 466	1 015 387
1 2 Bank acceptances		-	-	-	-	-	-
1 2 1 Import letters of acceptance		-	-	-	-	-	-
1 2 2 Other bank acceptances		-	-	-	-	-	-
1 3 Letters of credit		-	493 368	493 368	-	438 033	438 033
1 3 1 Documentary letters of credit		-	493 368	493 368	-	438 033	438 033
1 3 2 Other letters of credit		-	-	-	-	-	-
1 4 Prefinancing given as guarantee		-	-	-	-	-	-
1 5 Endorsements		-	-	-	-	-	-
1 5 1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1 5 2 Other endorsements		-	-	-	-	-	-
1 6 Securities issue purchase guarantees		-	-	-	-	-	-
1 7 Factoring guarantees		-	-	-	-	-	-
1 8 Other guarantees		-	-	-	-	-	-
1 9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	506.539	1.862.330	2.368.869	584.686	1.874.009	2.458.695
2 1 Irrevocable commitments		112 067	191 690	303 757	221 292	363 653	584 945
2 1 1 Forward asset purchase and sales commitments		106 900	169 409	276 309	213 594	297 751	511 345
2 1 2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2 1 3 Share capital commitment to associates and subsidiaries		-	3 295	3 295	-	-	-
2 1 4 Loan granting commitments		-	4 765	4 765	-	4 805	4 805
2 1 5 Securities underwriting commitments		-	-	-	-	-	-
2 1 6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2 1 7 Payment commitment for checks		-	-	-	-	-	-
2 1 8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2 1 9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2 1 10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2 1 11 Receivables from short sale commitments		-	-	-	-	-	-
2 1 12 Payables for short sale commitments		-	-	-	-	-	-
2 1 13 Other irrevocable commitments		5 167	14 221	19 388	7 698	61 097	68 795
2 2 Revocable commitments		394 472	1 670 640	2 065 112	363 394	1 510 356	1 873 750
2 2 1 Revocable loan granting commitments		394 472	1 670 640	2 065 112	363 394	1 510 356	1 873 750
2 2 2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.133.114	5.210.037	6.343.151	520.857	3.905.258	4.426.115
3 1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3 1 1 Fair value hedge		-	-	-	-	-	-
3 1 2 Cash flow hedge		-	-	-	-	-	-
3 1 3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3 2 Held for trading transactions		1 133 114	5 210 037	6 343 151	520 857	3 905 258	4 426 115
3 2 1 Forward foreign currency buy/sell transactions		33 805	53 598	87 403	19 461	140 956	160 417
3 2 1 1 Forward foreign currency transactions-buy		16 864	26 903	43 767	-	81 192	81 192
3 2 1 2 Forward foreign currency transactions-sell		16 941	26 695	43 636	19 461	59 764	79 225
3 2 2 Swap transactions related to Fc and interest rates		569 645	4 525 422	5 095 067	130 408	3 330 530	3 460 938
3 2 2 1 Foreign currency swaps-buy		200 256	1 046 861	1 247 117	47 966	427 251	475 217
3 2 2 2 Foreign currency swaps-sell		321 005	849 557	1 170 562	33 050	442 651	475 701
3 2 2 3 Interest rate swaps-buy		24 192	1 314 502	1 338 694	24 696	1 230 314	1 255 010
3 2 2 4 Interest rate swaps-sell		24 192	1 314 502	1 338 694	24 696	1 230 314	1 255 010
3 2 3 Foreign currency, interest rate and securities options		529 664	556 254	1 085 918	370 988	433 772	804 760
3 2 3 1 Foreign currency options-buy		273 247	267 860	541 107	187 344	205 442	392 786
3 2 3 2 Foreign currency options-sell		256 417	288 394	544 811	183 644	228 330	411 974
3 2 3 3 Interest rate options-buy		-	4 054	4 054	-	9 245	9 245
3 2 3 4 Interest rate options-sell		-	4 054	4 054	-	9 245	9 245
3 2 3 5 Securities options-buy		-	-	-	-	-	-
3 2 3 6 Securities options-sell		-	-	-	-	-	-
3 2 4 Foreign currency futures		-	-	-	-	-	-
3 2 4 1 Foreign currency futures-buy		-	-	-	-	-	-
3 2 4 2 Foreign currency futures-sell		-	-	-	-	-	-
3 2 5 Interest rate futures		-	-	-	-	-	-
3 2 5 1 Interest rate futures-buy		-	-	-	-	-	-
3 2 5 2 Interest rate futures-sell		-	-	-	-	-	-
3 2 6 Other		-	74 763	74 763	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		22.772.206	92.850.740	115.622.946	23.442.801	95.333.522	118.776.323
IV. ITEMS HELD IN CUSTODY		1.755.947	231.501	1.987.448	1.547.507	256.120	1.803.627
4 1 Customers' securities held		-	-	-	-	-	-
4 2 Investment securities held in custody		105 167	231 501	336 668	118 763	256 120	374 883
4 3 Checks received for collection		3 150	-	3 150	-	-	-
4 4 Commercial notes received for collection		-	-	-	-	-	-
4 5 Other assets received for collection		-	-	-	-	-	-
4 6 Assets received for public offering		-	-	-	-	-	-
4 7 Other items under custody		-	-	-	517	-	517
4 8 Custodians		1 647 630	-	1 647 630	1 428 227	-	1 428 227
V. PLEDGED ITEMS		11.001.278	55.747.713	66.748.991	11.539.856	58.279.203	69.819.059
5 1 Marketable securities		392 936	3 148 677	3 541 613	392 936	2 677 590	3 070 526
5 2 Guarantee notes		80 189	1 563 443	1 643 632	85 396	1 587 404	1 672 800
5 3 Commodity		-	-	-	-	-	-
5 4 Warranty		-	-	-	-	-	-
5 5 Real estates		414 357	20 683 239	21 097 596	416 410	21 147 243	21 563 653
5 6 Other pledged items		10 113 796	30 352 354	40 466 150	10 645 114	32 866 966	43 512 080
5 7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10.014.981	36.871.526	46.886.507	10.355.438	36.798.199	47.153.637
TOTAL OFF BALANCE SHEET ITEMS (A+B)		24.911.089	100.862.253	125.773.342	25.054.265	102.060.288	127.114.553

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Reviewed Current Period 1 January 2014 – 30 June 2014	Reviewed Prior Period 1 January 2013 – 30 June 2013	Reviewed Current Period 1 April 2014 – 30 June 2014	Reviewed Prior Period 1 April 2013 – 30 June 2013
I. INTEREST INCOME	(1)	391.965	295.690	199.470	152.121
1.1 Interest on loans		239.053	185.754	120.250	101.767
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		124	134	93	70
1.4 Interest received from money market placements		7.262	3.492	6.845	2.099
1.5 Interest received from marketable securities portfolio		145.454	106.073	72.262	48.077
1.5.1 Financial assets held for trading		188	151	85	45
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		145.266	105.922	72.177	48.032
1.5.4 Investments held-to-maturity		-	-	-	-
1.6 Finance lease income		51	174	11	79
1.7 Other interest income		21	63	9	29
II. INTEREST EXPENSES	(2)	(113.334)	(67.329)	(61.191)	(35.063)
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(48.979)	(39.255)	(25.209)	(21.000)
2.3 Interest on money market borrowings		(64.338)	(28.055)	(35.970)	(14.058)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(17)	(19)	(12)	(5)
III. NET INTEREST INCOME (I - II)		278.631	228.361	138.279	117.058
IV. NET FEES AND COMMISSIONS INCOME		4.782	3.987	2.599	2.153
4.1 Fees and commissions received		5.273	4.503	2.844	2.402
4.1.1 Non-cash loans		4.346	3.534	2.162	1.853
4.1.2 Other		927	969	682	549
4.2 Fees and commissions paid		(491)	(516)	(245)	(249)
4.2.1 Non-cash loans		(1)	(2)	-	(1)
4.2.2 Other		(490)	(514)	(245)	(248)
V. DIVIDEND INCOME	(3)	12.887	28.093	3.801	23.525
VI. NET TRADING INCOME	(4)	13.797	230	14.681	(6.616)
6.1 Securities trading gains / (losses)		(388)	5.088	(430)	639
6.2 Derivative financial instruments gains/losses		8.639	(146)	3.505	(2.108)
6.3 Foreign exchange gains/losses (net)		5.546	(4.712)	11.606	(5.147)
VII. OTHER OPERATING INCOME	(5)	37.195	11.447	6.646	695
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		347.292	272.118	166.006	136.815
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(52.069)	(20.168)	(11.631)	(8.802)
X. OTHER OPERATING EXPENSES (-)	(7)	(46.564)	(37.734)	(23.104)	(18.934)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		248.659	214.216	131.271	109.079
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	248.659	214.216	131.271	109.079
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(50.031)	(37.545)	(26.336)	(17.064)
16.1 Provision for current income taxes		(59.125)	(20.410)	(39.373)	(2.419)
16.2 Provision for deferred taxes		9.094	(17.135)	13.037	(14.645)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	198.628	176.671	104.935	92.015
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent)		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)		-	-	-	-
21.1 Provision for current income taxes		-	-	-	-
21.2 Provision for deferred taxes		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	198.628	176.671	104.935	92.015
Earnings / (losses) per share		0.132	0.118	0.070	0.061

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

	Reviewed Current Period 1 January 2014– 30 June 2014	Reviewed Current Period 1 January 2013– 30 June 2013
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	99.155	(120.649)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	(3.255)	6.975
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(19.975)	23.969
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	75.925	(89.705)
XI. CURRENT YEAR PROFIT/LOSS	198.628	176.671
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(73)	4.795
11.2 Reclassification of and recycling derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3 Recycling hedge of net investments in foreign operations to Income Statement	-	-
11.4 Other	198.701	171.876
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	274.553	86.966

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

[illegible]

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Reviewed Current Period 30 June 2014	Reviewed Prior Period 30 June 2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		203.940	257.080
1.1.1 Interest received		251.055	399.893
1.1.2 Interest paid		(110.445)	(68.858)
1.1.3 Dividends received		9.160	6.948
1.1.4 Fees and commissions received		5.273	4.503
1.1.5 Other income		31.448	7.785
1.1.6 Collections from previously written off loans		8.053	859
1.1.7 Payments to personnel and service suppliers		(31.125)	(29.899)
1.1.8 Taxes paid		(76.155)	(46.456)
1.1.9 Others	(1)	116.676	(17.695)
1.2 Changes in operating assets and liabilities		137.286	135.497
1.2.1 Net (increase) decrease in financial assets		(6.727)	(9.699)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.4 Net (increase) decrease in loans		(791.207)	(352.531)
1.2.5 Net (increase) decrease in other assets		(96.050)	(116.480)
1.2.6 Net increase (decrease) in bank deposits		-	-
1.2.7 Net increase (decrease) in other deposits		-	-
1.2.8 Net increase (decrease) in funds borrowed		607.711	280.083
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	423.559	334.124
I. Net cash provided by/(used in) banking operations		341.226	392.577
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		88.265	49.329
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	(120)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed asset purchases		(3.667)	(276)
2.4 Fixed asset sales		166	1.134
2.5 Cash paid for purchase of financial assets available for sale		(553.160)	(490.634)
2.6 Cash obtained from sale of financial assets available for sale		645.066	539.348
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(1)	(140)	(123)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		(72.581)	(67.296)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(72.581)	(67.296)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	(400)	2.751
V. Net increase / (decrease) in cash and cash equivalents		356.510	377.361
VI. Cash and cash equivalents at beginning of the period		85.561	65.564
VII. Cash and cash equivalents at end of the period		442.071	442.925

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of financial statements:

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

Amounts in the unconsolidated financial statements, the underlying explanations and disclosures are expressed in Thousands of Turkish Lira unless otherwise stated.

Additional paragraph for convenience translation to English

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

I.b The valuation principles used in the preparation of the financial statements

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the Turkish Accounting Standards and related regulations, explanations and circulars on accounting and financial reporting principles announced by the BRSA. These accounting policies and valuation principles are explained in the below notes through II to XXII.

I.c The accounting policies for the correct understanding of the financial statements

The following accounting policies that applied according to BRSA regulations and TAS for the correct understanding of the financial statements and valuation principles used in preparation of the financial statements are presented in more detail below.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Explanations on usage strategy of financial assets and foreign currency transactions

The main sources of the funds of the Bank have variable interest rates. The financial balances are monitored frequently and constant and variable interest rate placements are undertaken according to the return on the alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

Due to the fact that the great majority of the loans extended by the Bank have the flexibility of reflecting the changes in market interest rates to customers, the interest rate risk is kept at minimum level. Moreover, the highly profitable Eurobond and the foreign currency government indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

The Bank liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is safeguarded by currency swaps.

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors' expectations and their tendencies, interest-liquidity and other similar factors. Prudence principle is adopted in the placement decisions. The long term placements are made under project finance. A credit policy is implemented such a way that harmonizing the profitability of the projects, the collateral and the value add introduced by the Bank.

