



Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

**Consolidated Financial Statements
As of and for the Year Ended 31 December 2014
(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)
With Independent Auditors' Report Thereon**

**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi**

29 January 2015

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 132 pages.*



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

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

The Report Related to Consolidated Financial Statements

We have audited the consolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") and its subsidiaries (collectively "the Group") as of 31 December 2014 and the related consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (BRSA) and declarations by the Banking Regulation and Supervision Board, free of material misstatement, whether due to fraud or error, that could lead to false information within.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Authorization and Activities of Institutions to Perform Independent Audit at Banks" published on the Official Gazette dated 1 November 2006 and numbered 26333 and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standard Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion expressed below.



Opinion

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as of 31 December 2014 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the prevailing accounting principles and standards as per the Article 37 and Article 38 of (Turkish) Banking Law No: 5411 and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") no.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2014 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and requested documents in connection with the audit.

Istanbul,
29 January 2015

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 I, the accompanying consolidated 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 CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2014**

The consolidated financial report for the year end 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 PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries, associates and joint ventures, whose financial statements are consolidated within the framework of the reporting package, are as follows:

Subsidiaries	Associates
Yatırım Finansman Menkul Değerler A.Ş. TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Finansal Kiralama A.Ş. İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. İş Faktoring A.Ş.

The accompanying consolidated financial statements and the explanatory footnotes and disclosures for the year end, 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 audited and presented as attached.

29 January 2015

			
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 DIŞLI		Uygur Şafak ÖGÜN	
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. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

SECTION ONE

GENERAL INFORMATION

I. The Parent Bank's incorporation date, beginning statute, changes in the existing statute

Türkiye Sınai Kalkınma Bankası A.Ş. ("The Parent 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 Parent Bank is "Development and Investment Bank". The Parent Bank does not have the authority of "Accepting Deposit". Since the establishment date of the Parent Bank, there is no change in its "Development and Investment Bank" status.

II. Explanations regarding the Parent 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 Parent Bank

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

Current Period	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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 Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(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 Parent 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	Member of the Board of Directors	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
Uygar Şafak Ögün (6)	Member of the Board of Directors and Member of the Audit Committee	2 April 2010	Postgraduate	20
Halil Aydoğan	Member of the Board of Directors	16 December 2013	Undergraduate	38
Burhanettin Aktaş (5)	Member of the Board of Directors	30 October 2014	Postgraduate	28

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	29
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 December 2011	Undergraduate	25
Ece Börü	Vice President– Enterprise Architecture	28 November 2013	Undergraduate	26
Hakan Aygen	Vice President – Corporate Finance and Economic Research	28 Kasım 2013	Doctorate	25

(1) The shares of above directors in the Bank are symbolic.

(2) According to the Communiqué of CMB Serial: IV 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. 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. In the Board of Directors meeting held on 30 October 2014, Burhanettin Aktaş was elected to vacant position in accordance with article no.363 of the Turkish Commercial Code.

(6) Murat Bilgiç's term of office was expired as the Member of the Audit Committee. In the Audit Committee meeting held on 8 December 2014, Uygar Şafak Ögün was elected to vacant position.

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. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(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 Parent Bank

T. İş Bankası A.Ş. (İş Bank) Group owns the qualified shares that control the Parent 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 Parent Bank's functions and areas of activity

Türkiye Sınai Kalkınma Bankası A.Ş. is the first private investment and development 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 Parent 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 Parent Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Parent 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 Parent 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 Parent Bank also continues to offer solutions with respect to the newest needs and client demands.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(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

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

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş. and TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. are included in the accompanying consolidated financial statements by 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.

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 Istanbul/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 Istanbul/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 Istanbul/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%. The company’s headquarters is located at Istanbul/Türkiye.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(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 the Capital Markets 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, having development potential and requiring funding. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67% in which the share of İş Yatırım Menkul Değerler A.Ş. is 29,01%. 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 Parent 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 Parent Bank and its subsidiaries. The Parent Bank charge or pay cost of the services according to the service agreements done between the Parent Bank and its subsidiaries. Dividend distribution from shareholders’ equity is made according to related legal regulations.

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

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2014

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

		Audited Current Period 31 December 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)	31.642	476.152	507.794	42.176	302.864	345.040
FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS							
II. (Net)	(2)	38.926	56.491	95.417	26.216	34.032	60.248
2.1 Trading financial assets		38.926	56.491	95.417	26.216	34.032	60.248
2.1.1 Public sector debt securities		7.887	-	7.887	8.717	-	8.717
2.1.2 Share certificates		2.388	-	2.388	988	-	988
2.1.3 Derivative financial assets held for trading		18.383	56.491	74.874	6.655	34.032	40.687
2.1.4 Other marketable securities		10.268	-	10.268	9.856	-	9.856
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)	208.217	295.764	503.981	9.971	411.333	421.304
IV. MONEY MARKET PLACEMENTS		105.206	-	105.206	50	-	50
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		104.913	-	104.913	50	-	50
4.3 Receivables from reverse repurchase agreements		293	-	293	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.958.629	558.988	3.517.617	2.594.992	378.066	2.973.058
5.1 Share certificates		29.528	6.240	35.768	48.072	2.957	51.029
5.2 Public sector debt securities		2.491.044	530.019	3.021.063	1.996.493	332.811	2.329.304
5.3 Other marketable securities		438.057	22.729	460.786	550.427	42.298	592.725
VI. LOANS	(5)	2.411.541	8.455.448	10.866.989	2.195.193	6.853.905	9.049.098
6.1 Loans		2.411.541	8.455.448	10.866.989	2.195.193	6.853.905	9.049.098
6.1.1 Loans to risk group of the Bank		145.148	126.710	271.858	119.048	170.979	290.027
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2.266.393	8.328.738	10.595.131	2.076.145	6.682.926	8.759.071
6.2 Non performing loans		16.395	2.043	18.438	16.913	20.473	37.386
6.3 Specific provisions (-)		(16.395)	(2.043)	(18.438)	(16.913)	(20.473)	(37.386)
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)	263.300	-	263.300	236.634	-	236.634
9.1 Accounted for under equity method		261.745	-	261.745	234.988	-	234.988
9.2 Unconsolidated associates		1.555	-	1.555	1.646	-	1.646
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		1.555	-	1.555	1.646	-	1.646
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	609	-	609	847	-	847
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		609	-	609	847	-	847
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	10	-	10	10	-	10
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		10	-	10	10	-	10
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		10	-	10	10	-	10
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	4.518	4.518
12.1 Finance lease receivables		-	87	87	-	4.573	4.573
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(87)	(87)	-	(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)	26.454	-	26.454	24.397	-	24.397
XV. INTANGIBLE ASSETS (Net)	(13)	2.173	-	2.173	2.249	-	2.249
15.1 Goodwill		1.005	-	1.005	1.005	-	1.005
15.2 Other		1.168	-	1.168	1.244	-	1.244
XVI. INVESTMENT PROPERTY (Net)	(14)	224.090	-	224.090	222.295	-	222.295
XVII. TAX ASSET	(15)	21.253	-	21.253	18.896	-	18.896
17.1 Current tax asset		2.320	-	2.320	-	-	-
17.2 Deferred tax asset		18.933	-	18.933	18.896	-	18.896
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)	43.743	47.065	90.808	34.386	46.186	80.572
TOTAL ASSETS		6.335.793	9.889.908	16.225.701	5.408.312	8.030.904	13.439.216

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2014

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

		Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
LIABILITIES	Note Ref	TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	4.116	59.460	63.576	7.277	50.580	57.857
III. FUNDS BORROWED	(3)	227.919	9.923.663	10.151.582	74.275	9.050.762	9.125.037
IV. MONEY MARKET BALANCES		2.032.878	239.835	2.272.713	1.609.973	246.231	1.856.204
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		110.219	-	110.219	251.313	-	251.313
4.3 Funds provided under repurchase agreements	(3)	1.922.659	239.835	2.162.494	1.358.660	246.231	1.604.891
V. DEBT SECURITIES ISSUED (Net)		-	813.824	813.824	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	813.824	813.824	-	-	-
VI. FUNDS		623	38.458	39.081	946	5.008	5.954
6.1 Borrower funds		623	38.458	39.081	946	5.008	5.954
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		76.155	20.436	96.591	77.558	12.211	89.769
VIII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	(5)	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	210.296	-	210.296	155.577	1.865	157.442
12.1 General loan loss provisions		117.760	-	117.760	96.583	-	96.583
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		9.475	-	9.475	8.676	-	8.676
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		83.061	-	83.061	50.318	1.865	52.183
XIII. TAX LIABILITY	(8)	37.722	-	37.722	22.660	-	22.660
13.1 Current tax liability		37.722	-	37.722	22.660	-	22.660
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	116.065	116.065	-	106.759	106.759
XVI. SHAREHOLDERS' EQUITY		2.373.339	50.912	2.424.251	2.001.886	15.648	2.017.534
16.1 Paid-in capital	(11)	1.500.000	-	1.500.000	1.300.000	-	1.300.000
16.2 Capital reserves		73.188	50.912	124.100	(1.925)	15.648	13.723
16.2.1 Share premium		413	-	413	388	-	388
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund	(11)	63.081	50.912	113.993	(11.607)	15.648	4.041
16.2.4 Tangible assets revaluation differences	(11)	9.320	-	9.320	8.920	-	8.920
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging reserves (Effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	374	-	374
16.3 Profit reserves		315.408	-	315.408	262.400	-	262.400
16.3.1 Legal reserves	(11)	175.765	-	175.765	158.444	-	158.444
16.3.2 Statutory reserves		75.641	-	75.641	75.641	-	75.641
16.3.3 Extraordinary reserves	(11)	61.244	-	61.244	24.993	-	24.993
16.3.4 Other profit reserves		2.758	-	2.758	3.322	-	3.322
16.4 Profit or loss		417.290	-	417.290	365.889	-	365.889
16.4.1 Prior years' profit/loss		43.882	-	43.882	61.999	-	61.999
16.4.2 Current year profit/loss		373.408	-	373.408	303.890	-	303.890
16.5 Non-controlling interests	(12)	67.453	-	67.453	75.522	-	75.522
TOTAL LIABILITIES AND EQUITY		4.963.048	11.262.653	16.225.701	3.950.152	9.489.064	13.439.216

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 31 DECEMBER 2014

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

		Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
	Note Ref	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		2,855.792	11.505.338	14.361.130	2,828.429	7.103.261	9.931.690
I. GUARANTEES AND COLLATERALS	(1)	431.847	1.021.222	1.453.069	505.921	947.499	1.453.420
1.1 Letters of guarantee		431.847	525.125	956.972	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		431.847	525.125	956.972	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		-	496.097	496.097	-	438.033	438.033
1.3.1 Documentary letters of credit		-	496.097	496.097	-	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)	1,076.692	2,270.106	3,346.798	1,440.682	1,874.009	3,314.691
2.1 Irrevocable commitments		698.902	138.260	837.162	1,097.288	363.653	1,460.941
2.1.1 Forward asset purchase and sales commitments		12.879	40.776	53.655	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		-	-	-	-	-	-
2.1.4 Loan granting commitments		-	59.930	59.930	-	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		686.023	37.554	723.577	883.694	61.097	944.791
2.2 Revocable commitments		377.790	2,131.846	2,509.636	343.394	1,510.356	1,853.750
2.2.1 Revocable loan granting commitments		377.790	2,131.846	2,509.636	343.394	1,510.356	1,853.750
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1,347.253	8,214.010	9,561.263	881.826	4,281.753	5,163.579
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		1,347.253	8,214.010	9,561.263	881.826	4,281.753	5,163.579
3.2.1 Forward foreign currency buy/sell transactions		20.732	29.014	49.746	232.750	364.554	597.304
3.2.1.1 Forward foreign currency transactions-buy		19.252	5.632	24.884	213.289	81.192	294.481
3.2.1.2 Forward foreign currency transactions-sell		1.480	23.382	24.862	19.461	283.362	302.823
3.2.2 Swap transactions related to f.c. and interest rates		642.452	7,307.457	7,949.909	278.088	3,483.427	3,761.515
3.2.2.1 Foreign currency swaps-buy		343.098	1,082.357	1,425.455	195.646	427.251	622.897
3.2.2.2 Foreign currency swaps-sell		251.978	1,099.516	1,351.494	33.050	595.548	628.598
3.2.2.3 Interest rate swaps-buy		23.688	2,562.792	2,586.480	24.696	1,230.314	1,255.010
3.2.2.4 Interest rate swaps-sell		23.688	2,562.792	2,586.480	24.696	1,230.314	1,255.010
3.2.3 Foreign currency, interest rate and securities options		684.069	802.862	1,486.931	370.988	433.772	804.760
3.2.3.1 Foreign currency options-buy		343.260	401.258	744.518	187.344	205.442	392.786
3.2.3.2 Foreign currency options-sell		340.809	401.604	742.413	183.644	209.840	393.484
3.2.3.3 Interest rate options-buy		-	-	-	-	9.245	9.245
3.2.3.4 Interest rate options-sell		-	-	-	-	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		-	74.677	74.677	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		29,303.512	106,015.645	135,319.157	26,254.023	94,633.754	120,887.777
IV. ITEMS HELD IN CUSTODY		5,160.097	280.091	5,440.188	4,358.031	281.543	4,639.574
4.1 Customers' securities held		-	-	-	-	-	-
4.2 Investment securities held in custody		3,406.584	280.091	3,686.675	2,929.287	281.543	3,210.830
4.3 Checks received for collection		-	-	-	-	-	-
4.4 Commercial notes received for collection		-	-	-	-	-	-
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	517	-	517
4.8 Custodians		1,753.513	-	1,753.513	1,428.227	-	1,428.227
V. PLEDGED ITEMS		14,029.839	63,335.375	77,365.214	11,540.554	57,554.012	69,094.566
5.1 Marketable securities		422.936	3,759.727	4,182.663	392.936	2,677.590	3,070.526
5.2 Guarantee notes		118.600	1,572.972	1,691.572	86.094	1,588.476	1,674.570
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		353.857	20,766.040	21,119.897	416.410	20,897.816	21,314.226
5.6 Other pledged items		13,134.446	37,236.636	50,371.082	10,645.114	32,390.134	43,035.244
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10,113.576	42,400.179	52,513.755	10,355.438	36,798.199	47,153.637
TOTAL OFF BALANCE SHEET ITEMS (A+B)		32,159.304	117,520.983	149,680.287	29,082.452	101,737.015	130,819.467

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Note Ref.	Audited Current Period 1 January 2014 – 31 December 2014	Audited Prior Period 1 January 2013 – 31 December 2013
I. INTEREST INCOME	(1)	819.918	657.490
1.1 Interest on loans		505.160	393.569
1.2 Interest received from reserve deposits		53	-
1.3 Interest received from banks		16.219	20.236
1.4 Interest received from money market placements		14.320	13.997
1.5 Interest received from marketable securities portfolio		283.930	229.151
1.5.1 Financial assets held for trading		1.823	1.149
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		282.107	228.002
1.5.4 Investments held-to-maturity		-	-
1.6 Finance lease income		65	306
1.7 Other interest income		171	231
II. INTEREST EXPENSES	(2)	(291.295)	(175.902)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(122.986)	(96.217)
2.3 Interest on money market borrowings		(160.230)	(79.638)
2.4 Interest on securities issued		(8.025)	-
2.5 Other interest expense		(54)	(47)
III. NET INTEREST INCOME (I - II)		528.623	481.588
IV. NET FEES AND COMMISSIONS INCOME		29.500	27.867
4.1 Fees and commissions received		33.631	32.445
4.1.1 Non-cash loans		9.712	7.407
4.1.2 Other		23.919	25.038
4.2 Fees and commissions paid		(4.131)	(4.578)
4.2.1 Non-cash loans		(890)	(858)
4.2.2 Other		(3.241)	(3.720)
V. DIVIDEND INCOME	(3)	13.876	15.715
VI. NET TRADING INCOME	(4)	41.238	(24.735)
6.1 Securities trading gains/ (losses)		(714)	4.391
6.2 Derivative financial instruments gains/losses		(46.889)	(46.359)
6.3 Foreign exchange gains/losses (net)		88.841	17.233
VII. OTHER OPERATING INCOME	(5)	47.684	25.541
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		660.921	525.976
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(61.150)	(47.230)
X. OTHER OPERATING EXPENSES (-)	(7)	(160.560)	(140.528)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		439.211	338.218
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		27.136	31.975
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	466.347	370.193
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(92.236)	(75.039)
16.1 Provision for current income taxes		(120.210)	(58.256)
16.2 Provision for deferred taxes		27.974	(16.783)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	374.111	295.154
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)	374.111	295.154
23.1 Group's profit / loss		373.408	303.890
23.2 Minority shares		703	(8.736)
Earnings / (losses) per share		0,249	0,197

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Audited Current Period 1 January 2014– 31 December 2014	Audited Prior Period 1 January 2013 – 31 December 2013
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	141.158	(152.812)
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	(3.810)	(6.537)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(27.937)	30.036
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	109.411	(129.313)
XI. CURRENT YEAR PROFIT/LOSS	374.111	295.154
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(136)	6.423
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	374.247	288.731
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	483.522	165.841

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Paid in Capital	Effect of Inflation on Paid in Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / Loss	Prior Period Net Profit / Loss	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates, Subs and Jointly Controlled Entities	Hedging Reserves	Revaluation Surplus on Assets Held for sale and on Disc. Operations	Shareholders' Equity Before Non- controlling Interest	Non- Controlling Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDER'S EQUITY																		
Prior Period – 31 December 2013																		
I. Opening Balance	1.100.000	374	388	-	125.052	60.277	7.544	2.920	-	369.263	133.754	35.157	-	-	-	1.834.729	84.273	1.919.002
II. Increase / Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund	-	-	-	-	-	-	-	-	-	-	(129.713)	-	-	-	-	(129.713)	(13)	(129.726)
IV. Hedging (Effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences	-	-	-	-	-	-	28.379	-	-	(2.142)	-	(26.237)	-	-	-	-	-	-
VI. Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	200.000	-	-	-	-	-	(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	200.000	-	-	-	-	-	(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Effect of inflation on paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	402	-	-	-	-	-	-	-	-	-	-
XVII. Period net income	-	-	-	-	-	-	-	-	303.890	-	-	-	-	-	-	402	(2)	400
XVIII. Profit distribution	-	-	-	-	33.392	15.364	21.070	-	-	(137.122)	-	-	-	-	-	303.890	(8.736)	295.154
18.1 Dividends distributed	-	-	-	-	-	-	-	-	-	(67.296)	-	-	-	-	-	(67.296)	-	(67.296)
18.2 Transfers to reserves	-	-	-	-	33.392	15.364	21.070	-	-	(69.826)	-	-	-	-	-	(67.296)	-	(67.296)
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1.300.000	374	388	-	158.444	75.641	24.993	3.322	303.890	61.999	4.041	8.920	-	-	-	1.942.012	75.522	2.017.534
Current Period – 31 December 2014																		
I. Opening Balance	1.300.000	374	388	-	158.444	75.641	24.993	3.322	-	365.889	4.041	8.920	-	-	-	1.942.012	75.522	2.017.534
II. Increase / Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund	-	-	-	-	-	-	-	-	-	-	109.952	-	-	-	-	109.952	5	109.957
IV. Hedging (Effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	(400)	-	400	-	-	-	-	-	-
VI. Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	200.000	-	-	-	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	200.000	-	-	-	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Effect of inflation on paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	25	-	2	-	236	(564)	-	4.308	-	-	-	-	-	4.007	(8.788)	(4.781)
XVII. Period net income	-	-	-	-	-	-	-	-	373.408	-	-	-	-	-	-	373.408	703	374.111
XVIII. Profit distribution	-	-	-	-	17.319	-	36.015	-	-	(125.915)	-	-	-	-	-	(72.581)	11	(72.570)
18.1 Dividends distributed	-	-	-	-	-	-	-	-	-	(72.581)	-	-	-	-	-	(72.581)	-	(72.581)
18.2 Transfers to reserves	-	-	-	-	17.319	-	36.015	-	-	(53.334)	-	-	-	-	-	-	11	11
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1.500.000	374	413	-	175.765	75.641	61.244	2.758	373.408	43.882	113.993	9.320	-	-	-	2.356.798	67.453	2.424.251