The movements of foreign exchange rates in the market, interest rates and prices are monitored instantaneously. When taking positions, the Bank's unique operating and control limits are watched effectively besides statutory limits. Limit overs are not allowed.

The Bank's strategy of hedging interest rate and foreign currency risks arising from fixed and variable interest rate funds and foreign currency available for sale securities:

A great majority of foreign currency available for sale securities are financed with foreign currency resources. Accordingly, the expected depreciation of local currency against other currencies is eliminated. A foreign currency basket is formulated in terms of the indicated foreign currency to eliminate the risk exposure of cross currency rates.

To mitigate the interest rate risk, a balanced asset composition is established in compliance with the structure of fixed and variable rate funding resources.

The hedging strategies for other foreign exchange risk exposures:

A stable foreign exchange position strategy is implemented: To be secured from cross currency risk, the current foreign exchange position is taken by considering a specific basket of foreign currencies.

The foreign exchange gains and losses on foreign currency transactions are accounted for in the period of the transaction. Foreign exchange assets and liabilities are translated to Turkish Lira using foreign exchange bid rate as of the reporting date, and the resulting gains and losses are recorded in foreign exchange gains or losses.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward and option contracts and derivative instruments

Türkiye Sınai Kalkınma Bankası A.Ş. is exposed to financial risk which depend on changes in foreign exchange rates and interest rates due to activities and as part of banking activities uses derivative instruments to manage financial risk that especially associated with fluctuations in foreign exchange and interest rate.

Mainly derivative instruments used by the Bank are foreign currency forwards, swaps, futures trading, futures and option agreements.

The derivative instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Some of the derivative instruments, although economic hedges, are accounted for as trading transactions since they are not qualified to be hedging instruments as per "Financial Instruments: Recognition and Measurement" ("TAS 39"). Realized gains or losses are reflected in the income statement on these derivative instruments.

According to Capital Markets Board (CMB) legislation, Intermediary Institution warrants are capital market instruments that give the holder the right, but not the obligation, to buy or to sell an underlying asset at a specified price on or before a predetermined date where such right is exercised by registered deliver or cash settlement and these warrants are called securitized derivative transactions. In this context, the Bank that issued warrants on foreign currencies, has accounted the costs of issued warrant on liabilities. Warrants are valued on a daily basis over the market value created by the market maker and valuation differences are recorded in the income statement. On withdrawal of the issued warrants, the balance is netted-off with the cost on the liabilities and gain/losses are associated with the income statement. On the other hand, issued warrant is recorded on the statement of off-balance sheet with its nominal value.

IV. Explanations on interest income and expenses

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method (the rate that equalizes the future cash flows of financial assets and liabilities to the current net book value).

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

V. Explanations on fees and commission income and expenses

Fees and commissions received from cash loans, that are not an integral part of the effective interest rate, and fees for various banking services are recorded as income when collected. Fees and commissions paid for the funds borrowed, which are not integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. As of 30 June 2014, all other income and expenses, fee and commission income and expenses, including commissions received from non-cash loans are recorded on an accrual basis.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments constitute the both of the Bank's trading activities and operations. Risks related with these instruments constitutes majority of total risks. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. The Bank trades these instruments on behalf of its customers and on its own behalf.

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

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution, and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the entity accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the entity settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Fair value differences are not accounted for assets presented at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the income statement, gain or loss of available for sale assets are accounted for under the shareholders' equity.

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

Cash, Banks and Other Financial Institutions:

Cash and cash equivalents comprise cash in vault and foreign currency cash. Foreign currency cash and foreign currency deposits are reflected to balance sheet in TL which is translated in accordance with prevalent exchange rate on reporting date. The book values of these assets approximate their fair values.

Marketable Securities:

The Bank classifies its marketable securities in 3 groups:

Financial assets at fair value through profit and loss: These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale or buying back in a near future. (ii) The financial assets classified at inception as financial assets at fair value through profit or loss by the Bank. The Bank uses such classification above when permitted or for the purposes of providing a more proper disclosure.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

In this category, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of securities that are traded in an active market are determined based on quoted prices or current market prices.

Any gains or losses resulting from such valuation are recorded in the profit and loss accounts. As per the explanations of the Uniform Code of Accounts (UCA), any positive difference between the historical cost and amortized cost of financial assets are booked under the “Interest Income” account, and in case the fair value of the asset is over the amortized cost, the positive difference is booked under the “Gains on Securities Trading” account. If the fair value is under the amortized cost, the negative difference is booked under the “Losses on Securities Trading” account. Any profit or loss resulting from the disposal of those assets before their maturity date is recognized within the framework of the same principles.

Available for sale financial assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income. After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in “Marketable Securities Value Increase Fund” under the equity. All unquoted available for sale stocks are recorded by considering impairment, since respective fair values cannot be reliably measured. At the disposal of available for sale financial assets, value increases/decreases that are recorded in the securities value increase fund under equity are transferred to income statement.

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfilment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any. Interest income earned from held-to-maturity investments is recognized as interest income on income statement.

As of the reporting date, the Bank has begun to calculate internal rate of return of the CPI indexed marketable securities considering expected inflation index of future cash flows. The effect of this application is accounted as interest received from marketable securities in the unconsolidated financial statements.

Explanations on investments in associates and subsidiaries:

Investments in associates and subsidiaries are recorded within the scope of the “Turkish Accounting Standard No.39: Financial Instruments: Recognition and Measurement” (TAS 39). Investments in subsidiaries, whose shares are traded in an active market (stock market), are shown in the financial statements with their fair values by taking into account their prices recorded in the related market (stock market). Investments in subsidiaries and associates, whose shares are not traded in an active market (stock market) are followed at their cost of acquisition and these assets are shown in the financial statements with their cost values after the deduction of, if any, impairment provisions.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

Loans:

Loans are financial assets which have fixed payment terms and are not traded.

Loans are initially recognized at cost and measured at amortized cost by using effective interest rate. The duties, charges and other expenses paid for the collaterals obtained against loans are accepted as transaction costs and reflected to customers.

Turkish Lira ("TL") cash loans are composed of foreign currency indexed loans and working capital loans; foreign currency ("FC") cash loans are composed of investment loans, export financing loans and working capital loans.

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the income statement.

Provision is set for the loans that may be doubtful and the amount is charged in the current period income statement as well as their classification to non-performing loans as per the related regulations. The collections made related to loans including those on non-performing loans for which provision is made in the current period are recorded in "Provision for Loans and Other Receivables (including received from Loans and receivables with doubtful collectability)" and "Interest Received from Non-performing Loans" account.

Releases of loan loss provisions are recorded by reversing the provisions booked during the year and the collections made related to loan losses previously accounted for are recorded to collections related to the prior period expenses.

VII. Explanations on impairment on financial assets

At each reporting date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

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

Loans are classified and followed in line with the provisions of the "Regulation on Identification of Loans and Other Receivables and Provisioning against Them", published on the Official Gazette No: 26333 dated 1 November 2006. Specific provision is allocated for the total amount of loans and other receivables, which is deemed non-performing, without being restricted by the minimum legal requirements stated in the related regulation, and such specific provisions are recognized in the income statement. The provisions, which are released within the same year, are credited to the "Provision Expenses" account and the released parts of the provisions from the previous years are transferred to and recognized in the "Other Operating Income" account.

Other than specific provisions, the Bank provides "general provision" for loans and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment on financial assets (continued)

Subsequent to the change in the regulation on “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 27947 dated 28 May 2011; in case of the extension of the payment plan of the loans which are followed under loans and receivables, the general loan loss provision ratio for standard and for the first group loans and receivables should not be less than 5 times of the general provision ratio and for the second group loans and receivables should not be less than 2,5 times of the general provision ratio.

As a consequence of the regulation published in Official Gazette No. 28789 dated 8 October 2013 amending the “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, for the banks, of which the consumer loans exceed twenty five percent of total loans, general provision ratio is four percent for consumer loans which are followed under standard loans and receivables except housing loans; and is eight percent for the loans under close monitoring except housing loans. Since the consumer loans of the Bank are composed of personnel loans as of 30 June 2014 and do not exceed the ratios mentioned above, additional general loan loss provision has not been calculated. As mentioned in the regulations on the same date, Banks could apply general loan loss provision ratios is zero percent for cash and non-cash export loans which are followed standard loans; and is five per mille and one per mille for cash and non-cahs loans respectively which is used to small and medium size enterprise. The Bank has started to calculate general loan loss provision thereby using in question ratios after published date of the regulations.

VIII. Explanations on offsetting of financial assets and liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

IX. Explanations on sales and repurchase agreements and lending of securities

Funds provided under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements-TL” and “Funds Provided under Repurchase Agreements-FC” accounts.

The repurchase agreements of the Bank are based on the Eurobonds issued by Republic of Turkey Undersecretariat of Treasury and government bonds. In the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement. Receivables from reverse repurchase agreements are recorded in “Receivables from Reverse Repurchase Agreements” account in the balance sheet.

SECTION THREE (Continued)

ACCOUNTING POLICIES (continued)

X. Explanations on assets held for sale and discontinued operations

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

A discontinued operation is a division that is either disposed or held for sale. Results of discontinued operations are included separately in the income statement.

XI. Explanations on goodwill and other intangible assets

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

As of reporting date, The Bank has no goodwill on the unconsolidated financial statements.

Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of 31 December 2004; and those acquired subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated over their expected useful lives. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis between 1-15 years.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on tangible assets

Tangible assets, purchased before 1 January 2005, are accounted for at their restated costs as of 31 December 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment.

Gain or loss resulting from disposals of the tangible assets is reflected to the income statement as the difference between the net proceeds and net book value. Normal maintenance and repair expenditures are expensed.

There is no pledge, mortgage or any other lien on tangible assets.

Tangible assets are depreciated with straight-line method and their useful lives are determined in accordance with the Turkish Accounting Standards.

Depreciation rates and estimated useful lives of tangible assets are as follows.

Tangible Assets	Expected Useful Lives (Years)	Depreciation Rate (%)
Cashboxes	4-25	4-25
Vehicles	5	20
Other Tangible Assets	1-50	2-100

XIII. Explanations on leasing transactions

The Bank as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. The lease payments are allocated as principle and interest. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

The Bank as Lessee

Assets held under finance leases are recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in profit or loss in accordance with the Bank's general policy on borrowing costs. Tangible assets acquired by financial leases are amortized based on the useful lives of the assets.

XIV. Explanations on provisions and contingent liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If aforesaid criterias did not compose, the Bank has disclosed mentioned issues in note to financial statements. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

TÜRKİYE SINAI KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on provisions and contingent liabilities (continued)

Explanations on contingent assets

Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Bank. Since recognition of the contingent assets in the financial statements would result in the accounting of an income, which may never be generated, the related assets are not included in the financial statements; on the other hand, if the inflow of the economic benefits of these assets to the Bank is probable, an explanation is made thereon in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and in case the inflow of the economic benefit to the Bank is almost certain, the related asset and the respective income are recognised in the financial statements of the period in which the change occurred.

XV. Explanations on liabilities regarding employee benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Bank. In retirement and involuntarily leaving, the Bank records the present value of the defined benefit obligation. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period. Actuarial gains and losses are accounted under Shareholder's Equity since 1 January 2013 in accordance with the Revised TAS 19.

Employees of the Bank are members of "Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı" and "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" ("the Pension Fund"). Technical financial statements of those funds are subject to audit in accordance with the Insurance Law and provisions of "Regulations on Actuaries" issued based on the related law by an actuary registered in the Actuarial Registry.

Paragraph 1 of the provisional Article 23 of the Banking Act ("Banking Act") No: 5411 published in the Official Gazette No: 25983 on 1 November 2005 requires the transfer of banking funds to the Social Security Institution within 3 years as of the enactment date of the Banking Act. Under the Banking Act, in order to account for obligations, actuarial calculations will be made considering the income and expenses of those funds by a commission consisting of representatives from various institutions. Such calculated obligation shall be settled in equal instalments in maximum 15 years. Nonetheless, the related Article of the Banking Law was annulled by the Constitutional Court's decision No: E. 2005/39 and K. 2007/33 dated 22 March 2007 that were published in the Official Gazette No: 26479 on 31 March 2007 as of the release of the related decision, and the execution of this article was cancelled as of its publication of the decision and the underlying reasoning for the cancellation of the related article was published in the Official Gazette No: 26731 on 15 December 2007.

After the publication of the reasoning of the cancellation decision of the Constitutional Court, articles related with the transfer of banks pension fund participants to Social Security Institution based on Social Security Law numbered 5754 were accepted by the Grand National Assembly of Turkey on 17 April 2008 and published in the Official Gazette No: 26870 on 8 May 2008.