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

		Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		259.497	546.291
1.1.1 Interest received		561.405	741.650
1.1.2 Interest paid		(270.591)	(174.523)
1.1.3 Dividends received		9.735	9.777
1.1.4 Fees and commissions received		33.631	32.445
1.1.5 Other income	(1)	70.254	43.281
1.1.6 Collections from previously written off loans		9.781	2.078
1.1.7 Payments to personnel and service suppliers		(95.450)	(94.641)
1.1.8 Taxes paid		(148.900)	(70.503)
1.1.9 Others	(1)	89.632	56.727
1.2 Changes in operating assets and liabilities		(529.380)	(149.419)
1.2.1 Net (increase) decrease in financial assets		(5.101)	(2.005)
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		(1.843.473)	(1.444.233)
1.2.5 Net (increase) decrease in other assets	(1)	(186.532)	(214.916)
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		1.017.382	1.181.629
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	488.344	330.106
I. Net cash provided by/(used in) banking operations		(269.883)	396.872
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(330.391)	(315.248)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(2)	(200)	(120)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	(3)	233	-
2.3 Fixed asset purchases	(2)	(21.122)	(17.258)
2.4 Fixed asset sales	(3)	6.138	1.605
2.5 Cash paid for purchase of financial assets available for sale		(1.460.772)	(1.297.455)
2.6 Cash obtained from sale of financial assets available for sale		1.145.838	998.610
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(2)	(506)	(630)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		733.572	(67.296)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		806.153	-
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)	11.407	17.280
V. Net increase / (decrease) in cash and cash equivalents		144.705	31.608
VI. Cash and cash equivalents at beginning of the period	(4)	498.267	466.659
VII. Cash and cash equivalents at end of the period	(4)	642.972	498.267

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Audited Current Period 31 December 2014 (*)	Audited Prior Period 31 December 2013
I. DISTRIBUTION OF CURRENT YEAR INCOME (**)		
1.1 CURRENT YEAR INCOME	461.678	400.894
1.2 TAXES AND DUTIES PAYABLE	(92.404)	(74.837)
1.2.1 Corporate Tax (Income tax)	(120.210)	(55.093)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	27.806	(19.744)
A. NET INCOME FOR THE YEAR (1.1-1.2)	369.274	326.057
1.3 PRIOR YEARS LOSSES (-)(*)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	16.303
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	369.274	309.754
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	92.812
1.6.1 To owners of ordinary shares	-	92.812
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	6.496
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	1.085
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	172.188
1.9.1 To owners of ordinary shares	-	172.188
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (pre-emptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	758
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	36.015
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	400
II. DISTRIBUTION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (pre-emptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	25 krs	25 krs
3.2 TO OWNERS OF ORDINARY SHARES (%)	24,62	25,08
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	20 krs
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	20,38
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the Board of Directors has not prepared any proposal for profit distribution relating to the year 2014 yet, only profit available for distribution for the year 2014 is presented.

(**) According to legislation, companies in Turkey do not make consolidated profit distribution. In this context, profit distribution is based on unconsolidated financial statements.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

I.a Presentation of consolidated financial statements and notes to the consolidated financial statements according to Turkish Accounting Standards and Banking Accounting Regulations and Safeguarding of Documents

As prescribed in the Article 37 and Article 38 of the Banking Act No. 5411, the Parent 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 consolidated 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 consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated 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 XXIII.

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.

I.d In preparing the consolidated financial statements, items which different accounting policies adopted and their ratio on total of related consolidated financial statement

There is no different accounting policy used in consolidated financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

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 Group 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 Parent 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 Group 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 Parent Bank.

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

The Group'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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Information about the Parent Bank and its subsidiaries and associates subject to consolidation

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş. and TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. are included in the accompanying consolidated financial statements by 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 Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

The financial statements of the subsidiaries and associates, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in the Turkish Commercial Code and/or Financial Leasing Law and/or communiqués of the Capital Markets Board of Turkey (“CMB”), are duly adjusted in order to present their financial statements in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of 31 December 2014. The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

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 Istanbul/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 Istanbul/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 Istanbul/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 share of Türkiye Sınai Kalkınma Bankası A.Ş. is 21,75%. The company’s headquarters is located at Istanbul/Türkiye.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Information about the Parent Bank and its subsidiaries and associates subject to consolidation (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 Markets 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, having development potential and requiring funding. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67% in which the share of İş Yatırım Menkul Değerler A.Ş. is 29,01%. The company’s headquarters is located at Istanbul/Türkiye.

IV. Explanations on forward and option contracts and derivative instruments

The Parent Bank 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 Group 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 the 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.

V. 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.

VI. 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 31 December 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments constitute the both of the Group'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 Group's balance sheet in all respects. The Group 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 Group. 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 Group. 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 Group 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 Group. The Group uses such classification above when permitted or for the purposes of providing a more proper disclosure. 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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 Group calculated 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 consolidated 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.

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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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.

VIII. Explanations on impairment on financial assets

At each reporting date, the Group 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 Group 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 in 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 Parent 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. 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 Parent Bank are composed of personnel loans as of 31 December 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 ratio of zero percent for cash and non-cash export loans which are followed standard loans; and of five per mille and one per mille for cash and non-cash loans, respectively, which are used by small and medium size enterprises. The Parent Bank has started to calculate general loan loss provision thereby using these ratios after publishment of the regulation.

IX. Explanations on offsetting of financial assets and liabilities

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

X. 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 Group 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XI. 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 are 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.

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.

XII. 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on goodwill and other intangible assets (continued)

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.

XIII. 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	4-50	2-25
Vehicles	5	20
Other Tangible Assets	1-50	2-100

Investment Property

Operating investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognized when it is probable that the future economic benefits that are associated with them will flow to the Group and the cost of them can be measured reliably. Fair value model was chosen in the measurement of the investment properties. Gains and losses arising from changes in the fair values of investment properties are recognized in profit or loss for the period in which it arises.

XIV. Explanations on leasing transactions

The Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group'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 Group's net investment outstanding in respect of the leases.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions (continued)

The Group as Lessee

Assets held under finance leases are recognized as assets of the Group 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 Group's general policy on borrowing costs. Tangible assets acquired by financial leases are amortized based on the useful lives of the assets.

XV. Explanations on provisions and contingent liabilities

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

Explanations on contingent assets

Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Parent 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 Parent 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 Parent 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.

XVI. Explanations on liabilities regarding employee benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. In retirement and involuntarily leaving, the Group 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 Parent 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits (continued)

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.

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 the Council of Ministers 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 the Council of Ministers published in the Official Gazette No. 28987 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 2014 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 22 January 2015. There is no need for technical or actual deficit to book provision as of 31 December 2014.

In addition, the Parent 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 Parent Bank.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. 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.

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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Additional explanations on borrowings

Whenever required, funding is met by loans from domestic and foreign institutions, borrowing from money market or issuance of securities in domestic and foreign markets.

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 Parent 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.

XIX. 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 Parent Bank would 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 would 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 Parent Bank would 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 would be incorporated from the profit of the year 2012, TL 32.000 of this increase would be incorporated from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 3 May 2013, and has been published in the Turkish Trade Registry Gazette No: 8351 on 27 June 2013.

XX. 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.

XXI. Explanations on government incentives

The Parent Bank does not use government incentives.

XXII. Explanations on segment reporting

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

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; investment loans, project financing, TL and foreign exchange operating loans, letters of credit and foreign trade services including letters of guarantees.

Operating income of investment banking are comprised of income from Treasury and Corporate Finance operations. Under the investment banking activities, as well as the Parent Bank's fund management and portfolio management for corporate and individual customers, marketable securities intermediary activities, cash flow management and all types of corporate finance services provided.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXII. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	324.145	213.382	(8.904)	528.623
Net Fees and Commission Income	9.794	1.370	18.336	29.500
Other Income	25.782	16.279	245.214	287.275
Other Expense	(73.457)	(12.168)	(293.426)	(379.051)
Profit Before Tax	286.264	218.863	(38.780)	466.347
Tax Provision				(92.236)
Net Profit				374.111
Group's profit / loss				373.408
Non-controlling interest				703
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	10.794.549	4.308.787	858.446	15.961.782
Investment in Associates and Subsidiaries	-	-	263.919	263.919
Total Assets	10.794.549	4.308.787	1.122.365	16.225.701
Segment Liabilities	10.856.683	2.219.230	725.537	13.801.450
Shareholders' Equity	-	-	2.424.251	2.424.251
Total Liabilities	10.856.683	2.219.230	3.149.788	16.225.701

Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	292.135	187.960	1.493	481.588
Net Fees and Commission Income	8.001	2.348	17.518	27.867
Other Income	7.614	-	130.512	138.126
Other Expense	(72.444)	(31.637)	(173.307)	(277.388)
Profit Before Tax	235.306	158.671	(23.784)	370.193
Tax Provision				(75.039)
Net Profit				295.154
Group's profit / loss				303.890
Non-controlling interest				(8.736)
Prior Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	9.000.617	3.353.574	847.534	13.201.725
Investment in Associates and Subsidiaries	-	-	237.491	237.491
Total Assets	9.000.617	3.353.574	1.085.025	13.439.216
Segment Liabilities	8.905.217	1.859.560	656.905	11.421.682
Shareholders' Equity	-	-	2.017.534	2.017.534
Total Liabilities	8.905.217	1.859.560	2.674.439	13.439.216

XXIII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the consolidated 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 Parent Bank uses “comprehensive guarantee approach” for trading book items in the credit mitigation process.