Present value for the liabilities of the transferees as of the transfer date would be calculated by a commission that involves representatives of Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, SDIF, banks and banks' pension fund institutions and technical interest rate, used in actuarial account, would be 9,80%. If salaries and benefits paid by the pension fund of banks and income and expenses of the pension funds in respect of the insurance branches, stated in the Law, exceeds the salaries and benefits paid under the regulations of Social Security Institution, such differences would be considered while calculating the present value for the liabilities of the transferees and the transfers are completed within 3 years beginning from 1 January 2008.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee benefits (continued)

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28277 dated 8 March 2012. It has been resolved that the transfer process has been extended two year with Council of Ministers' Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Minister Decree No:2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No:28636 and transfer need to be completed until 8 May 2014. However, it has been decided to extend the time related to transfer by the decision of Council of Minister published in the Official Gazette No. 29987 dated 30 April 2014 for one more year due to not to realize the transfer process.

However, the Main Opposition Party has appealed to the Constitutional Court on 19 June 2008 for cancellation of some articles, including the first paragraph of 20. Temporary article of the Law, and requested them to be ineffective until the case of revocatory action is finalized. The application of the Main Opposition Party was rejected by the Higher Court with the resolution dated 30 March 2011.

Unmet social benefits and payments of the pension fund participants and other employees that receive monthly income although they are within the scope of the related settlement deeds would be met by pension funds and the institutions employ these participants after the transfer of pension funds to the Social Security Institution.

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2013 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 24 January 2014, as of 31 December 2013, there is no technical or actual shortage requiring provision.

In addition, the Bank's management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Bank.

XVI. Explanations on taxation

The income tax charge is composed of the sum of current tax and deferred tax.

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. Liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred tax asset or liability is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and currently enacted tax rates are used to determine deferred tax on income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax asset is not allocated over the amount of general provisions and provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on taxation (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the income statement as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are also offset.

According to the second paragraph of the Article 53 of the Banking Act No 5411 dated 19 October 2005, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

Transfer pricing

Transfer pricing is regulated through article 13 of Corporate Tax Law titled “Transfer Pricing through camouflage of earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

XVII. Additional explanations on borrowings

Borrowings are recognized at initial cost on transaction date and carried at amortized cost using effective interest method. In the accompanying financial statements, foreign currency debt instruments are valued using foreign exchange rates of the Bank as of the period end and interest expense amounts of related period arising from borrowings are reflected in the financial statements.

All other borrowing costs are recorded to the income statement at the period they are incurred.

XVIII. Explanations on share certificates issued

In the current period, in the meeting of the General Assembly held on 27 March 2014, it has been resolved that, paid-in capital of the Bank will be increased from TL 1.300.000 to TL 1.500.000 by TL 200.000. In respect of the resolution of the General Assembly, this increase will be incorporated from the profit of the year 2013. The increase in paid-in capital was approved by the BRSA on 16 April 2014 and has been published in the Turkish Trade Registry Gazette No: 8573 on 21 May 2014.

In the prior period, , in the meeting of the General Assembly held on 26 March 2013, it has been resolved that, paid-in capital of the Bank will be increased from TL 1.100.000 to TL 1.300.000 by TL 200.000. In respect of the resolution of the General Assembly, TL 168.000 of this increase will be incorporated from the profit of the year 2012, TL 32.000 of this increase will be incorporated from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 3 May 2013, has been published in the Turkish Trade Registry Gazette No: 8351 on 27 June 2013.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XX. Explanations on government incentives

The Bank does not use government incentives.

XXI. Explanations on segment reporting

In accordance with its mission, the Bank mainly operates in investment and corporate banking segments.

Corporate Marketing Management and Project Finance Management operations are included in the corporate banking operations. The corporate banking is serving financial solutions and banking services for its medium and large-scale corporate customers. Among the services given to corporate customers are; TL and foreign exchange operating loans, investment credits, project financing, letters of credit and letters of guarantees.

The activities of investment banking are; the operations of Treasury, Corporate Finance and Financial Institutions. Under the investment banking activities, portfolio management for corporate and individual customers, marketable securities intermediary activities, cash flow management and all types of corporate finance services is provided.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXI. Explanations on segment reporting (continued)

The segmental allocation of the Bank's net profit, total assets and total liabilities are shown below.

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	164.911	113.720	-	278.631
Net Fees and Commission Income	4.388	313	81	4.782
Other Income	25.782	13.623	25.827	65.232
Other Expense	(35.754)	(11.701)	(52.531)	(99.986)
Profit Before Tax	159.327	115.955	(26.623)	248.659
Tax Provision				(50.031)
Net Profit				198.628
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	9.667.025	3.885.768	63.487	13.616.280
Investment in Associates and Subsidiaries	-	-	287.207	287.207
Total Assets	9.667.025	3.885.768	350.694	13.903.487
Segment Liabilities	9.833.995	1.657.542	325.294	11.816.831
Shareholders' Equity	-	-	2.086.656	2.086.656
Total Liabilities	9.833.995	1.657.542	2.411.950	13.903.487

Prior Period(*)	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	141.398	86.963	-	228.361
Net Fees and Commission Income	3.566	336	85	3.987
Other Income	7.224	38	33.986	41.248
Other Expense	(29.206)	(10.661)	(19.513)	(59.380)
Profit Before Tax	122.982	76.676	14.558	214.216
Tax Provision				(37.545)
Net Profit				176.671
Prior Period(**)	Corporate Banking	Investment Banking	Other	Total
Segment Assets	9.176.760	3.359.522	87.849	12.624.131
Investment in Associates and Subsidiaries	-	-	287.026	287.026
Total Assets	9.176.760	3.359.522	374.875	12.911.157
Segment Liabilities	8.905.217	1.859.560	261.696	11.026.473
Shareholders' Equity	-	-	1.884.684	1.884.684
Total Liabilities	8.905.217	1.859.560	2.146.380	12.911.157

(*)The information is related to 30 June 2013.

(**)The information is related to 31 December 2013.

XXII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated capital adequacy standard ratio

Since 1 July 2012, capital adequacy standard ratio is calculated in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks”, which was published on 28 June 2012 in the Official Gazette numbered 28337. In this context, credit and market risk are calculated based on the Standardised Approach and the operational risk is calculated based on the Basic Indicator Approach. In the calculation process of credit risk, loans are classified in the related risk weight by taking into account the risk portfolio types, ratings and credit risk mitigation techniques. The Bank uses “comprehensive approach” for trading book items in the credit mitigation process.

As of 30 June 2014, the Bank’s capital adequacy ratio in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 18,83%.

Information related to the unconsolidated capital adequacy standard ratio

Current Period	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.532.567	1.082.277	2.067.057	-	9.616.164	18	35
Risk Types							
Contingent and Non-Contingent Claims on Sovereigns	2.532.239	-	342.754	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1.034	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	313	-	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	-	801.222	606.349	-	-	-	-
Contingent and Non-Contingent Claims on Corporates	-	281.055	729.457	-	9.175.848	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	388.497	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-	18	35
Securities Secured by Mortgage	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate Undertakings for Collective Investments in Transferable Securities	-	-	-	-	97.815	-	-
Other Claims	15	-	-	-	341.467	-	-

(*) The Bank has no credit risk related to 10%, 250% and 1250% risk weight.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to the unconsolidated capital adequacy standard ratio (continued)

Information related to the unconsolidated capital adequacy standard ratio (continued)

Prior Period	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.334.350	633.468	2.348.062	-	8.955.146	13	35
Risk Types							
Contingent and Non-Contingent Claims on Sovereigns	2.334.314	-	368.699	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1.500	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	319	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	-	419.010	783.400	-	-	-	-
Contingent and Non-Contingent Claims on Corporates	-	214.139	777.505	-	8.483.099	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	418.458	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-	13	35
Securities Secured by Mortgage	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	106.009	-	-
Other Claims	36	-	-	-	364.538	-	-

(*) The Bank has no credit risk related to 10%, 250% and 1250% risk weight.

Summary information related to the consolidated capital adequacy standard ratio

	Current Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	869.300
Capital Requirement for Market Risk (CRMR)	15.858
Capital Requirement for Operational Risk (CROR)	65.693
Shareholders' Equity	2.238.359
Shareholders' Equity /((CRCR+CRMR+CROR) *12,5)*100)	18,83
Principal Capital /((CRCR+CRMR+CROR) *12,5)*100)	17,55
Core Capital/((CRCR+CRMR+CROR) *12,5)*100)	17,55

	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	820.477
Capital Requirement for Market Risk (CRMR)	15.916
Capital Requirement for Operational Risk (CROR)	56.851
Shareholders' Equity	2.026.807
Shareholders' Equity /((CRCR+CRMR+CROR) *12,5)*100	18,15

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to the unconsolidated capital adequacy standard ratio (continued)

Information related to the shareholders' equity

	Current Period
TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation after All Creditors	1.500.374
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	307.082
Other Comprehensive Income according to TAS	94.687
Profit	198.628
Net Current Period Profit	198.628
Prior Period Profit	-
Provisions for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	2.100.941
Deductions From Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	14.285
Leasehold Improvements on Operational Leases (-)	97
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	640
Net Deferred tax assets / liabilities (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Investments in own common equity (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total regulatory adjustments to Tier I capital	15.022
Tier I capital	2.085.919

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to the unconsolidated capital adequacy standard ratio (continued)

Information related to the shareholders' equity (continued)

	Current Period
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause I of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause I of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total Core Capital	2.085.919
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	42.050
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	110.738
Tier II Capital before Deductions	152.788
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	152.788

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to the unconsolidated capital adequacy standard ratio (continued)

Information related to the shareholders' equity (continued)

	Current Period
CAPITAL	2.238.707
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	347
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
EQUITY	2.238.360
Amounts lower than Excesses as per Deduction Rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	14.332
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	156.173
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	28.051

The tables of "Summary of Capital adequacy standard ratio", "Insights of Owner's equity components" and "Insights of Consolidated Owner's equity components" stated in second paragraph of the article no.7 of the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures has been changed by communiqué published in Official Gazette No. 28983 dated 26 April 2014.

The Bank has been calculating its non-consolidated and consolidated equity within the framework of "Regulation on Equity of Banks" published in Official Gazette No.28756 dated on 5 September 2013 since 1 January 2014, un-consolidated and consolidated capital adequacy standard ratio is calculated also in this context.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to the unconsolidated capital adequacy standard ratio (continued)

Information related to the shareholders' equity (continued)

Components of items of shareholders' equity subject to temporary applications

	The Bank	
	Amount considered in the calculation of equity of current period	Total Amount
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	-	-
Net Deferred Tax Asset/Liability	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	42.050	105.125

Details on Subordinated Liabilities

The subordinated loan that The Bank has used from the International Finance Corporation (IFC) evaluated as subordinated debt securities due to having the conditions stated in the Article 8. of the Regulation on Equity of Banks and BRSA permission; and as of 30 June 2014, 40% of the subordinated loan in the amount of TL 105.125 (50 million US Dollar) is taken into consideration in the calculation of Supplementary Capital.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to the unconsolidated capital adequacy standard ratio (continued)

Summary information related to the capital adequacy standard ratio (continued)

Information related to the shareholders' equity (continued)

CORE CAPITAL	Prior Period
Paid-in Capital	1.300.000
Nominal Capital	1.300.000
Capital Commitments (-)	-
Inflation Adjustment to Share Capital	374
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	254.006
Inflation Adjustment on Legal Reserves, Statutory Reserves and Extraordinary Reserves	-
Profit	326.057
Current Period Profit	326.057
Prior Years' Profits	-
Provisions for Possible Losses up to 25% of Core Capital	-
Profit on sale of associates, subsidiaries and buildings	8.920
Primary subordinated loans	-
Loss that is not covered with reserves (-)	-
Net current period loss	-
Prior period loss	-
Leasehold improvements (-)	(111)
Intangible assets (-)	(645)
Deferred-assets for tax which exceeds 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-
Total Core Capital	1.888.601

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to the unconsolidated capital adequacy standard ratio (continued)

Summary information related to the capital adequacy standard ratio (continued)

Information related to the shareholders' equity (continued)

SUPPLEMENTARY CAPITAL	Prior Period
General Loan Loss Provisions	104.331
45% of the Revaluation Reserve for Movable Fixed Assets	-
45% of the of Revaluation Reserve for Properties	-
Bonus Shares Obtained from Associates, Subsidiaries and Entities Under Common Control	-
Primary Subordinated Loans Excluded in the Calculation of the Core Capital	-
Secondary Subordinated Loans (*)	42.400
45% of the Marketable Securities Value Increase Fund (**)	(8.169)
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-
Total Supplementary Capital	138.562
CAPITAL	2.027.163
DEDUCTIONS FROM THE CAPITAL	(356)
Shareholdings in Non-consolidated Banks and Financial Institutions	-
Loans Extended to Banks, Financial Institutions (Domestic and Abroad) and Qualified Shareholders, Like Secondary Subordinated Loan and Debt Instruments Purchased from These Institutions Issued, Like Primary and Secondary Subordinated Loan	-
Banks and Financial Institutions to which are Accounted for Under Equity Method, but, are not Consolidated	-
Loans Extended Being Non-compliant with Articles 50 and 51 of the Law	-
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired in Exchange of Loans and Receivables According to the Article 57 of the Banking Law and have not been Disposed yet After 5 Years After Foreclosure	(356)
Securitisation Positions Deducted from Equity Preferred	-
Other	-
TOTAL SHAREHOLDERS' EQUITY	2.026.807

(*) According to BRSA's "Regulation on Equity of Banks", 40% amount of the Bank's Subordinated Loan is included in the calculation of supplementary capital if the maturity of the subordinated loan is less than 5 years.

(**) 45% of marketable securities value increase fund is included in computation if marketable securities value increase fund is positive, 100% is included if negative.

The approaches used for internal capital adequacy assessment in terms of current and future activities

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

III. Explanations related to the market risk

In order to avoid the market risk and restrict the risks carried, the Board of Directors determines the limits on market risk. Risk, notional and proportional basis limitation systems are used and the informative reports regarding market risk position of the bank are presented to Board of Directors, relevant committees and top management.

The guidelines prepared by Risk Management regarding organization, responsibility and fields of activity were approved by the Board of Directors. Risk management policies are determined and announced throughout the Bank.

Legally, the standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Bank applies Monte Carlo simulation which is internal model to securities portfolio, foreign currency position on a daily or monthly basis to detect the market risks. The success of these models is tested retrospectively. The Bank also makes VaR calculations, scenario analyses and stress tests to detect the risks not caught by using internal models. Market risk is measured on a daily basis and reported to top management, Audit Committee and the Board of Directors weekly and monthly.

The market risk table is as follows:

1.a Information related to the market risk

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	6.030	7.213
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	3	3
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	5.835	4.589
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	6	-
(VII) Counterparty credit risk capital requirement - Standard method	3.984	4.111
(VIII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-	-
(IX) Total Capital Requirement to be Employed for Market	15.858	15.916
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	198.225	198.950

1.b Average market risk table as of the month ends during the period:

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2. Explanation related to counter party risk

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to the market risk (continued)

3. Required disclosures in case the capital requirement of the Bank is calculated by a risk measurement model permitted by BRSA

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IV. Explanations related to operational risk

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

V. Explanations related to currency risk

No long or short position is taken due to the uncertainties and changes in the markets therefore; no exposure to foreign currency risk is expected. However, possible foreign currency risks are calculated on a monthly basis under the standard method in the foreign currency risk table and their results are reported to the official authorities and the Bank's top management. Thus, foreign currency risk is closely monitored. Foreign currency risk, as a part of general market risk, is also taken into consideration in the calculation of Capital Adequacy Standard Ratio.

No short position is taken regarding foreign currency risk, whereas, counter position is taken for any foreign currency risks arising from customer transactions as to avoid foreign currency risk.

The Bank has no hedging transactions through derivative instruments for its foreign currency borrowings and net foreign currency investments.

Announced current foreign exchange buying rates of the Bank as at reporting date and the previous five working days in US Dollar and EURO are as follows:

	1 US Dollar	1 Euro
A. Bank "Foreign Exchange Valuation Rate"		
30 June 2014	2,1025	2,8678
<u>Prior Five Workdays:</u>		
27 June 2014	2,1050	2,8683
26 June 2014	2,1110	2,8777
25 June 2014	2,1230	2,8888
24 June 2014	2,1180	2,8790
23 June 2014	2,1230	2,8890

Simple arithmetic thirty-day averages of the US Dollar and Euro buying rates of the Bank before the reporting date are TL 2,0987 and 2,8547; respectively.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

Information on the Bank's foreign currency risk :

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	165.909	157.954	74.763	398.626
Banks	432	41.004	2.653	44.089
Financial Assets at Fair Value Through Profit and Loss (*)	3.843	7.374	-	11.217
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	28.844	340.847	-	369.691
Loans (**)	3.448.855	5.351.571	-	8.800.426
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Held-To-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	1.394	31.113	-	32.507
Total Assets	3.649.277	5.929.863	77.416	9.656.556
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	9.524	208.706	-	218.230
Funds Provided From Other Financial Institutions	4.241.966	5.212.988	-	9.454.954
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	579	12.328	-	12.907
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (****)	9.797	37.701	-	47.498
Total Liabilities	4.261.866	5.471.723	-	9.733.589
Net Balance Sheet Position	(612.589)	458.140	77.416	(77.033)
Net Off-Balance Sheet Position	613.886	(426.749)	(76.313)	110.824
Financial Derivative Assets	774.627	592.792	4.189	1.371.608
Financial Derivative Liabilities	(160.741)	(1.019.541)	(80.502)	(1.260.784)
Non-Cash Loans (*****)	200.936	728.931	9.279	939.146
Prior Period				
Total Assets	3.833.334	5.523.962	1.247	9.358.543
Total Liabilities	4.159.432	5.239.898	3	9.399.333
Net Balance Sheet Position	(326.098)	284.064	1.244	(40.790)
Net Off-Balance Sheet Position	301.868	(287.450)	2	14.420
Financial Derivative Assets	505.645	308.449	14.559	828.653
Financial Derivative Liabilities	(203.777)	(595.899)	(14.557)	(814.233)
Non-Cash Loans (*****)	223.885	722.887	727	947.499

(*)Exchange rate differences arising from derivative transactions amounting to TL 19.571 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**)Loans extended include TL 1.591.464 foreign currency indexed loans.

(***)Prepaid expenses amounting to TL 289 have not been included in "Other Assets".

(****) Marketable securities valuation increase fund amounting to TL 41.667 and exchange rate differences arising from derivative transactions amounting to TL 20.744 have not been included in "Other Liabilities". Borrower funds amounting TL 37.079 based on foreign currencies have been included in "Other Liabilities".

(*****) Has no effect on net off-balance sheet position.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank. General and specific interest rate risk tables in the standard method, by including assets and liabilities, are taken into account in determination of Capital Adequacy Standard Ratio and to calculate the overall interest rate risk of the Bank.

Forecast results, which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analysis. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

The amount of local borrowings is very low considering the total liabilities of the Bank. As the Bank is a development and investment bank, it obtains most of the funding from abroad.

The fluctuations in interest rates are controlled with interest rate risk tables, gap analysis, scenario analysis and stress tests, its effect in assets and liabilities and the probable changes in cash flows are being screened. The Bank screens many risk control ratios including the markets risk ratio to the sum of risk weighted assets and the ratio of the value at risk calculated as per the internal model to the equity.

Under the scope of risk policies, continuous controls are made to prevent assets or shareholders' equity from adverse effects because of fluctuations in interest rates or liquidity difficulties and top management, the Board of Directors and the Audit Committee are informed of these risks.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	407.737	407.737
Banks	4.009	-	-	-	-	44.443	48.452
Financial Assets at Fair Value Through Profit and Loss	2.915	11.214	15.136	15.275	6.813	-	51.353
Money Market Placements	384.410	-	-	-	-	-	384.410
Available-for-Sale Financial Assets	878.326	686.232	718.626	440.007	246.789	23.836	2.993.816
Loans	1.517.041	3.979.911	3.520.218	611.454	37.008	-	9.665.632
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	-	1.393	-	-	-	350.694	352.087
Total Assets	2.786.701	4.678.750	4.253.980	1.066.736	290.610	826.710	13.903.487
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.961.058	-	-	-	-	-	1.961.058
Miscellaneous Payables	-	-	-	-	-	77.941	77.941
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.636.245	3.574.319	2.073.526	361.966	808.898	-	9.454.954
Other Liabilities (***)	46.532	3.338	10.397	15.258	-	2.334.009	2.409.534
Total Liabilities	4.643.835	3.577.657	2.083.923	377.224	808.898	2.411.950	13.903.487
Balance Sheet Long Position	-	1.101.093	2.170.057	689.512	-	-	3.960.662
Balance Sheet Short Position	(1.857.134)	-	-	-	(518.288)	(1.585.240)	(3.960.662)
Off-Balance Sheet Long Position	17.540	138.579	-	-	70.784	-	226.903
Off-Balance Sheet Short Position	-	-	(26.336)	(337.635)	-	-	(363.971)
Total Position	(1.839.594)	1.239.672	2.143.721	351.877	(447.504)	(1.585.240)	(137.068)

(*) Amounts in investments in associates and subsidiaries, entities under common control, deferred tax asset, investment property, tangible and intangible assets, other assets and shareholders' equity; provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.

(**) Finance lease receivables amounting to TL 1.393 are presented in "Other Assets" on the basis of related maturities.

(***) Borrower funds amounting to TL 37.640 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	10,50
Financial Assets at Fair Value Through Profit and Loss	-	-	-	9,06
Money Market Placements	-	-	-	10,29
Available-for-Sale Financial Assets	5,54	6,77	-	10,22
Loans	3,87	4,29	-	11,17
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,50	0,53	-	9,10
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	0,50	0,50	-	6,00
Funds Provided From Other Financial Institutions	1,01	1,12	-	-

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	344.969	344.969
Banks	-	-	-	-	-	7.320	7.320
Financial Assets at Fair Value Through Profit and Loss	1.478	4.451	14.937	18.124	1.697	-	40.687
Money Market Placements	50	-	-	-	-	-	50
Available-for-Sale Financial Assets	995.066	721.674	474.783	530.712	199.794	44.467	2.966.496
Loans	1.643.650	3.460.688	3.517.943	519.443	30.518	-	9.172.242
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	23	4.495	-	-	-	374.875	379.393
Total Assets	2.640.267	4.191.308	4.007.663	1.068.279	232.009	771.631	12.911.157
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.563.070	-	45.955	-	-	-	1.609.025
Miscellaneous Payables	-	-	-	-	-	77.643	77.643
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.945.183	3.208.851	2.189.507	226.919	538.554	-	9.109.014
Other Liabilities (***)	7.278	3.323	12.895	22.802	440	2.068.737	2.115.475
Total Liabilities	4.515.531	3.212.174	2.248.357	249.721	538.994	2.146.380	12.911.157
Balance Sheet Long Position	-	979.134	1.759.306	818.558	-	-	3.556.998
Balance Sheet Short Position	(1.875.264)	-	-	-	(306.985)	(1.374.749)	(3.556.998)
Off-Balance Sheet Long Position	129.729	91.355	19.288	-	39.418	-	279.790
Off-Balance Sheet Short Position	-	-	-	(279.007)	-	-	(279.007)
Total Position	(1.745.535)	1.070.489	1.778.594	539.551	(267.567)	(1.374.749)	783

(*) Amounts in investments in associates and subsidiaries, entities under common control, deferred tax asset, investment property, tangible and intangible assets, other assets and shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.

(**) Finance lease receivables amounting to TL 4.518 are presented in "Other Assets" on the basis of related maturities.

(***) Borrower funds amounting to TL 5.954 are presented in "Other Liabilities" within 1-month maturity column.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments in prior period: %

	Euro	US Dollar	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	9,00
Available-for-Sale Financial Assets	5,45	6,73	-	9,51
Loans	3,78	4,16	-	9,27
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,51	0,88	-	6,57
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	0,50	-	-	-
Funds	0,50	0,50	-	4,00
Funds Provided From Other Financial Institutions	0,87	1,08	-	-

The interest rate risk of the banking book items

Interest rate risk caused by banking book accounts includes, Receivables from Central Bank, Receivables from Money Markets, Receivable from Banks, Available for Sale Financial Assets, Receivables from Reverse Repurchase Agreement, Receivables from Loans, Held to Maturity Investments and Other Receivables, which are monitored in banking book, in assets and includes Payables to Central Bank in banking accounts, Payables to Money Markets, Payables to Banks, Funds Provided from Repurchase Agreement, Securities Issued by the Bank, Payables to Loans, Subordinated Debts and Other Debts which are monitored in banking book accounts in liabilities. All derivative instruments are recorded in trading book accounts. In this nature, FR400AS in the mandatory report list of BRSA is prepared and reported monthly.

In accordance with the communiqué on “Standard Shock Measurement and Evaluation Method of the Interest Rate Risk in Banking Accounts”, economic valuation differences of the Bank arising from fluctuations on interest rates, in different currencies are presented in the table below.

Current Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
Currency			
TL	+500 / (400) basis point	(71.734) / 67.046	(3,2%) / 3,0%
Euro	+200 / (200) basis point	27.212 / (20.389)	1,2% / (0,9%)
US Dollar	+200 / (200) basis point	37.944 / (57.092)	1,7% / (2,6%)
Total (for Negative Shocks)		(10.435)	(0,5%)
Total (for Positive Shocks)		(6.578)	(0,3%)

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

The interest rate risk of the banking book items (continued)

Prior Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Sharehold- ers' Equity
Currency			
TL	+500 / (400) basis point	(60.344) / 54.394	(3.0%) / 2.7%
Euro	+200 / (200) basis point	13.280 / (20.955)	0,7% / (1,0%)
US Dollar	+200 / (200) basis point	(9.590) / 4.765	(0.5%) / 0,2%
Total (for Negative Shocks)		38.204	1,9 %
Total (for Positive Shocks)		(56.654)	(2,8%)

VII. Explanations related to stock position risk

The Bank is exposed to equity shares risk arising from investments on firms traded in Borsa Istanbul (BIST). Share certificate investments are almost used for trading purpose. However, these investments are not actively bought/sold by the Bank. The Bank classified its share certificate investments both as available for sale and as trading securities and net profit/loss of the Bank is not affected unless the Bank sell share certificates in portfolio of available for sale.