As of 31 December 2014, the Parent Bank’s consolidated capital adequacy ratio in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 18,33%.

Information related to the consolidated capital adequacy standard ratio

Current Period	Risk Weights (*)						
	Parent Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	3.013.478	896.971	2.352.327	-	10.931.575	41	5
Risk Types							
Contingent and non-contingent claims on sovereigns	3.012.857	-	542.331	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	213	-	-
Contingent and non-contingent claims on multilateral development banks	613	-	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	-	477.873	634.522	-	-	-	-
Contingent and non-contingent claims on corporate	-	419.098	736.146	-	10.530.858	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	439.328	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by agency	-	-	-	-	-	41	5
Securities secured by mortgage	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-
Short-term claims on banks and corporate	-	-	-	-	-	-	-
Undertakings for collective investments in transferable securities	-	-	-	-	-	-	-
Other claims	8	-	-	-	400.504	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

Prior Period	Risk Weights (*)						
	Parent 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 corporate	-	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 Group has no credit risk related to 10%,250% and 1250% risk weight.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

Current Period	Risk Weights (*)						
	Consolidated						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	3.028.593	1.073.516	2.615.587	-	11.012.851	41	5
Risk Types							
Contingent and non-contingent claims on sovereigns	3.027.966	-	542.331	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	614	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	633	-	-
Contingent and non-contingent claims on multilateral development banks	613	-	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	-	654.418	904.631	-	-	-	-
Contingent and non-contingent claims on corporate	-	419.098	736.146	-	10.439.288	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	431.865	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by agency	-	-	-	-	-	41	5
Securities secured by mortgage	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-
Short-term claims on banks and corporate	-	-	-	-	-	-	-
Undertakings for collective investments in transferable securities	-	-	-	-	2.071	-	-
Other claims	14	-	-	-	570.859	-	-

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

Prior Period	Risk Weights (*)						
	Consolidated						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.348.823	673.707	2.712.906	-	8.925.870	13	35
Risk Types							
Contingent and non-contingent claims on sovereigns	2.348.716	-	368.699	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	600	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	1.929	-	-
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	-	459.249	1.250.454	-	-	-	-
Contingent and non-contingent claims on corporate	-	214.139	777.505	-	8.486.612	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	315.648	-	-	-	-
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	-	-	-	-	92.833	-	-
Other claims	107	-	-	-	344.496	-	-

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

Summary information related to the consolidated capital adequacy standard ratio

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	982.976	1.002.834	820.477	833.372
Capital Requirement for Market Risk (CRMR)	27.906	32.164	15.916	26.548
Capital Requirement for Operational Risk (CROR)	65.693	70.605	56.851	63.333
Shareholders' Equity	2.434.434	2.533.742	2.026.807	1.912.404
Shareholders' Equity/((CRCR+CRMR+CROR)*12,5)*100	18,09	18,33	18,15	16,57
Principal Capital /((CRCR+CRMR+CROR)*12,5)*100)	16,99	17,47		
Core Capital/((CRCR+CRMR+CROR)*12,5)*100)	16,99	17,47		

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Information related to the components of consolidated shareholders' equity

	Parent Bank	Consolidated
	Current Period	Current Period
TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	1.500.374	1.500.374
Share Premium	-	413
Share Cancellation Profits	-	-
Legal Reserves	306.491	315.408
Other Comprehensive Income according to TAS	128.770	131.001
Profit	369.274	417.290
Net Current Period Profit	369.274	373.408
Prior Period Profit	-	43.882
Provisions for Possible Losses	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	-
Minority Shareholder	-	67.453
Tier I Capital Before Deductions	2.304.909	2.431.939
Deductions From Tier I Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	16.824	7.688
Leasehold Improvements on Operational Leases (-)	745	2.184
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	690	2.173
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 (-)	-	5.300
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 Capital (-)	-	-
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 1 capital	18.259	17.345
Tier 1 capital	2.286.650	2.414.594

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Information related to the components of consolidated shareholders' equity (continued)

	Parent Bank	Consolidated
	Current Period	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 1 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 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Core Capital	2.286.650	2.414.594
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)	23.050	23.050
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	125.194	117.760
Tier II Capital before Deductions	148.244	140.810
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	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	148.244	140.810

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Information related to the components of consolidated shareholders' equity (continued)

	Parent Bank	Consolidated
	Current Period	Current Period
CAPITAL	2.434.894	2.555.404
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 (-)	460	460
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 (-)	-	21.202
EQUITY	2.434.434	2.533.742
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	19.363	35.142
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	162.463	235.244
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	31.668	35.681

The tables of "Summary information related to the consolidated capital adequacy standard ratio", "Information related to the shareholders' equity" and "Information related to the consolidated shareholders' equity" stated in second paragraph of the article no.7 of the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures have been amended by the communiqué published in Official Gazette No. 28983 dated 26 April 2014.

The Bank has been calculating its unconsolidated and consolidated equity in accordance with the "Communiqué on shareholders' equity" published in Official Gazette No. 28756 dated 5 September 2013 since 1 January 2014; and unconsolidated and consolidated capital adequacy standard ratios are also calculated within this context.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Components of items of shareholders' equity subject to temporary applications

	The Bank		Consolidated	
	Amount considered in the calculation of equity of current period	Total Amount	Amount considered in the calculation of equity of current period	Total Amount
Goodwill and Intangible Assets and Related De- ferred 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 Finan- cial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-	26.502	261.746
Minority Shares in Tier I Capital	-	-	-	-
Third parties' shares in additional core capital	-	-	-	-
Third parties' shares in tier II capital	-	-	-	-
Debt Instruments and the Related Issuance Premi- ums Defined by the BRSA (Issued before 1.1.2014)	23.050	115.250	23.050	115.250

Details on Subordinated Liabilities

The subordinated loan that the Parent Bank has used from the International Finance Corporation evaluated as subordinated debt securities due to having the conditions stated in the Article 8. of Regulation on Equity of Banks and BRSA permission; and as of 31 December 2014, 20% of the subordinated loan in the amount of TL 115.250 (50 million US Dollar) is taken into consideration in the calculation of Supplementary Capital.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Information related to the components of consolidated shareholders' equity (continued)

	The Parent Bank	Consolidated
	Prior Period	Prior Period
CORE CAPITAL		
Paid-in Capital	1.300.000	1.300.000
Nominal Capital	1.300.000	1.300.000
Capital Commitments (-)	-	-
Inflation Adjustment to Share Capital	374	374
Share Premium	-	388
Share Cancellation Profits	-	-
Legal Reserves	254.006	262.400
Inflation Adjustment on Legal Reserves, Statutory Reserves and Extraordinary Reserves	-	-
Profit	326.057	365.889
Current Period Profit	326.057	303.890
Prior Years' Profits	-	61.999
Provisions for Possible Losses up to 25% of Core Capital	-	-
Profit on sale of associates, subsidiaries and buildings	8.920	8.920
Primary subordinated loans	-	-
Non-controlling interest	-	75.520
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Leasehold improvements (-)	(111)	(1.776)
Intangible assets (-)	(645)	(1.244)
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Consolidation Goodwill (Net) (-)	-	(1.005)
Total Core Capital	1.888.601	2.009.466

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Information related to the components of consolidated shareholders' equity (continued)

	The Parent Bank	Consolidated
SUPPLEMENTARY CAPITAL	Prior Period	Prior Period
General Loan Loss Provisions	104.331	96.583
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	42.400
45% of the Marketable Securities Value Increase Fund (**)	(8.169)	(702)
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Non Controlling Interest	-	1
Total Supplementary Capital	138.562	138.282
CAPITAL	2.027.163	2.147.748
DEDUCTIONS FROM THE CAPITAL	(356)	(235.344)
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	-	(234.988)
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)	(356)
Securitisation Positions Deducted from Equity Preferred	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	2.026.807	1.912.404

(*) According to BRSA's "Regulation on Equity of Banks", 40% amount of the Parent 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.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

The evaluation of the Parent Bank's internal capital adequacy assessment in terms of current and future activities is carried out within the framework of the principles identified at the Capital Adequacy Policy approved in the Board of Directors meeting held on 28 September 2012. The Parent Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated subsidiaries and associates are included in the assessment.

The purpose of the internal assessment process of capital requirements is to identify and evaluate all the risks both included and not included in the calculations of regulatory capital requirement, by this means, to ensure keeping sufficient capital to cover these risks and to ensure the application of appropriate risk management techniques.

The Parent Bank's internal assessment process is risk-oriented and future-oriented. Current and future capital requirements are analyzed in accordance with the Parent Bank's strategic objectives and anticipated capital costs, target capital levels and capital resources are taken into account. Through the process of internal assessment, a general capital level and assessment are exhibited, the results and findings of the internal assessment process are taken into consideration in the process of assessment of the Parent Bank's strategy and risk appetite.

Within the scope of the process, for the three-year period, the Parent Bank's capital requirement and internal capital adequacy is evaluated, based on the the Parent Bank's asset structure and risk profile, the expectations on macro-economic factors such as economic growth and foreign exchange rates, and stress scenarios. In this context, interest rate risk in the banking book, concentration risk for sectors, countries and economic groups within credit risk, liquidity risk and other risks including reputation risk, strategic risk, etc., as well as credit risk, market risk and operational risk which are contained in the calculation of the regulatory capital requirement, are included.

II. Explanations related to consolidated credit risk

The sectoral breakdown of loans is documented monthly and limitations are made according to evaluations. There is no limitation applied geographically.

Monitoring and checking is made for the treasury operations. Risk limits are identified for the operations implemented.

The credit monitoring department screens the creditworthiness of loan customers once every six months regularly. The debtors' creditworthiness is screened regularly in line with Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" ("Communiqué on Reserves"). Their financial statements are obtained as prescribed in the legislation. The credit limits have been set by the Board of Directors, the Banks credit committee and the credit management. The Parent Bank takes enough collateral for the loans and other receivables extended. The collaterals obtained consist of personal surety ship, mortgage, cash blockage and client checks.

The limits are also identified for the transactions made with the banks. The credit risk is managed by considering the creditworthiness and the limits of counter parties.