Equity shares are recognized according to "TAS 39- Financial Instruments: Recognition and Measurement". Trading securities in an active market (in exchange market) are reflected to financial statements with fair value taking into account of quoted securities on exchange market. Non-trading securities in an active market (in exchange market) are followed up according to the acquisition cost and recorded by considering impairment.

Equity shares risk due from banking book

Below is the comparison table of the Bank's share certificate instruments' book value, fair value and market value.

Current Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	226.216	-	226.216
Quoted	226.216	-	226.216

Prior Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	225.301	-	225.301
Quoted	225.301	-	225.301

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to stock position risk (continued)

Equity shares risk due from banking book (continued)

On the basis of the following table, private equity investments in sufficiently diversified portfolios, type and amount of other risks, cumulative realized gains and losses arising from selling and liquidation in the current period, total unrealized gains and losses, total revaluation increases of trading positions on stock market and their amount that included to core capital and supplementary capital are shown.

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	-	-	(17.145)	-	(17.145)
Other Share Certificates	9.992	-	-	-	-	-
Total	9.992	-	-	(17.145)	-	(17.145)

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	(512)	-	-	(13.073)	-	(5.883)
Other Share Certificates	-	-	-	-	-	-
Total	(512)	-	-	(13.073)	-	(5.883)

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk

The Bank's future cash flows and current positions are taken into consideration for managing the market and liquidity risks. The Bank does not invest into illiquid markets and instruments. The liquidity ratios are followed up and the maturity match and the coverage of liquidity need are targeted in the context of asset-liability management. Although the Bank started to perform tests to calculate liquidity risk with internal models, the risk is still followed up basically by arranging the risks with respect to (holding period) data.

For the purpose of meeting the liquidity requirement, the Bank chooses one of the three or more of the following; disposing liquid assets, increasing short-term borrowing, decreasing illiquid assets or increasing capital. The Bank's liquidity management is implemented by meeting all the obligations on time considering the Bank's reputation. The cash flow projections and the fund requirement predictions are made by using adverse scenarios to determine liquidity risk under urgent and unexpected circumstances. As seen on interest rate risk tables, the difference in interest rates of assets and liabilities is in favour of the assets. Such mismatch positively affects the profitability and is checked by the Bank Management with regular reports.

The difference in interest rates of assets and liabilities are on behalf of assets as can be seen from the table of interest rate risk. The inconsistency positively affects the profitability and is controlled by the management with regular reports.

The Bank meets its short term liquidity requirements with repurchase agreements and inter-bank money market operations. The Bank may also use its available for sale portfolio for urgent liquidity requirement. The Bank meets its long term liquidity needs from the international institutions through borrowings.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. For the purposes of monitoring and assessing the liquidity position of the Bank's assets and liabilities, the liquidity rate is weekly calculated.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	12.148	395.589	-	-	-	-	-	407.737
Banks	44.443	4.009	-	-	-	-	-	48.452
Financial Assets at Fair Value Through Profit and Loss		2.681	1.906	13.036	22.013	11.717	-	51.353
Money Market Placements	-	384.410	-	-	-	-	-	384.410
Financial Assets Available-for-Sale	-	320.227	73.786	402.793	884.533	1.288.641	23.836	2.993.816
Loans	-	473.313	353.161	1.596.435	5.414.550	1.828.173	-	9.665.632
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	-	-	1.393	-	-	350.694	352.087
Total Assets	56.591	1.580.229	428.853	2.013.657	6.321.096	3.128.531	374.530	13.903.487
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	568.130	203.011	565.490	3.596.812	4.521.511	-	9.454.954
Money Market Borrowings	-	1.961.058	-	-	-	-	-	1.961.058
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	77.941	77.941
Other Liabilities (***)	-	43.930	1.837	4.046	24.127	1.585	2.334.009	2.409.534
Total Liabilities	-	2.573.118	204.848	569.536	3.620.939	4.523.096	2.411.950	13.903.487
Liquidity Gap	56.591	(992.889)	224.005	1.444.121	2.700.157	(1.394.565)	(2.037.420)	-
Prior Period								
Total Assets	85.510	879.858	528.516	2.274.227	5.900.152	2.823.552	419.342	12.911.157
Total Liabilities	-	1.901.872	146.506	904.238	3.451.243	4.360.918	2.146.380	12.911.157
Liquidity Gap	85.510	(1.022.014)	382.010	1.369.989	2.448.909	(1.537.366)	(1.727.038)	-

(*)Other assets and shareholders' equity, provisions and tax liability, which are necessary and cannot be converted into cash in the near future for the Bank's ongoing activities, such as tangible and intangible assets, investments in subsidiaries and associates, entities under common control, office supply inventory, prepaid expenses and non-performing loans are classified under "Undistributed" column.

(**)Finance lease receivables amounting to TL 1.393 are presented in "Other Assets" on the basis of related maturities.

(***)Borrower funds amounting to TL 37.640 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Explanations related to securitization positions

None.

X. Explanations related to credit risk mitigation techniques

Offsetting is not used as a credit risk mitigation technique. In assessments within the scope of credit risk mitigation techniques, using methods in regard to valuation and management of collaterals are realized in parallel with communiqué relating to Credit Risk Mitigation Techniques. Financial collaterals are evaluated on a daily basis in the Bank. Depending on the comprehensive financial collateral approach, risk mitigating effects of the collaterals are considered through the standard volatility adjustments. Value of the real estates subject to the collateral is determined at least once a year for commercial real estates and determined at least triennially for residential real estates. In the cases that significant changes in market conditions appear, the review is carried out at more frequent intervals. Within the communiqué, as a matter of credit risk mitigation techniques, only residences and commercial real estates (Warehouse, School, Hospital, Office and Store) which are not used for production purposes and can provide rental income are taken into consideration. In addition, land, field and orchard lands are also considered within same concept. Value of the real estates is assessed by the real estate appraisal companies, which are included in the list to provide valuation service by the CMB. Within the credit risk mitigation techniques, major collaterals that can be used by the Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, Stock Pledges), guarantees and mortgages. As of 30 June 2014, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used. As of 30 June 2014 and 31 December 2013, risk amounts which credit risk mitigation techniques are used are shown below the table according to risk types.

Collaterals Which are Grouped According to Risk Types

Current Period Risk Types	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	2.914.029	38.603	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	5.010	62	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	1.563	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	3.551.475	1.934.226	-	-
Contingent and Non-Contingent Claims on Corporates	12.515.504	23.037	-	6.476
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	388.497	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	53	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	111.581	-	-	-
Other Claims	346.864	5.550	-	-
Total	19.834.576	2.001.478	-	6.476

(*)Includes risk amounts before the effect of credit risk mitigation.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations related to credit risk mitigation techniques (continued)

Collaterals Which are Grouped According to Risk Types (continued)

Prior Period	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Risk Types				
Contingent and Non-Contingent Claims on Sovereigns	3.130.944	221.426	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	7.515	40	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	1.593	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	2.843.332	1.330.327	-	-
Contingent and Non-Contingent Claims on Corporates	11.639.763	40.185	-	11.168
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	418.458	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	48	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	106.009	-	-	-
Other Claims	374.075	9.899	-	-
Total	18.521.737	1.601.877	-	11.168

(*)Includes the total amounts before considering the effects of credit risk mitigation.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XI. Explanations related to risk management objective and policies

The purpose of the risk management system is to provide identifying, measuring, reporting, monitoring and controlling the risk exposure on both unconsolidated and consolidated basis, through the policies determined related to controlling the risk-return structure of future cash flows of the Bank and observing, controlling, changing if needed, application procedures, limits and policies of Bank and determine the objectives to be achieved through the internal capital adequacy assessment process. In this context, “TSKB Risk Management Policies” and “TSKB Capital Adequacy Policies” are prepared and has become effective following the approval of the Board of Directors.

The Board of Directors of the Bank determine and regularly review the risk level that the Bank is willing to bear to achieve its objectives, considering the risk capacity of Bank.

Risk management process organized within the framework of risk management regulations and served to create a common risk culture throughout the Bank, is in a structure that these risks are described in line with the international regulations and are measuring, analyzing, following, monitoring and reporting within this framework. Within the framework of the mentioned structure, the Bank’s Risk Management, continues to activities depending on the Audit Committee, which is established to help the audit and monitoring activities of the Board of Directors in accordance with Banking Law No: 5411 and “Regulation on Internal Systems of Banks” communiqué of Banking Regulation and Supervision Agency. Risk Management is responsible for preparing risk management strategies and policies followed by the Bank, implementation, identification, measurement, monitoring, analysis, evaluation and reporting of risk management system activities.

Risk Management monitors the compliance of the risks in line with the Bank’s policies and standards and limits, and determines violations, analyzes the size of the risk by developing various scenarios, develops and integrates systems providing measuring, monitoring and reporting the risks.

Within the scope of “TSKB Risk Management Policies” the Bank is mainly exposed to credit risk, market risk, operational risk, currency risk, interest rate risk and liquidity risk.

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XI. Explanations related to risk management objective and policies (continued)

Credit risk management policy

Credit risk is the possibility of incurring losses due to the credit customer or the counterparty, with whom the Bank has made an agreement with, does not fulfil its obligations appropriately or is not able to meet these obligations. At the Bank, the purpose of credit risk management is to maximize the risk adjusted return of the Bank by managing the risks that the Bank may expose in line with the right parameters in a proactive approach. Although the largest and most visible source for credit risk is the loans that the Bank grants, other banking services regarding the counterparty risk also bear credit risk. In this context, all of the banking activities are assessed within the scope of credit risk.

Credit risk is measured and managed considering the maturity structure of the credit, contractual provisions of the credit and financial conditions, the risk profile structure until the end of the maturity parallel with the possible market conditions, guarantees and collaterals, internal risk ratings and the possible changes in the process of risk exposure, the concentrations (a single company, associated group of companies, industry, country, etc.) and compliance with limits determined by the Board of Directors in order to prevent these concentrations. For measuring credit risk, Internal Rating-Based Model is used in order to monitor, control and provide early warning for credit risk of the Bank.

Maximum effort is expended for the fact that the limits and policies of the external and internal agreements are not so far from the limits and policies of the Bank. The articles in the agreements are compelling even if they are different from existing the Bank policies.

In credit risk mitigation policies and procedures, it is considered whether the total amount of credit risk mitigation tool should be taken into account is appropriate or not, also it is controlled whether the protection provided by the credit risk mitigation instruments is in compliance with the capital adequacy level. The Bank's Risk Management actively involved in the measurement, analysis and monitoring process of credit risk and regular reporting is provided to the Board of Directors, Audit Committee, top management and other departments related with credit risk by the Bank's Risk Management.

Market risk management policy and currency risk management policy

Market risk is the possibility of loss that the Bank may face, in the trading book portfolio and in its on-and off-balance sheet positions arising from movements in market prices. Interest rates, foreign exchange rates, equity and commodity prices are the main market risk factors. The purpose of market risk management is to maximize the risk adjusted return of the Bank by managing the risks that the Bank may expose in line with the right parameters in a proactive approach. Market risk is managed by using consistent risk measurement criteria such as fluctuation level of interest rate and/or price fluctuations and Value-at-Risk (VaR) Methods calculations, by establishing proper procedures for performing such controls and observing compliance with determined risk limits, by investigating sources of risk, learning risk and providing consistent information related with market risk to level of organizations within organization structure.

Interest rates, foreign exchange rates, equity and commodity prices are the main market risk factors and in order to control these risks vigorously and it is essential that money and capital market transactions should be "well-diversified" considering the level of risk created in terms of parameters such as maturity, currency, interest rate and other similar parameters. In addition, credit worthiness of issuers of financial instruments creating market risk is strongly taken into account. In the calculation of the market risk, the Bank uses two basic approaches, BRSA Standard Method and Value at Risk (VaR) approach. The accuracy of the VaR model is sustained by applying the retrospective tests (back testing). The test mentioned is based on the comparison of calculated Value at Risk and actual losses. In addition stress tests are applied to determine the effects of the events whose probability of occurrence is low; however, loss level is high on Value at Risk. Currency risk management is measured and monitored by using the VaR model.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

XI. Explanations related to risk management objective and policies (continued)

Market risk management policy and currency risk management policy (continued)

The Bank's Risk Management actively involved in measurement, analysis and monitoring process of market risk and currency risk and regular reporting is provided to the Board of Directors, Audit Committee, top management and other departments related with market risk by the Bank's Risk Management.

Operational risk management policy

Operational risk is defined as the risk of loss due to the insufficiency of the processes, the people and the systems or defects or errors on them and external events, and compliance with laws and ethical standards are also included in this definition. These risks are managed by fulfilling special controls of the basic functional areas of the Bank's operations, establishing mechanism distributing appropriate internal audit system and authorization required by this system within the Bank and by applying detailed testing and control of the Bank's all operating systems and by providing full harmony between internal and external systems and opportunity of independent data backup facility.

The Bank applies the principles of separation of duties and distribution of functions in order to reduce the risk of deliberate actions, manipulations or errors. The minimum functions that have to be separated are identified as (i) starting the process (ii) authorisation and approving, (iii) recording the process (iv) confirming the process, (v) safe custody services, (vi) monitoring and auditing, (vii) developing IT systems and activities for daily operations. The transaction information has to be recorded to the system by using IT applications at once the transactions have been completed. Measurement of operational risks carried out by the implementation of Basel II "Basic Indicator Approach" methods. The Bank's Risk Management actively involved in the measurement, analysis and monitoring process of operational risk and regular reporting is provided to the Board of Directors, Audit Committee, top management and other departments related with operational risk by the Bank's Risk Management.

Structural interest rate risk management policy

Structural interest rate risk is the risk of possible changes in interest rates affecting the capital of bank due to re-pricing period of interest bearing assets and liabilities banking books of the Bank and the differences at interest structuring. Structural interest rate risk is managed by providing consistent information related to structural interest rate risk to all the organization stages by using the risk measurement and criteria like the level of fluctuation in interest rates, interest shock and stress test calculations. Maturity mismatches concerning the repricing in predetermined buckets and currency mismatches of asset and liabilities are monitored and measured. The Bank manages the interest rate risk by being aware of that it threatens the income, capital, liquidity and reputation of the Bank and it comprises of repricing risk, yield curve risk, basis risk, spread risk and option risk.

The Bank's Risk Management actively involved in the measurement, analysis and monitoring process of structural interest rate risk and regular reporting is provided to the Board of Directors, Audit Committee, top management and other departments related with interest rate risk by the Risk Management.

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XI. Explanations related to risk management objective and policies (continued)

Liquidity risk management policy

Liquidity risk is the risk of not meeting the balance sheet and off-balance sheet liabilities on time. Liquidity risk is also the possibility of loss that the Bank may face, when there is not sufficient cash or cash inflow to meet the cash outflow in full and in time. There are two risks as funding liquidity risk in capital markets and purchase/ sales operations and market liquidity risk in which funding liquidity risk is the risk that investment and funding requirements cannot be met on time or at a reasonable cost due to the incompatibilities in cash flows. The market liquidity risk is that no long position can be taken on time or at a reasonable cost due to the markets are not so deep, disruption and the bank cannot enter the markets easily.

It is essential to evaluate the diversification of opportunities on the basis of maturities with maximum extent in order to ensure the efficiency of liquidity management and maintain a sustainable situation. In liquidity risk management, a portfolio structure matched with the functions of generating profit from portfolio and market risk management and risk-return trade-off is constantly monitored without compromising of liquidity requirements. The Bank's Risk Management actively involved in the measurement, analysis and monitoring process of liquidity risk and regular reporting is provided to the Board of Directors, the Audit Committee, top management and other departments related with liquidity risk by the Risk Management.

XII. Explanations related to presentation of financial assets and liabilities at fair value

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

XIII. Explanations related to transactions made on behalf of others and fiduciary transactions

The Bank performs trading transactions on behalf of its customers, and gives custody, administration and consultancy services. The Bank does not deal with fiduciary transactions.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

1.a Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	15	-	36	-
Balances with the Central Bank of Turkey	9.096	398.626	42.069	302.864
Other	-	-	-	-
Total	9.111	398.626	42.105	302.864

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	9.096	3.037	42.069	36.086
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	395.589	-	266.778
Total	9.096	398.626	42.069	302.864

(*) Deposits at Central Bank of Turkey held as reserve requirement.

As per the Communiqué numbered 2005/1 “Reserve Deposits” of the CBT, banks keep reserve deposits at the CBT for their TL and FC liabilities mentioned in the communiqué. Reserves are calculated and set aside every two weeks on Fridays for 14-day periods. In accordance with the related communiqué, no interest is paid for reserve requirements.

As per the “Communiqué on Amendments to be Made on Communiqué on Required Reserves” of Central Bank of Turkey, nr. 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at Central Bank of Turkey based on rates mentioned below. Reserve rates prevailing at 30 June 2014 are presented in table below:

	Reserve Rates for FC Liabilities (%)	Reserve Rates for TL Liabilities (%)
Other liabilities until 1 year maturity (1 year include)	13,0	11,5
Other liabilities until 3 year maturity (3 year include)	11,0	8,0
Other liabilities more than 3 year maturity	6,0	5,0

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

2.a Information on financial assets at fair value through profit and loss:

2.a.1 Trading securities:

2.a.1.a Trading securities given as collateral or blocked:

As of the reporting date, the Bank has no trading securities given as collateral or blocked (31 December 2013: None).

2.a.1.b Trading securities subject to repurchase agreements:

As of the reporting date, the Bank has no trading securities subject to repurchase agreements (31 December 2013: None).

2.a.2 Information on financial assets designated at fair value through profit and loss:

2.a.2.a Information on financial assets designated at fair value through profit and loss given as collateral or blocked:

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blocked (31 December 2013: None).

2.a.2.b Financial assets designated at fair value through profit and loss subject to repurchase agreements:

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2013: None).

2.b Positive differences table related to derivative financial assets held-for-trading:

Held for trading financial derivative Instruments	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	68	165	2.678	118
Swap Transactions	13.684	13.147	3.977	11.712
Futures Transactions	-	-	-	-
Options	-	17.476	-	22.202
Other	-	-	-	-
Total	13.752	30.788	6.655	34.032

3. Information on banks and foreign banks account

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	354	1.173	418	1.339
Foreign	4.009	42.916	-	5.563
Branches and head office abroad	-	-	-	-
Total	4.363	44.089	418	6.902

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

3. Information on banks and foreign banks account (continued)

3.b Information on foreign banks:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Information on financial assets available-for-sale

4.a.1 Financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1.841.938	-	1.497.803	-
Treasury bills	-	-	-	-
Other debt securities	-	273.686	-	243.128
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.841.938	273.686	1.497.803	243.128

4.a.2 Information on financial assets available-for-sale given as collateral or blocked:

All financial assets available for sale given as collateral comprise of financial assets issued by the Turkish Treasury. The carrying value of those assets is TL 158.876 (31 December 2013: TL 154.631).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	158.876	-	154.631	-
Other	-	-	-	-
Total	158.876	-	154.631	-

4.b Major types of available for sale financial assets:

Available for sale financial assets comprise government bonds 70,90%, Eurobonds 11,35% and shares and other securities 17,75% (31 December 2013: government bonds 67,30%, Eurobonds 11,12% and shares and other securities 21,48%).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

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

4.c Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	2.974.051	2.930.864
Quoted on a stock exchange	2.607.304	2.553.421
Unquoted	366.747	377.443
Share certificates	35.097	59.734
Quoted on a stock exchange	20.711	17.245
Unquoted	14.386	42.489
Other Impairment provision(-)	(15.332)	(24.102)
Total	2.993.816	2.966.496

Net book value of unquoted available for sale share certificates is TL 5.984 (31 December 2013: TL 29.452).

5. Information on loans

5.a Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	88.053	117.412	112.840	117.413
Corporate shareholders	88.053	117.412	112.840	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	142	-	174	-
Total	88.195	117.412	113.014	117.413

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and disclosures related to the assets (continued)**
- 5. Information on loans (continued)**
- 5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans:**

Current Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
Cash Loans		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Non-specialized loans	9.519.037	109.584	-	146.595	103.147	22.240
Corporation loans	3.048.076	-	-	5.688	5.688	-
Export loans	48.027	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.222.002	-	-	-	-	-
Consumer loans	142	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other (*)	5.200.790	109.584	-	140.907	97.459	22.240
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	9.519.037	109.584	-	146.595	103.147	22.240

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and disclosures related to the assets (continued)**
- 5. Information on loans (continued)**
- 5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans (continued):**

Prior Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Cash Loans						
Non-specialized loans	9.038.691	116.143	-	133.551	106.575	-
Corporation loans	2.489.462	-	-	6.032	6.032	-
Export loans	148.074	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.297.796	-	-	-	-	-
Consumer loans	174	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other (*)	5.103.185	116.143	-	127.519	100.543	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	9.038.691	116.143	-	133.551	106.575	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Information on loans (continued)

5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans (continued):

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	109.584	103.147
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	116.143	106.575
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	87.503
1-2 Years	-	-
2-5 Years	34.699	-
5 Years	74.885	15.644

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	89.987
1-2 Years	-	-
2-5 Years	36.896	-
5 Years	79.247	16.588

In relation to the disclosure of changing the conditions of the payment plans of loans, which are followed under standard loans and other receivables and loans and receivables under close monitoring subsequent to the change in the regulation on "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 27947 dated 28 May 2011; the Bank has provided general loan loss provision at a rate of 5% for one loan customer which is followed under standard loans and other receivables and for four loan customers which are followed under Loans and Other Receivables Under Close Monitoring and which have been extended more than 1 year.

5.c Loans according to their maturity structure:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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SECTION FIVE (Continued)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. Explanations and disclosures related to the assets (continued)

5. Information on loans (continued)

**5.d Information on consumer loans, individual credit cards, personnel loans and credit cards
given to personnel:**

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	80	62	142
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	80	62	142
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	80	62	142

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

5. Information on loans (continued)

5.d Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel (continued):

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	122	52	174
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	122	52	174
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	122	52	174

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

5. Information on loans (continued):

5.e Information on commercial loans with instalments and corporate credit cards:

The Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (31 December 2013: None).

5.f Loans according to borrowers:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	9.616.888	9.123.098
Foreign loans	48.744	49.144
Total	9.665.632	9.172.242

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	256.361	261.703
Indirect loans granted to subsidiaries and associates	-	-
Total	256.361	261.703

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	3.407	17.327
Loans and receivables with doubtful collectability	-	6.378
Uncollectible loans and receivables	12.476	12.548
Total	15.883	36.253

The Bank allocates 100% provision for all non-performing loans regardless of the collaterals.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Information on loans (continued)

5.j Information on non-performing loans (net):

5.j.1 Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	3.433
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	3.433
Prior Period			
(Gross amounts before provisions)	-	-	9.515
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	9.515

5.j.2 Movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Prior period end balance	17.327	6.378	12.548
Additions (+)	7.429	102	85
Transfers from other categories of non-performing Loans (+)	-	20.933	6.378
Transfers to other categories of non-performing loans (-)	(20.933)	(6.378)	-
Collections (-)(*)	(416)	(21.035)	(6.534)
Write-offs (-)	-	-	(1)
Corporate and Commercial Loans	-	-	(1)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	3.407	-	12.476
Specific provision (-)	(3.407)	-	(12.476)
Net Balances on Balance Sheet	-	-	-

(*)The amount of TL 19.932 transferred to 2.group account receivables is situated in the line of " Collections within the Period"

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

5. Information on loans (continued)

5.j Information on non-performing loans (net) (continued):

5.j.2 Movement of non-performing loans(continued):

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period			
Prior period end balance	59	5.316	8.400
Additions (+)	23.642	46	66
Transfers from other categories of non-performing Loans (+)	-	6.374	5.358
Transfers to other categories of non-performing loans (-)	(6.374)	(5.358)	-
Collections (-)	-	-	(1.276)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	17.327	6.378	12.548
Specific provision (-)	(17.327)	(6.378)	(12.548)
Net Balances on Balance Sheet	-	-	-

5.j.3 Information on foreign currency non-performing loans and other receivables:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	3.403	-	48
Specific Provision (-)	(3.403)	-	(48)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	15.099	-	5.362
Specific Provision (-)	(15.099)	-	(5.362)
Net Balance on Balance Sheet	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Information on loans (continued)

5.j Information on non-performing loans (net) (continued):

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	3.407	-	12.476
Specific Provision Amount (-)	(3.407)	-	(12.476)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	17.327	6.378	12.548
Specific Provision Amount (-)	(17.327)	(6.378)	(12.548)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

5.k Main principles of liquidating loans and receivables:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.l Explanations about the write-off policies from the assets:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.m Other explanations and disclosures:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

6. Information on held-to-maturity investments:

As of the reporting date, the Bank has no held-to-maturity investments. (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

7. Information on associates (net)

7.a.1 Information on associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	57,36
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	57,67
4	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
5	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/ Turkey	10,00	20,00

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
İş Faktoring	1.321.796	68.498	886	37.085	-	(400)	6.945	-
İş Finansal	2.714.910	600.152	1.952	85.003	-	45.852	37.061	121.199
İş Girişim	265.911	260.440	485	-	-	10.626	(2.773)	27.870
Terme (*)	15.015	3.477	504	-	-	(64)	176	-
Ege Tarım	10.283	10.185	8.757	15	-	(639)	(876)	-

(*) Represents for the period ended 31 March 2014 financial statements. Prior year profit/loss is obtained from 31 March 2013 financial statements

7.a.2 Information on associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	152.328	141.127
Movements During the Period	4.867	11.201
Purchases	-	120
Bonus Shares Obtained	1.333	16.769
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase	3.825	-
Provision for Impairment	(291)	(5.688)
Balance at the End of the Period	157.195	152.328
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

Information on associates sold in the current period

In the current period the Bank has not disposed any associates.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

7. Information on associates (net) (continued)

Information on associates purchased in the current period

In the current period the Bank has not purchased any associates.