In accordance with Communiqué on Reserves;

Impaired loans, are loans past due more than 90 days as of reporting period or convinced to be impaired due to credibility. In accordance with Communiqué on Reserves, "Specific Provision" is allocated for these loans.

Past due loans, are loans past due up to 90 days as of reporting period but not impaired. In accordance with Communiqué on Reserves, "General Provision" is calculated for these loans.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Total amount of exposures after offsetting transactions but before applying risk mitigations and the average exposure amounts that are classified in different risk groups and types

Current Period	Current Period Risk Amount (*)	Average Risk Amount (**)
Contingent and non-contingent claims on sovereigns	3.670.061	2.991.723
Contingent and non-contingent claims on regional governments and local authorities	3.070	2.256
Contingent and non-contingent claims on administrative units and non-commercial enterprises	3.188	15.093
Contingent and non-contingent claims on multilateral development banks	3.063	1.814
Contingent and non-contingent claims on international organizations	-	-
Contingent and non-contingent claims on banks and capital market intermediary	4.293.420	4.085.268
Contingent and non-contingent claims on corporates	14.330.580	12.989.240
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-
Contingent and non-contingent claims secured by real estate property	431.865	262.528
Past due loans	-	-
Higher-risk categories defined by agency	46	49
Securities secured by mortgage	-	-
Securitization exposures	-	-
Short-term claims on banks and corporate	-	-
Undertakings for collective investments in transferable securities	2.071	68.984
Other claims	633.208	587.024

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

(**) Average risk amount are the arithmetical average of the amounts in monthly reports prepared starting from 1 January 2014 to the period end.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Total amount of exposures after offsetting transactions but before applying risk mitigations and the average exposure amounts that are classified in different risk groups and types (continued)

Prior Period	Current Period Risk Amount (*)	Average Risk Amount (**)
Contingent and non-contingent claims on sovereigns	3.145.346	3.315.917
Contingent and non-contingent claims on regional governments and local authorities	3.000	3.000
Contingent and non-contingent claims on administrative units and non-commercial enterprises	9.660	13.131
Contingent and non-contingent claims on multilateral development banks	1.593	398
Contingent and non-contingent claims on international organizations	-	-
Contingent and non-contingent claims on banks and capital market intermediary	3.953.729	3.070.469
Contingent and non-contingent claims on corporates	11.652.551	10.858.791
Contingent and non-contingent claims included in the regulatory retail portfolios	-	76.051
Contingent and non-contingent claims secured by real estate property	315.648	133.346
Past due loans	-	-
Higher-risk categories defined by agency	48	31
Securities secured by mortgage	-	-
Securitization exposures	-	-
Short-term claims on banks and corporate	-	-
Undertakings for collective investments in transferable securities	92.833	165.784
Other claims	388.606	462.474

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

(**)

Average risk amount are the arithmetical average of the amounts in monthly reports prepared starting from 1 January 2013 to the period end.

There are control limits over the positions on forwards, options and similar other agreements. Those limits are controlled by the Parent Bank's management on a regular basis. The credit risk is managed together with the potential risks arising from the fluctuations in the market. Credit risk, market risk, liquidity risk and other risks are managed as a whole.

If exposed to a significant degree of credit risk, the Parent Bank reduces the total risk by using, exercising or selling forward transactions and other similar contracts

The compensated non-cash loans are evaluated at the same risk weight as the non-performing loans.

Rescheduled loans are monitored within the Parent Bank's internal rating application, as well as the monitoring applications required by the related regulations. All precautions are taken in order to classify the companies' risks and their current rating may change within this internal rating applications.

The Parent Bank monitors and investigates the maturity concentration and the risks which are different than their normal pattern.

The international operations are made with many correspondent banks in various countries. The counter party limits are set with operations made with the banks.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

The Parent Bank being an active participant in international banking market is not exposed to a significant degree of credit risk when evaluated with the financial operations of other financial institutions.

The first 100 and 200 largest cash loans constitute 83,25% and 97,69% of the total cash loans portfolio of the Group respectively (31 December 2013: 84,66% and 97,88%)

The first 100 and 200 largest non cash loans constitute 100% and 100% of the total non cash loans portfolio of the Group respectively (31 December 2013: 100% and 100%).

The first 100 and 200 largest cash and non cash loans constitute 81,58% and 97,09% of the total on and off balance sheet accounts of the Group respectively (31 December 2013: 83,72% and 97,30%)

The Parent Bank calculated the general loan loss provision of TL 117.760 (31 December 2013: TL 96.583).

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated credit risk (continued)

Profile of Significant Exposures in Major Regions

	Risk Types (*)																
Current Period	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Real Estate Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities	Other Claims	Total
Domestic	3.570.297	614	426	-	-	1.326.372	11.441.752	-	431.865	-	46	-	-	-	2.071	520.915	17.294.358
European Union (EU) Countries	-	-	-	613	-	169.494	-	-	-	-	-	-	-	-	-	6.240	176.347
OECD Countries (**)	-	-	-	-	-	6.554	-	-	-	-	-	-	-	-	-	-	6.554
Off-Shore Banking Regions	-	-	-	-	-	-	1.022	-	-	-	-	-	-	-	-	-	1.022
USA, Canada	-	-	-	-	-	20.201	-	-	-	-	-	-	-	-	-	3.029	23.230
Other Countries	-	-	-	-	-	36.428	53.446	-	-	-	-	-	-	-	-	-	89.874
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	95.464	-	-	-	-	-	-	-	-	1.935	97.399
Unallocated Assets/Liabilities (***)	-	-	207	-	-	-	2.848	-	-	-	-	-	-	-	-	38.754	41.809
Total	3.570.297	614	633	613	-	1.559.049	11.594.532	-	431.865	-	46	-	-	-	2.071	570.873	17.730.593

(*) Risk types in the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” have been used.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes asset and liability items that cannot be allocated on a consistent basis.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated credit risk (continued)

Profile of Significant Exposures in Major Regions (continued)

	Risk Types (*)																
Prior Period	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Real Estate Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities	Other Claims	Total
Domestic	2.702.378	600	893	-	-	1.459.755	9.284.119	-	315.648	-	48	-	-	-	92.487	313.467	14.169.395
European Union (EU) Countries	-	-	-	319	-	164.866	-	-	-	-	-	-	-	-	-	2.957	168.142
OECD Countries (**)	-	-	-	-	-	1.708	-	-	-	-	-	-	-	-	-	-	1.708
Off-Shore Banking Regions	-	-	-	-	-	-	22.359	-	-	-	-	-	-	-	-	-	22.359
USA, Canada	-	-	-	-	-	49.900	-	-	-	-	-	-	-	-	-	-	49.900
Other Countries	-	-	-	-	-	33.473	49.145	-	-	-	-	-	-	-	-	-	82.618
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	122.631	-	-	-	-	-	-	-	346	2.258	125.235
Unallocated Assets/Liabilities (***)	15.037	-	1.036	-	-	1	2	-	-	-	-	-	-	-	-	25.921	41.997
Total	2.717.415	600	1.929	319	-	1.709.703	9.478.256	-	315.648	-	48	-	-	-	92.833	344.603	14.661.354

(*)Risk types in the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” have been used.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes asset and liability items that cannot be allocated on a consistent basis.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated credit risk (continued)

Risk profile by sectors or counterparties

Current Period	Risk Types (*)																TL	FC	Total
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Real Estate Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Under-takings for Collective Investments in Transferable Securities	Other Claims			
Agriculture	-	-	-	-	-	-	2.636	-	-	-	-	-	-	-	-	399	3.035	-	3.035
Farming and Stockbreeding	-	-	-	-	-	-	2.636	-	-	-	-	-	-	-	-	-	2.636	-	2.636
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	399	399	-	399
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	2.688	7.722.514	-	19.270	-	-	-	-	-	-	20.217	835.792	6.928.897	7.764.689
Mining and Quarrying	-	-	-	-	-	-	92.947	-	693	-	-	-	-	-	-	-	-	93.640	93.640
Production	-	-	-	-	-	42	2.332.527	-	18.577	-	-	-	-	-	-	11.037	298.762	2.063.421	2.362.183
Electricity, Gas and Water	-	-	-	-	-	2.646	5.297.040	-	-	-	-	-	-	-	-	9.180	537.030	4.771.836	5.308.866
Construction	-	-	-	-	-	-	188.052	-	-	-	-	-	-	-	-	1	45.620	142.433	188.053
Services	519.414	-	426	613	-	1.556.361	3.570.181	-	412.595	-	-	-	-	-	2.071	266.123	1.747.879	4.579.905	6.327.784
Wholesale and Retail Trade	-	-	-	-	-	-	148.541	-	680	-	-	-	-	-	-	178	6.944	142.455	149.399
Accommodation and Dining	-	-	-	-	-	-	454.606	-	93.638	-	-	-	-	-	-	10	10	548.244	548.254
Transportation and Telecommunication	-	-	-	-	-	-	741.951	-	-	-	-	-	-	-	-	1.555	1.565	741.941	743.506
Financial Institutions	519.414	-	426	613	-	1.556.361	1.335.401	-	12.525	-	-	-	-	-	2.071	263.770	1.660.702	2.029.879	3.690.581
Real Estate and Rental Services	-	-	-	-	-	-	218.682	-	235.393	-	-	-	-	-	-	-	203	453.872	454.075
Professional Services	-	-	-	-	-	-	574.626	-	17.290	-	-	-	-	-	-	610	68.386	524.140	592.526
Educational Services	-	-	-	-	-	-	78.504	-	7.138	-	-	-	-	-	-	-	7.020	78.622	85.642
Health and Social Services	-	-	-	-	-	-	17.870	-	45.931	-	-	-	-	-	-	-	3.049	60.752	63.801
Others	3.050.883	614	207	-	-	-	111.149	-	-	-	46	-	-	-	-	284.133	2.807.395	639.637	3.447.032
Total	3.570.297	614	633	613	-	1.559.049	11.594.532	-	431.865	-	46	-	-	-	2.071	570.873	5.439.721	12.290.872	17.730.593