7.a.3 Sectoral information of associates subject to consolidation and the related carrying amounts in the legal books:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	6.771	6.771
Leasing Companies	121.199	115.139
Financial Service Companies	-	-
Other Financial Associates	27.870	28.772

7.a.4 Information on associates subject to consolidation quoted on stock market:

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	149.069	143.911
Associates quoted on foreign stock exchanges	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

8. Information on subsidiaries (net)

8.a.1 Information on subsidiaries:

Current Period		
	YFAŞ	TSKB GYO
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Inflation Adjustment to Share Capital	-	593
Share Premium	4.670	5.739
Legal Reserves	601	-
Current and Prior Years' Profit/Loss	4.820	56.676
Leasehold Improvements (-)	(1.541)	-
Intangible Assets (-)	(533)	(14)
Total Core Capital	72.292	212.994
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	-	-
NET AVAILABLE CAPITAL	72.292	212.994

Prior Period		
	YFAŞ	TSKB GYO
CORE CAPITAL		
Paid-in Capital	61.000	150.000
Inflation Adjustment to Share Capital	775	-
Share Premium	-	593
Legal Reserves	4.400	5.739
Current and Prior Years' Profit/Loss	5.366	53.671
Leasehold Improvements (-)	(1.665)	-
Intangible Assets (-)	(593)	(6)
Total Core Capital	69.283	209.997
SUPPLEMENTARY CAPITAL	1.138	-
CAPITAL	70.421	209.997
NET AVAILABLE CAPITAL	70.421	209.997

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items. Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves. Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the Article 519 of the Turkish Commercial Code numbered 6102.

There is no internal capital adequacy assessment approach for the subsidiaries.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

8. Information on subsidiaries (net) (continued)

8.a.2 As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated subsidiaries and reason of unconsolidating and needed capital if they are subject to capital requirement:

TSKB Gayrimenkul Değerleme A.Ş., TSKB Gayrimenkul Danışmanlık A.Ş. are valued at cost and are not consolidated since they are not financial subsidiaries. Unconsolidated subsidiaries of the Bank are not subject to minimum capital requirement.

8.b.1 Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YFAŞ)	Istanbul /Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	66,84
4	TSKB Gayrimenkul Danışmanlık A.Ş. (TGD A.Ş.)	Istanbul/Turkey	46,58	100,00

	Total Assets	Shareholders ' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
TSKB GMD	10.753	9.165	1.252	127	-	1.665	1.454	-
YFAŞ (*)	497.863	73.783	4.047	11.802	885	2.221	3.692	-
TSKB GYO (*)	371.376	213.008	343.039	601	-	3.003	(3.841)	59.295
TGD A.Ş.	565	580	-	14	-	13	(23)	-

(*)The consolidated financial data of the subsidiaries are prepared in accordance with BRSA regulations.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

8. Information on subsidiaries (net) (continued)

8.b.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	134.698	136.468
Movements in period	(4.686)	(1.770)
Purchases	-	-
Bonus shares obtained	2.394	-
Current year share of profit	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	(7.080)	(1.770)
Balance at the end of the period	130.012	134.698
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Subsidiaries disposed in the current period

In the current period, the Bank has not disposed any subsidiaries.

Subsidiaries purchased in the current period

In the current period, the Bank has not purchased any subsidiaries.

8.b.3 Sectoral information on subsidiaries subject to consolidation and the related carrying amounts in the legal books:

	Current Period	Prior Period
Subsidiaries	-	-
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	129.400	134.086

8.b.4 Subsidiaries subject to consolidation quoted on stock market:

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	59.295	66.375
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information on entities under common control

The Bank has no entities under common control as of the reporting date (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.492	1.393	4.573	4.518
Between 1- 4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	1.492	1.393	4.573	4.518

10.b The information on net investments in finance leases:

	Current Period	Prior Period
Gross investments in finance leases	1.492	4.573
Unearned revenue from finance leases (-)	(99)	(55)
Cancelled finance leases (-)	-	-
Net investments in finance leases	1.393	4.518

10.c Explanation with respect to finance lease agreements, the criteria used in determination of contingent rents, conditions for revisions or purchase options, updates of leasing amounts and the restrictions imposed by lease arrangements, whether arrays in repayment occur, whether the terms of the contract are renewed, if renewed, the renewal conditions, whether the renewal results any restrictions, and other important conditions of the leasing agreement:

Finance lease agreements are made in accordance with the related articles of Financial Leasing, Factoring and Financing Company Law No 6361. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on derivative financial assets for hedging purposes

The Bank has no derivative financial assets for hedging purposes as of the reporting date (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the assets (continued)

12. Explanations on tangible assets (net)

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

13. Information on intangible assets

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

14. Information on Investment Property

The Bank has no investment property (31 December 2013: None).

15. Information on Deferred Tax Assets

15.a Temporary differences, tax losses, exemptions and deductions reflected to balance sheet as deferred tax asset:

The Bank has computed deferred tax asset or liability on temporary differences arising from carrying values of assets and liabilities in the accompanying financial statements and their tax bases.

Deferred tax asset:	Current Period	Prior Period
Loan commissions accrual adjustment	11.644	11.771
Other provisions	14.176	10.000
Marketable securities	-	96
Employee benefit provision	1.552	1.323
Valuation of derivative instruments	-	182
Useful life difference of fixed assets	142	-
Other	535	320
Total Deferred Tax Asset	28.049	23.692
Deferred tax liability:		
Marketable securities	(20.696)	(5.510)
Loan commissions accrual adjustment	(2.856)	(3.111)
Valuation of derivative instruments	(342)	-
Useful life difference of fixed assets	-	(35)
Total Deferred Tax Liability	(23.894)	(8.656)
Net Deferred Tax Asset	4.155	15.036

15.b Temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods, if so, their expiry date, losses and tax deductions and exceptions:

The Bank has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

15. Information on Deferred Tax Assets (continued)

15.c Allowance for deferred tax and deferred tax assets from reversal of allowance:

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance (31 December 2013: None).

16. Information on Assets Held For Sale

In the current period, the Bank has no assets held for sale (31 December 2013: None).

17. Information about Other Assets

17.a Other assets which exceed 10% of the balance sheet total and breakdown of these which constitute at least 20% of grand total:

Other assets do not exceed 10% of total assets, excluding off-balance sheet commitments (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Bank is not authorized to accept deposits.

1.a.2 Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:

The Bank is not authorized to accept deposits.

1.b Information on the scope whether the Bank with a foreign head office suits saving deposit insurance of the related country:

The Bank is not authorized to accept deposits.

1.c Saving deposits which are not under the guarantee of deposit insurance fund:

The Bank is not authorized to accept deposits.

2. Negative differences table related to derivative financial liabilities held-for-trading

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	56	47	-	99
Swap Transactions	6.666	13.704	7.277	10.560
Futures Transactions	-	-	-	-
Options	-	17.412	-	22.848
Other	-	-	-	-
Total	6.722	31.163	7.277	33.507

3. Information on funds borrowed

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	-	203.849	-	222.690
From Foreign Banks, Institutions and Funds	-	9.145.246	-	8.779.565
Total	-	9.349.095	-	9.002.255

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	540.988	-	565.123
Medium and long-term	-	8.808.107	-	8.437.132
Total	-	9.349.095	-	9.002.255

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the liabilities (continued)

3. Information on funds borrowed (continued)

3.c Additional information about the concentrated areas of liabilities:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Other liabilities which exceed 10% of the balance sheet total and the breakdown of these which constitute at least 20% of grand total

There are no other liabilities, which exceed 10% of the balance sheet total (31 December 2013: None).

5. Explanations on financial lease obligations (net)

5.a Explanations on finance lease payables:

The Bank has no financial lease payables (31 December 2013: None).

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings and 1 branch are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2013: 2 head office buildings, 1 branch under operational leasing).

5.c Explanations on the lessor and lessee in sales and lease back transactions, agreement conditions, and major agreement terms:

The Bank has no sale and lease back transactions as of the reporting date (31 December 2013: None).

6. Information on derivative financial liabilities for hedging purposes

The Bank has no derivative financial liabilities for hedging purposes as of the reporting date (31 December 2013: None).

7. Information on provisions

7.a Information on general provisions:

	Current Period	Prior Period
General Provisions	110.738	104.331
Provisions for First Group Loans and Receivables	92.013	85.701
- <i>Additional provisions for the loans with extended payment plan</i>	5.479	5.807
Provisions for Second Group Loans and Receivables	6.026	5.868
- <i>Additional provisions for the loans with extended payment plan</i>	5.157	5.329
Provisions for Non-Cash Loans	2.800	2.798
Other	9.899	9.964

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the liabilities (continued)

7. Information on provisions (continued)

7.b Foreign exchange losses on the foreign currency indexed loans and finance lease receivables:

The foreign exchange losses on the foreign currency indexed loans amount to TL 4.272 (31 December 2013: TL 614). The foreign exchange losses on the foreign currency indexed loans are netted off from the loans in the financial statements.

7.c The specific provisions provided for unindemnified non cash loans:

The Bank has no specific provisions provided for unindemnified non cash loans as of the reporting date (31 December 2013: 2.115).

7.d Information related to other provisions:

7.d.1 Provision for possible losses:

The Bank has no provision for possible provisions (31 December 2013: None).

7.d.2 If other provisions exceed 10% of total provisions, the name and amount of sub-accounts:

	Current Period	Prior Period
Provision for Lawsuits	22.130	-
Other (*)	64.000	50.000
Total	86.130	50.000

()Other provision account includes TL 64.000 of provision for possible risks on credit portfolio (31 December 2013: TL 50.000).*

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Bank and employees to “Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı” (Foundation) established in accordance with the decisions of Turkish Commercial Law and Civil Law as made to all Foundations in the sector. According to this investigation it has been communicated that the amount Bank is obliged to pay is a benefit in the nature of fee for the members of Foundation worked at the time of payment, the amount Foundation members are obliged to pay should not been deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge / penalized stump duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Bank relying on this report. The Bank assesses that the Bank’s practice is in compliance with the legislation and there is no legal basis for the has opened the tax administration’s suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir. Some of the lawsuits are decided favourable, remaining of lawsuits are decided unfavourable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Bank against the decision of the Court with respect to the Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. Accordingly, as of 30 June 2014, the Bank has provided provisions amounting TL 22.130 in the financial statements in accordance with the decisions made against the Bank by tax courts of first instance.

The tax and penalty notices related to the decision of the tax court of first instance against the Bank are accrued by administration depending on legal process and as of 31 July 2014 the Bank has made the payments.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the liabilities (continued)

8. Information on taxes payable

8.a Information on current taxes payable:

8.a.1 Information on taxes payable:

Corporate Taxes and Deferred Taxes	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate tax payable	39.246	-	18.009	-
Deferred tax liability	-	-	-	-
Total	39.246	-	18.009	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	39.246	18.009
Taxation of securities	615	453
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	1.800	1.770
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	59	85
Other	946	626
Total	42.666	20.943

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	20	17
Unemployment insurance-Employer	40	33
Other	-	-
Total	60	50

8.b Information on deferred taxes liabilities:

At the reporting date, the Bank has no deferred tax liability (31 December 2013: None).

9. Information on liabilities regarding assets held for sale

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the liabilities (continued)

11. Information on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.500.000	1.300.000
Preferred stock	-	-

11.b Paid-in capital amount, explanation as to whether the registered share capital system ceiling is applicable at bank, if so, amount of registered share capital:

Capital System	Paid-in capital	Ceiling
Registered Capital System	1.500.000	2.500.000

11.c Information on share capital increases and their sources; other information on increased capital shares in current period:

In the current period, in the meeting of the General Assembly held on 27 March 2014, it has been resolved that, paid-in capital of the Bank will be increased from TL 1.300.000 to TL 1.500.000 by TL 200.000. In respect of the resolution of the General Assembly, this increase will be incorporated from the profit of the year 2013. The increase in paid-in capital was approved by the BRSA on 16 April 2014 and has been published in the Turkish Trade Registry Gazette No: 8573 on 21 May 2014.