(*) Risk types in the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" have been used.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated credit risk (continued)

Risk profile by sectors or counterparties (continued)

Prior Period	Risk Types (*)																TL	FC	Total
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	Contingent and Non-Contingent Claims Secured by Real Estate Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Under-takings for Collective Investments in Transferable Securities	Other Claims			
Agriculture	-	-	-	-	-	-	5.324	-	-	-	-	-	-	-	-	606	3.276	2.654	5.930
Farming and Stockbreeding	-	-	-	-	-	-	5.324	-	-	-	-	-	-	-	-	262	2.932	2.654	5.586
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	344	344	-	344
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	9.218	6.575.239	-	1.745	-	-	-	-	-	-	1.017	561.470	6.025.749	6.587.219
Mining and Quarrying	-	-	-	-	-	-	79.834	-	-	-	-	-	-	-	-	-	-	79.834	79.834
Production	-	-	-	-	-	1.255	2.240.058	-	1.745	-	-	-	-	-	-	1.017	321.756	1.922.319	2.244.075
Electricity, Gas and Water	-	-	-	-	-	7.963	4.255.347	-	-	-	-	-	-	-	-	-	239.714	4.023.596	4.263.310
Construction	-	-	-	-	-	-	121.744	-	2.130	-	-	-	-	-	-	-	29.246	94.628	123.874
Services	358.870	-	426	319	-	1.700.485	2.667.183	-	311.773	-	-	-	-	-	92.833	52.510	1.138.993	4.045.406	5.184.399
Wholesale and Retail Trade	-	-	-	-	-	-	29.521	-	-	-	-	-	-	-	-	92	10.499	19.114	29.613
Accommodation and Dining	-	-	-	-	-	-	282.542	-	3.532	-	-	-	-	-	-	-	10	286.064	286.074
Transportation and Telecommunication	-	-	-	-	-	1.950	588.695	-	-	-	-	-	-	-	-	1.355	1.367	590.633	592.000
Financial Institutions	358.870	-	426	319	-	1.698.535	1.018.950	-	-	-	-	-	-	-	92.833	50.216	1.084.715	2.135.434	3.220.149
Real Estate and Rental Services	-	-	-	-	-	-	354.683	-	302.197	-	-	-	-	-	-	-	11.768	645.112	656.880
Professional Services	-	-	-	-	-	-	315.618	-	-	-	-	-	-	-	-	847	30.634	285.831	316.465
Educational Services	-	-	-	-	-	-	7.775	-	6.044	-	-	-	-	-	-	-	-	13.819	13.819
Health and Social Services	-	-	-	-	-	-	69.399	-	-	-	-	-	-	-	-	-	-	69.399	69.399
Others	2.358.545	600	1.503	-	-	-	108.766	-	-	-	48	-	-	-	-	290.470	2.320.006	439.926	2.759.932
Total	2.717.415	600	1.929	319	-	1.709.703	9.478.256	-	315.648	-	48	-	-	-	92.833	344.603	4.052.991	10.608.363	14.661.354

(*) Risk types in the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" have been used.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Analysis of maturity-bearing exposures according to remaining maturities

Risk Types	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Contingent and Non-Contingent Claims on Sovereigns	602.016	13.316	33.390	81.398	2.766.171
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	9	1	4	11	183
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	673.499	100.291	85.762	82.417	362.227
Contingent and Non-Contingent Claims on Corporates	516.163	373.384	258.321	747.134	9.572.945
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	693	-	431.172
Past Due Loans	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-
Securities Secured by Mortgage	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-
Other Claims	4.607	-	-	9.181	25.649
Total	1.796.294	486.992	378.170	920.141	13.158.347

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Analysis of maturity-bearing exposures according to remaining maturities (continued)

Risk Types	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Contingent and Non-Contingent Claims on Sovereigns	292.004	271.469	143.993	337.475	1.552.916
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	1.036	-	-	-	458
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	725.027	75.036	87.541	168.521	490.937
Contingent and Non-Contingent Claims on Corporates	345.561	47.102	152.993	546.069	8.369.630
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	89	2.497	313.062
Past Due Loans	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	12	-	36
Securities Secured by Mortgage	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	92.331
Other Claims	7.745	-	-	-	-
Total	1.371.373	393.607	384.628	1.054.562	10.819.689

Information on risk types

Referring to article No. 7 of the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks”, in the process of risk weighted assets calculation, risk weights are determined through ratings given by authorized rating companies. Ratings given by International Rating Companies can be used for receivables includes receivables from Banks and Brokerage Houses settled abroad, receivables from Regional Authorities and Local Authorities, receivables from Administrative Bodies and Non-Commercial Undertakings, receivables from Multilateral Development Banks and Corporate Receivables risk weights. The Resident Institutions are assessed as unrated.

In determination of risk weights for exposures on capital adequacy calculation of the Parent Bank, ratings are used given by Fitch Ratings Rating Agency.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Information on risk types (continued)

The table related to mapping of the ratings given by Fitch Ratings' International Rating Agency as per credit quality grades and risk weights used in the calculations, is as follows.

Current Period		Risk Types			
Credit Quality Grades	Fitch Ratings	Claims on Sovereigns	Claims on Banks and Capital Market Intermediary		Claims on Corporate Receivables
			Claims with Remaining Maturities Less Than 3 Months	Claims with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
3	BBB+	50%	20%	50%	100%
	BBB				
	BBB-				
4	BB+	100%	50%	100%	100%
	BB				
	BB-				
5	B+	100%	50%	100%	150%
	B				
	B-				
6	CCC+	150%	150%	150%	150%
	CCC				
	CCC-				
	CC				
	C				
	D				
Unrated	Unrated	100%	20% (*)	50% (*)	100%

(*) Used in case when the risk weight of the sovereign of the Parent Bank's country is not higher.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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II. Explanations related to consolidated credit risk (continued)

Information on risk types (continued)

The table related to mapping of the ratings given by Fitch Ratings' International Rating Agency as per credit quality grades and risk weights used in the calculations, is as follows.

Prior Period		Risk Types			
Credit Quality Grades	Fitch Ratings	Claims on Sovereigns	Claims on Banks and Capital Market Intermediary		Claims on Corporate Receivables
			Claims with Remaining Maturities Less Than 3 Months	Claims with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
3	BBB+	50%	20%	50%	100%
	BBB				
	BBB-				
4	BB+	100%	50%	100%	100%
	BB				
	BB-				
5	B+	100%	50%	100%	150%
	B				
	B-				
6	CCC+	150%	150%	150%	150%
	CCC				
	CCC-				
	CC				
	C				
Unrated	D	100%	20% (*)	50% (*)	100%
	Unrated				

(*) Used in case when the risk weight of the sovereign of the Parent Bank's country is not higher.

Exposures by risk weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deducted from Equities
Current Period										
Exposures Before Credit Risk Mitigation (*)	3.123.722	-	3.040.664	2.287.290	-	11.560.046	41	5	-	39.007
Exposures After Credit Risk Mitigation	3.028.593	-	1.073.516	2.615.587	-	11.012.851	41	5	-	39.007

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Exposures by risk weights (continued)

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deducted from Equities
Prior Period										
Exposures Before Credit Risk Mitigation (*)	2.568.246	-	1.933.671	2.429.269	-	9.335.334	13	35	-	239.369
Exposures After Credit Risk Mitigation	2.348.823	-	673.707	2.712.906	-	8.925.870	13	35	-	239.369

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

Information of major sectors or type of counterparties

Current Period	Loans		Value Adjustments	Provisions
Major Sectors / Counterparties	Impaired Loans	Past Due Loans		
Agriculture	3.433	-	-	(3.433)
Farming and Stockbreeding	3.433	-	-	(3.433)
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	8.617	44.689	-	(8.617)
Mining and Quarrying	192	-	-	(192)
Production	8.425	-	-	(8.425)
Electricity, Gas and Water	-	44.689	-	-
Construction	4.886	11.913	-	(4.886)
Services	1.325	-	-	(1.325)
Wholesale and Retail Trade	490	-	-	(490)
Accommodation and Dining	703	-	-	(703)
Transportation and Telecommunication	17	-	-	(17)
Financial Institutions	24	-	-	(24)
Real Estate and Rental Services	-	-	-	-
Professional Services	91	-	-	(91)
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Others	177	-	-	(177)
Total	18.438	56.602	-	(18.438)

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Information of major sectors or type of counterparties (continued)

Prior Period	Loans			
Major Sectors / Counterparties	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
Agriculture	3.432	-	-	(3.432)
Farming and Stockbreeding	3.432	-	-	(3.432)
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	26.941	-	-	(26.941)
Mining and Quarrying	191	-	-	(191)
Production	9.512	-	-	(9.512)
Electricity, Gas and Water	17.238	-	-	(17.238)
Construction	516	-	-	(516)
Services	6.497	-	-	(6.497)
Wholesale and Retail Trade	829	-	-	(829)
Accommodation and Dining	292	-	-	(292)
Transportation and Telecommunication	-	-	-	-
Financial Institutions	12	-	-	(12)
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	5.364	-	-	(5.364)
Others	-	-	-	-
Total	37.386	-	-	(37.386)

Information related with value adjustments and loan loss provisions

Current Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Specific Provisions	37.386	10.808	29.756	-	18.438
General Loan Loss Provision	96.583	21.177	-	-	117.760

Prior Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Specific Provisions	15.624	24.027	2.265	-	37.386
General Loan Loss Provision	77.247	19.336	-	-	96.583

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Cash credit quality per class of financial assets as of 31 December 2014 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	10.810.387	56.602	10.866.989
Corporate Loans	9.006.463	11.913	9.018.376
Loans to SME	1.731.353	44.689	1.776.042
Consumer Loans	131	-	131
Other	72.440	-	72.440
Receivables from Leasing Transactions	-	-	-
Total	10.810.387	56.602	10.866.989

Cash credit quality per class of financial assets as of 31 December 2013 is as follows:

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	9.049.098	-	9.049.098
Corporate Loans	7.311.914	-	7.311.914
Loans to SME	1.684.011	-	1.684.011
Consumer Loans	174	-	174
Other	52.999	-	52.999
Receivables from Leasing Transactions	4.518	-	4.518
Total	9.053.616	-	9.053.616

Credit risk is evaluated according to the Parent Bank's internal rating. Non financial services customers included in credit portfolio are rated with respect to Parent Bank's internal rating and ratings of the financial services customers, which are rated by external rating firms, are matched to the Parent Bank's internal ratings. The loans rated according to the possibility of being in default are classified from the highest grade (top grade) to the lowest (below average) as below; at the bottom of the table there are credits in default (impaired) according to rating model.

Basic Loan Quality Categories	Current Period	Prior Period
Top Grade	480.487	325.050
High Grade	2.245.543	3.463.517
Average Grade	6.175.049	4.551.900
Below Average Grade	2.899.642	1.681.207
Impaired	18.438	41.616
Total	11.819.159	10.063.290

Category "top" shows that the debtor has a very strong financial structure, "high" shows that the debtor has a strong financial structure, "average" shows the debtor's financial structure is good enough while "below average" category shows that debtor's financial structure is under risk in the short and medium term.

As of the reporting date, the total of the Group's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TL 12.338.496; and TL 519.337 of these customers have not been rated (31 December 2013: TL 10.544.422; TL 481.132).

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to consolidated credit risk (continued)

Carrying amount per class of financial assets whose terms have been renegotiated

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	172.426	106.575
Corporate Loans	14.663	16.588
Loans to SME	157.763	89.987
Consumer Loans	-	-
Other	-	-
Total	172.426	106.575

III. Explanations related to the consolidated 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 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 were determined and announced throughout the Parent Bank.

Legally, the standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Parent 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 Parent 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.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

III. Explanations related to the consolidated market risk

The consolidated market risk table is as follows:

1.a Information related to the consolidated market risk:

	Current period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard	14.452	7.438
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	1.143	843
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	9.862	14.007
(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	2	-
(VII) Counterparty credit risk capital requirement - Standard method	6.705	4.260
(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	32.164	26.548
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	402.050	331.850

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

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	10.095	14.909	7.038	7.029	8.358	5.317
Common Stock Risk	494	969	114	372	721	135
Currency Risk	10.454	14.317	9.083	12.259	15.295	7.237
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	147	896	-	353	857	-
Counterparty Credit Risk	5.491	6.705	4.036	2.788	4.260	1.933
Total Value At Risk	26.681	37.796	20.271	22.801	29.491	14.622

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

III. Explanations related to the consolidated market risk (continued)

2. Explanation related to counter party risk

The Parent Bank gives long term, medium term and short term loans within principles and limits determined by the Board of Directors according to the Banking Law. Loan transactions includes all manner of lending type about financing investments and need to working capital of firms, domestic and foreign loan participation from primary and secondary market, underwriting to purchase and sell of bond and legal instruments that will issued, provide APEX loan facilities to banks and financial institutions by leasing, treasury derivative transaction within limits assigned to firms, export-import transactions, treasury, money and capital market and derivative transaction within limits in countenance of financial institutions (Counterparties).

Project guarantee, mortgage, personnel guarantee, company guarantee, cheques and notes, cash blockage, stock and security pledges could be taken on Treasury, Money and Capital Market and Derivative transaction within limits in countenance of non-financial institutions (Counterparties). On Treasury, Money and Capital Market transaction within limits in countenance of financial institutions (Counterparties) guarantee is not taken and on derivative transactions collateral netting is applied for the firms that signed CSA agreements based on daily derivative valuation. The provision is reserved in accordance with “Substance of the Procedures and Principles Related to Determination of Loans and Other Receivables by the Banks and Allocation of Provision for Those” and international practices.

Quantitative information related to counterparty risk

	Current Period	Prior Period
Interest Rate Contracts	29.595	18.440
Foreign Exchange Rate Contracts	98.542	49.011
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Values	128.137	67.451
Net-off Benefits	-	-
Net-off Current Risk Amount	128.137	67.451
Collaterals Received	7.607	1.166
Net Derivative Position	120.530	66.285

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

III. Explanations related to the consolidated market risk (continued)

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

Internal model is not used on the calculation of capital requirements for counterparty loan risk.

Other price risks

The Parent Bank is exposed to equity price risks arising from equity investments. Equity investments are mostly held for trading purposes. The Parent Bank does not actively trade these investments.

Equity shares price sensitivity

The sensitivity analysis below has been determined based on the exposure to stock price risks at the reporting date.

If the inputs (equity shares prices) to the valuation model had been 20% higher/lower while all other variables were held constant;

The Group classifies its equity investments both as held for trading and available for sale investments. Therefore, the net profit/loss is not affected as long as the Group does not sell its equity investments classified as available for sale investments. According to the analysis results under these assumptions; marketable securities value increase fund will increase or decrease by TL 2.322 (31 December 2013: TL 2.166), for marketable securities classified as financial assets held for trading the profit/loss would decrease/increase by TL 478 (31 December 2013: TL 203 marketable securities value increase fund increase/decrease).

IV. Explanations related to consolidated operational risk

Operational risk amount of the Group is measured with Basic Indicator Method referring to “Regulation on Measurement and Assessment of Capital Adequacy of Banks” According to this method, the calculation is performed parallel to the practice within the country, by multiplying 15% of the Group’s last three years’ average gross revenue with 12,5.

Yearly gross income, as presented on the income statement; is calculated with net interest income plus net fee and commission, dividend income except from subsidiaries and associates, trading profit/loss and other operational income minus profit/loss gain on sale of assets other than of trading accounts, extraordinary incomes, operational expense for support service from a bank and recoveries from insurance.

	31 December 2011	31 December 2012	31 December 2013	Total/No. of years of positive gross	Rate (%)	Total
Gross Income	404.306	497.984	509.813	470.701	15	70.605
Value at Operational Risk (Total*12,5)						882.564

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V. Explanations related to consolidated 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 monthly basis under the standard method in the foreign currency risk table and their results are reported to the official authorities and the Parent 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 Group 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 Parent 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"		
31 December 2014	2,3050	2,8013
<u>Prior Five Workdays:</u>		
30 December 2014	2,3000	2,7890
29 December 2014	2,2970	2,7996
26 December 2014	2,3000	2,8081
25 December 2014	2,3085	2,8198
24 December 2014	2,3000	2,8000

Simple arithmetic thirty-day averages of the US Dollar and EURO buying rates of the Parent Bank before the reporting date are TL 2,2708 and 2,7970; respectively.

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V. Explanations related to consolidated currency risk (continued)

Information on the Group'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	71.995	329.480	74.677	476.152
Banks	193.697	99.671	2.396	295.764
Financial Assets at Fair Value Through Profit and Loss (*)	4.835	10.471	-	15.306
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	28.547	530.441	-	558.988
Loans (**)	3.584.589	6.201.710	-	9.786.299
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 (***)	-	46.810	-	46.810
Total Assets	3.883.663	7.218.583	77.073	11.179.319
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	10.883	228.952	-	239.835
Funds Provided From Other Financial Institutions	4.253.145	5.786.583	-	10.039.728
Marketable Securities Issued	-	813.824	-	813.824
Miscellaneous Payables (****)	4.221	15.011	1.200	20.432
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (*****)	16.629	34.113	-	50.742
Total Liabilities	4.284.878	6.878.483	1.200	11.164.561
Net Balance Sheet Position	(401.215)	340.100	75.873	14.758
Net Off-Balance Sheet Position	311.459	(344.066)	(74.677)	(107.284)
Financial Derivative Assets	746.084	699.758	63.998	1.509.840
Financial Derivative Liabilities	(434.625)	(1.043.824)	(138.675)	(1.617.124)
Non-Cash Loans (*****)	370.142	640.324	10.756	1.021.222
Prior Period				
Total Assets	3.895.362	5.749.872	2.162	9.647.396
Total Liabilities	4.186.305	5.267.973	907	9.455.185
Net Balance Sheet Position	(290.943)	481.899	1.255	192.211
Net Off –Balance Sheet Position	(74.627)	(287.450)	2	(362.075)
Financial Derivative Assets	505.646	308.449	14.559	828.654
Financial Derivative Liabilities	(580.273)	(595.899)	(14.557)	(1.190.729)
Non-Cash Loans (*****)	223.885	722.887	727	947.499

(*) Exchange rate differences arising from derivative transactions amounting to TL 41.185 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended include TL 1.330.851 foreign currency indexed loans.

(***) Prepaid expenses and foreign currency buy commitment accruals amounting to TL 248 and TL 7, respectively have not been included in "Other Assets".

(****) Foreign currency sell commitment accruals amounting to TL 4 have not been included in "Miscellaneous Payables".

(*****) Marketable securities valuation increase fund amounting to TL 50.192 and exchange rate differences arising from derivative transactions amounting to TL 47.176 have not been included in "Other Liabilities". Borrower funds amounting TL 38.458 based on foreign currencies have been included in "Other Liabilities".

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

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V. Explanations related to consolidated currency risk (continued)

The Group is mostly exposed to Euro, US Dollars, other foreign currencies.

The following tables detail the Group's sensitivity to 10% increase/decrease in the TL against US Dollar, Euro and other currencies.

	Increase in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity (**)	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10	(5.248)	18.026	4.851	1.419
Euro	10	(9.217)	(36.703)	241	146
Other	10	120	126	-	-

	Decrease in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity (**)	
		Current Period	Prior Period	%	Current Period
US Dollar	10	5.248	(18.026)	(4.851)	(1.419)
Euro	10	9.217	36.703	(241)	(146)
Other	10	(120)	(126)	-	-

(*) Values expressed are before the tax effect.

(**) Effect on equity does not include effect on profit/loss.

Forward foreign exchange contracts

The Group does not have forward foreign exchange contracts to hedge the risk exposure from payments and collections in any foreign exchange.