In the prior period, in the meeting of the General Assembly held on 26 March 2013; it has been resolved that, paid-in capital of the Bank will be increased from TL 1.100.000 to TL 1.300.000 by TL 200.000. In respect of the resolution of the General Assembly, TL 168.000 of this increase will be incorporated from the profit of the year 2012, TL 32.000 of this increase will be incorporated from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 3 May 2013 has been published in the Turkish Trade Registry Gazette No: 8351 on 27 June 2013.

11.d Information on share capital increases from capital reserves:

In the current period there is no share capital increases from capital reserves (31 December 2013: None).

11.e Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments for its associates in the last fiscal year and at the end of the following period.

11.f Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The prior period income, profitability and liquidity of the Bank and their trends in the successive periods are followed by Financial Controlling Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under various scenario analyses. The Bank operations are profitable, and the Bank retains the major part of its profit by capital increases or capital reserves within the shareholders equity.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities (continued)

11. Information on shareholders' equity (continued)

11.g Information on preferred shares:

The Bank has no preferred shares (31 December 2013: None)

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	(14.285)	-	(11.030)	-
Valuation Differences	43.870	41.667	(9.291)	15.648
Foreign Exchange Difference	-	-	-	-
Total	29.585	41.667	(20.321)	15.648

III. Explanations related to the off-balance sheet items

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Year	Prior Year
Commitments for Forward Purchase and Sales of Assets	276.309	511.345
Commitments for Use Guaranteed Credit Allocation	4.765	4.805
Commitments for Stock Brokerage Purchase and Sales	3.585	5.184
Commitments for Letter of Credit	14.241	15.278
Commitments from Forward Short Term Borrowing and Transfers	-	46.740
Other	4.857	1.593
Total	303.757	584.945

1.b Possible losses and commitments related to off-balance sheet items including items listed below:

1.b.1 Non-cash loans including guarantees, acceptances, financial collaterals and other letters of credits

As at the reporting date, total letters of credit are TL 493.368 (31 December 2013: TL 438.033).

1.b.2 Guarantees, surety ships, and similar transactions

As at the reporting date, total letters of guarantee given by the Bank is TL 945.008 (31 December 2013: TL 1.015.387).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations related to the off-balance sheet items (Continued)

1. Information on off-balance sheet liabilities (continued)

1.c.1 Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	-	-
With maturity of one year or less than one year	-	-
With maturity of more than one year	-	-
Other non-cash loans	1.438.376	1.453.420
Total	1.438.376	1.453.420

1.c.2 Information on sectoral risk breakdown of non-cash loans:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

1.c.3 Information on Ist and IInd group non-cash loans:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

2. Information related to derivative financial instruments

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

3. Explanations on loan derivatives and risk exposures

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Explanations on contingent liabilities and assets

There are 18 legal cases against the Bank which are amounting to TL 914 as of the reporting date (31 December 2013: TL 855 - 18 legal cases).

5. Custodian and intermediary services:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	9.989	8.524	4.742	5.427
Medium and long term loans	57.283	160.063	40.380	134.690
Interest on non-performing loans	2.082	1.112	515	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	69.354	169.699	45.637	140.117

(*)Commission income from loans have been included to the interest on loans

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	34	6	129	5
Foreign banks	84	-	-	-
Branches and head office abroad	-	-	-	-
Total	118	6	129	5

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	181	7	144	7
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	133.777	11.489	94.027	11.895
Investments Held to Maturity	-	-	-	-
Total	133.958	11.496	94.171	11.902

1.d Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	5.822	4.455

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement (continued)

2. Information on interest expenses

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	243	3.536	257	2.874
The Central Bank of Turkey	-	-	-	-
Domestic banks	235	369	175	390
Foreign banks	8	3.167	82	2.484
Branches and head office abroad	-	-	-	-
Other financial institutions	-	45.200	-	36.124
Total (*)	243	48.736	257	38.998

(*)Commissions given to other financial institutions have been included to interest expense on funds borrowed.

2.b Information on interest expense to associates and subsidiaries:

The Bank has no interest expense to its associates and subsidiaries. (30 June 2013 : None)

2.c Information on interest expense to securities issued:

The Bank has no interest expense to its associates and subsidiaries. (30 June 2013 : None)

3. Information on dividend income

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Information on net trading income (net)

	Current Period	Prior Period
Profit	267.866	205.290
Gains on capital market operations	1.742	6.404
Gains on derivative financial instruments(*)	118.182	48.927
Foreign exchange gains	147.942	149.959
Losses (-)	(254.069)	(205.060)
Losses on capital market operations	(2.130)	(1.316)
Losses on derivative financial instruments(*)	(109.543)	(49.073)
Foreign exchange losses	(142.396)	(154.671)

(*)Foreign exchange gain from derivative transactions amounting to TL 41.314 is presented in "Profit on derivative financial instruments" (30 June 2013: TL 37.783), foreign exchange loss from derivative transactions amounting to TL (43.396) is presented in "Losses on derivative financial instruments" (30 June 2013: TL (36.555)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement (continued)

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	25.782	9.609
Gains on Sale of Assets	10.206	789
From Associate and Subsidiary Sales (*)	9.922	756
From Immovable Fixed Asset Sales	10	33
From Property Sales	274	-
From Other Asset Sales	-	-
Other	1.207	1.049
Total	37.195	11.447

(*) As of 30 January 2014, the Bank has sold all Takasbank-Istanbul Takas ve Saklama Bankası A.Ş. shares representing 5% of its shares nominal amount of TL 21.000 and with a cost of TL 23.468 to Borsa Istanbul A.Ş. at a price of TL 33.390 and the sale amount was collected within the same day.

6. Provision expenses related to loans and other receivables of the Bank

	Current Period	Prior Period
Specific provisions for loans and other receivables	3.404	6.463
III. Group	3.319	6.403
IV. Group	-	40
V. Group	85	20
General provision expenses	6.407	9.063
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	1.465	2.142
Trading securities	-	-
Investment securities available for sale	1.465	2.142
Impairment provisions	291	-
Associates	291	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other (*)	40.502	2.500
Total	52.069	20.168

(*) Includes the tax provision in the amount of TL 22.130 allocated with relation to the subjects mentioned in Section Five in disclosure No:II-7.d.2 and the provision in the amount of TL 14.000 allocated for the risks related to the loan portfolio in current period.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement (continued)

7. Information related to other operating expenses

	Current Period	Prior Period
Personnel expenses	27.318	23.668
Reserve for employee termination benefits	275	194
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	532	609
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	145	125
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	833	9
Depreciation expenses of assets for resale	16	4
Impairment expenses of assets held for sale	-	-
Other operating expenses	8.724	7.831
Rent expenses	3.694	3.551
Maintenance expenses	206	187
Advertisement expenses	238	448
Other expenses	4.586	3.645
Loss on sale of assets	-	20
Other	8.721	5.274
Total	46.564	37.734

8. Information on net profit from continued and discontinued operations before tax:

As of 30 June 2014, net profit of the Bank has increased by 16,18% compared to prior year (30 June 2013: 0,31%). Net interest income of the Bank has increased by 22,01% compared to prior year (30 June 2013: 7,05%).

9. Information on tax provision for continued and discontinued operations

9.a Information on current tax charge or benefit and deferred tax charge or benefit:

The Bank's current tax charge for the period is TL 59.125 (30 June 2013: TL 20.410). Deferred tax charge is TL 9.094 (30 June 2013: TL 17.135 deferred tax benefit).

9.b Information related to deferred tax benefit or charge on temporary differences:

Deferred tax charge calculated on temporary differences is TL 9.094 (30 June 2013: TL 17.135 deferred tax charge).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the income statement (continued)

9. Information on tax provision for continued and discontinued operations (continued)

9.c Information related to deferred tax benefit / charge on temporary differences, losses, tax deductions and exceptions:

As of 30 June 2014, deferred tax charge calculated based on temporary timing differences is TL 9.094 (30 June 2013: TL 17.135 deferred tax charge). There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exceptions (30 June 2013: None).

In addition, TL 22.158 deferred tax, which is calculated over the fair value differences on available for sale securities, is offset against the “available for sale securities value increase fund” item under equity. (31 December 2013: TL 2.183)

10. Information on net profit from continued and discontinued operations:

As of 30 June 2014, net profit of the Bank has increased by 12,43% compared to prior net profit (30 June 2013: 2,17%).

11. Information on net profit/loss

11.a The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period:

The Bank has generated TL 391.965 interest income, TL 113.334 interest expenses and TL 4.782 net fee and commission income from banking operations (30 June 2013: TL 295.690 interest income, TL 67.329 interest expense, TL 3.987 net fee and commission income).

11.b The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

There has no change in the accounting estimates and accordingly effect on the financial statement items.

11.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (30 June 2013: None).

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

None other than other operating expense explained in note IV.7, exceeds 10% of the income statement.

V. Explanations related to statement of changes in shareholders' equity

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

VI. Explanations related to statement of cash flows

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations on the risk group of the bank

1. Information on the volume of transactions related to the Bank's own risk group, outstanding loan and deposit transactions and income and expenses of the period

1.a Current Period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	261.703	262	112.840	117.413	91.627	-
Balance at End of Period	256.361	264	88.053	117.412	83.455	-
Interest and Commission Income	5.819	3	1.193	147	2.169	-

1.b Prior Period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	185.532	412	107.017	117.413	44.671	4.225
Balance at End of Period	261.703	262	112.840	117.413	91.627	-
Interest and Commission Income (*)	4.452	3	1.265	147	1.230	-

(*)The information is related to 30 June 2013.

1.c Information on deposit held by Bank's own risk group:

The Bank is not authorized to accept deposits.

2. Information on forward, option and other similar agreements made with Bank's own risk group

The Bank has foreign currency swaps buy amounting to TL 65.180, foreign currency swaps sell amounting to TL 66.036, foreign currency forward buy transaction amounting to TL 62 and foreign currency forward sell transaction amounting to TL 65 agreements made with Bank's own risk group. (31 December 2013: None). As of 30 June 2014, gain or loss from these transactions is TL (514) and this amount is associated with income statements (30 June 2013: None).

3. Total salaries and similar benefits provided to the key management personnel

Benefits provided to the key management personnel in the current period amount to TL 6.235 (30 June 2013: TL 5.363).

VIII. Information and disclosures related to the domestic, foreign offshore branches and foreign representations of the Bank:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank

1.a Brief information related to rating carried out by international rating firms:

FITCH RATINGS

Long-term Maturity Foreign Currency (issuer)	BBB-
Long-term Maturity Foreign Currency Outlook (issuer)	Stable
Short-term Maturity Foreign Currency (issuer)	F3
Long-term Maturity National Currency (issuer)	BBB
Long-term Maturity National Currency Outlook (issuer)	Stable
Short-term Maturity National Currency (issuer)	F3
Support Note	2
Support Note Base	BBB-
National Note	AAA
National Note Outlook	Stable

Information above is received from Fitch Ratings report dated 31 October 2013.

MOODY'S

Financial Rating Note	D+
Outlook	Stable
Foreign Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Short-term Maturity	P-3
Domestic Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Short-term Maturity	P-3

Information above represents updated information as of 5 June 2014.

1.b Informations on corporate governance rating of the Bank:

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, declared the Bank's corporate governance rating of 9,11 over 10 (91,09%) has increased to 9,40 (94,03%) on its revision report dated 21 October 2013 based on the investigation performed. With respect to CMB's resolution, ratings under the main topics of weighted Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors are revised and declared as; 88,65 (Weight: 25%), 97,08 (Weight: 25%), 95,44 (Weight: 15%), 95,08 (Weight: 35%) respectively.

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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank(continued)

1.b Informations on corporate governance rating of the Bank(continued):

Corporate governance rating methodology is updated in consideration of meeting decisions dated 1 February 2013 of CMB and the Communiqué on Corporate Governance published on 3 January 2014 and corporate governance rating of 2013 of the institutions having corporate governance rating within the frame of updated methodology. The score of TSKB has been revised to 9,06 out of 10, the results of evaluation made under the main headings of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Director are 9,23 (Weight: 25%), 9,22 (Weight: 25%), 9,42 (Weight: 15%), 8,68 (Weight: 35%) out of 10, respectively.

II. Other explanations related to the events after the reporting date

The Bank has obtained bonus shares amounting to TL 10.636 with share capital increase of İş Finansal Kiralama A.Ş. amounting to TL 37.138 on 3 July 2014.

SECTION SEVEN

INDEPENDENT AUDITORS' REVIEW REPORT

I. Explanations on the independent auditors' review report

Unconsolidated financial statements and the notes to the financial statements as at 30 June 2014 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("the Turkish member firm of KPMG International Cooperative, a Swiss entity"). The independent auditors' review report dated 4 August 2014 is presented at the beginning of the financial statements and related notes.

II. Explanations and notes prepared by independent auditors

There are no other explanations and notes not expressed in sections above related with the Bank's operations.