VI. Explanations related to consolidated interest rate risk

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

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

The amount of local borrowings is very low considering the total liabilities of the Parent Bank. As the Parent 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 Parent Bank screens many risk control ratio 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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VI. Explanations related to consolidated 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	31.628	-	-	-	-	476.166	507.794
Banks	387.042	102.480	-	-	-	14.459	503.981
Financial Assets at Fair Value Through Profit and Loss	12.645	18.625	59.392	2.063	-	2.692	95.417
Money Market Placements	65.950	39.256	-	-	-	-	105.206
Available-for-Sale Financial Assets	701.993	733.138	918.699	606.103	521.916	35.768	3.517.617
Loans	1.923.784	3.596.176	3.911.384	1.163.684	199.521	72.440	10.866.989
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	2.494	68	227	-	-	625.908	628.697
Total Assets	3.125.536	4.489.743	4.889.702	1.771.850	721.437	1.227.433	16.225.701
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.181.969	90.744	-	-	-	-	2.272.713
Miscellaneous Payables	-	-	-	-	-	96.591	96.591
Marketable Securities Issued	-	-	-	813.824	-	-	813.824
Funds Provided from Other Financial Institutions	3.036.838	3.594.842	2.250.201	466.065	919.701	-	10.267.647
Other Liabilities (**)	52.533	4.252	43.289	-	2.583	2.672.269	2.774.926
Total Liabilities	5.271.340	3.689.838	2.293.490	1.279.889	922.284	2.768.860	16.225.701
Balance Sheet Long Position	-	799.905	2.596.212	491.961	-	-	3.888.078
Balance Sheet Short Position	(2.145.804)	-	-	-	(200.847)	(1.541.427)	(3.888.078)
Off-Balance Sheet Long Position	59.327	14.268	-	504.062	-	-	577.657
Off-Balance Sheet Short Position	-	-	(562.581)	-	(165.518)	-	(728.099)
Total Position	(2.086.477)	814.173	2.033.631	996.023	(366.365)	(1.541.427)	(150.442)

(*) 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.

(**) Borrower funds amounting to TL 39.081 are presented in "Other Liabilities" within 1-month maturity column.

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VI. Explanations related to consolidated 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	-	-	-	1,44
Banks	2,83	0,44	-	11,08
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	10,21
Available-for-Sale Financial Assets	5,60	5,88	-	9,72
Loans	3,83	4,39	-	10,60
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,50	0,68	-	0,57
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,38	-	-
Funds	0,50	0,50	-	6,00
Funds Provided From Other Financial Institutions	1,16	1,15	-	3,31

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VI. Explanations related to consolidated 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	-	-	-	-	-	345.040	345.040
Banks	346.369	59.422	-	-	-	15.513	421.304
Financial Assets at Fair Value Through Profit and Loss	8.638	13.816	16.777	18.124	1.697	1.196	60.248
Money Market Placements	50	-	-	-	-	-	50
Available-for-Sale Financial Assets	995.066	721.674	474.783	530.712	199.794	51.029	2.973.058
Loans	1.467.507	3.460.688	3.517.943	519.443	30.518	52.999	9.049.098
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	3.099	4.495	-	-	-	582.824	590.418
Total Assets	2.820.729	4.260.095	4.009.503	1.068.279	232.009	1.048.601	13.439.216
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.810.249	-	45.955	-	-	-	1.856.204
Miscellaneous Payables	-	-	-	-	-	89.769	89.769
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	3.019.458	3.231.546	2.215.319	226.919	538.554	-	9.231.796
Other Liabilities (***)	24.398	3.323	12.895	22.802	440	2.197.589	2.261.447
Total Liabilities	4.854.105	3.234.869	2.274.169	249.721	538.994	2.287.358	13.439.216
Balance Sheet Long Position	-	1.025.226	1.735.334	818.558	-	-	3.579.118
Balance Sheet Short Position	(2.033.376)	-	-	-	(306.985)	(1.238.757)	(3.579.118)
Off-Balance Sheet Long Position	117.536	88.022	19.288	-	39.418	-	264.264
Off-Balance Sheet Short Position	-	-	-	(279.007)	-	-	(279.007)
Total Position	(1.915.840)	1.113.248	1.754.622	539.551	(267.567)	(1.238.757)	(14.743)

(*) 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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VI. Explanations related to consolidated 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	2,97	3,31	-	8,00
Financial Assets at Fair Value Through Profit and Loss	-	-	-	10,61
Money Market Placements	-	-	-	9,00
Available-for-Sale Financial Assets	5,45	6,73	-	9,51
Loans	3,77	4,16	-	9,37
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,51	0,88	-	6,82
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	0,50	0,50	-	4,00
Funds Provided From Other Financial Institutions	0,89	1,11	-	9,80

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, Other Debts and Derivative items except in trading portfolio, which are monitored in banking book accounts in liabilities. 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 Parent 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	(138.136) / 134.135	(5,67%) / 5,51%
Euro	+200 / (200) basis point	14.765 / (6.743)	0,61% / (0,28%)
US Dollar	+200 / (200) basis point	26.818 / (43.013)	1,10% / (1,77%)
Total (for Negative Shocks)		84.379	3,46%
Total (for Positive Shocks)		(96.553)	(3,96%)

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VI. Explanations related to consolidated 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/ Shareholders' 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%)

Interest rate sensitivity

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 Parent 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 upper management, the Board of Directors and the Audit Committee are informed of these risks.

The Group's interest rate sensitivity is calculated according to the market risk related to assets and liabilities. In this context, at the reporting date, if interest rates had been 1 bp higher for TL and foreign currency and all other variables were held constant, the net decrease on the profit and shareholders' equity would have been TL 5.812 and if interest rates had been 1 bp lower for TL and foreign currencies, the net increase on the profit and shareholders' equity change would have been TL (1.367).

The Group's available for sale portfolio in the current period increased approximately by 12% compared to prior period and the market value increased approximately by 18%. In addition to this, foreign exchange assets in the Parent Bank's portfolio are approximately 16% of the portfolio in the current period while this ratio was 13% in the prior period in terms of fair value.

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VII. Explanations related to consolidated stock position risk

The Group 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 Group. The Group classified its share certificate investments both as available for sale and as trading securities and net profit/loss of the Group is not affected unless the Group 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 Group'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	11.610	-	11.610
Quoted	11.610	-	11.610

Prior Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	10.735	-	10.735
Quoted	10.735	-	10.735

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	-	-	-	1.005	-	1.005
Other Share Certificates	9.922	-	-	-	-	-
Total	9.922	-	-	1.005	-	1.005

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VII. Explanations related to consolidated stock position risk (continued)

Equity shares risk due from banking book (continued)

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	(497)	-	-	223	-	100
Other Share Certificates	-	-	-	-	-	-
Total	(497)	-	-	223	-	100

VIII. Explanations related to the consolidated liquidity risk

The Parent Bank's future cash flows and current positions are taken into consideration for managing the market and liquidity risks. The Parent 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 Parent 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 Parent 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 Parent Bank's liquidity management is implemented by meeting all the obligations on time considering the Parent 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.

The Parent Bank meets its short term liquidity requirements with repurchase agreements and inter-bank money market operations. The Parent Bank may also use its available for sale portfolio for urgent liquidity requirement. The Parent 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 Parent Bank. For the purposes of monitoring and assessing the liquidity position of the Parent Bank's assets and liabilities, the liquidity rate is weekly calculated. The ratio during the year 2014 and 2013 are as follows:

	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
Current Period	FC	FC + TL	FC	FC + TL
Average (%)	113,68	131,29	108,10	127,81
Prior Period	FC	FC + TL	FC	FC + TL
Average (%)	109,06	140,86	112,67	138,53

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

VIII. Explanations related to the consolidated 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	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	34.626	473.168	-	-	-	-	-	507.794
Banks	14.459	387.042	102.480	-	-	-	-	503.981
Financial Assets at Fair Value Through Profit and Loss	2.692	5.934	13.707	31.514	16.556	25.014	-	95.417
Money Market Placements	-	65.950	39.256	-	-	-	-	105.206
Financial Assets Available-for- Sale	-	141.939	78.566	265.668	1.066.343	1.929.333	35.768	3.517.617
Loans	72.440	535.931	477.600	1.749.721	5.855.541	2.175.756	-	10.866.989
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	2.789	-	-	-	-	625.908	628.697
Total Assets	124.217	1.612.753	711.609	2.046.903	6.938.440	4.130.103	661.676	16.225.701
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	430.496	253.299	960.942	3.997.333	4.625.577	-	10.267.647
Money Market Borrowings	-	2.181.969	90.744	-	-	-	-	2.272.713
Securities Issued	-	-	-	-	813.824	-	-	813.824
Miscellaneous Payables	10.415	-	-	-	-	-	86.176	96.591
Other Liabilities (**)	-	49.440	1.548	21.356	8.628	21.685	2.672.269	2.774.926
Total Liabilities	10.415	2.661.905	345.591	982.298	4.819.785	4.647.262	2.758.445	16.225.701
Liquidity Gap	113.802	(1.049.152)	366.018	1.064.605	2.118.655	(517.159)	(2.096.769)	-
Prior Period								
Total Assets	148.407	1.164.464	591.966	2.273.279	5.859.439	2.768.246	633.415	13.439.216
Total Liabilities	26.405	2.225.590	147.073	908.737	3.487.870	4.365.515	2.278.026	13.439.216
Liquidity Gap	122.002	(1.061.126)	444.893	1.364.542	2.371.569	(1.597.269)	(1.644.611)	-

(*) 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.

(**) Borrower funds amounting to TL 39.081 are presented in "Other Liabilities" within 1-month maturity column.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

VIII. Explanations related to the consolidated liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

In compliance with the Turkish Financial Reporting Standard No.7, the following table indicates the maturities of the Group's major financial liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of capital outflows without discounting the financial liabilities.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	446.733	262.726	1.030.870	4.331.378	4.855.915	(659.975)	10.267.647
Money Market Borrowings	2.183.520	90.822	-	-	-	(1.629)	2.272.713
Marketable Securities Issued	-	-	43.724	980.201	-	(210.501)	813.824
Funds	39.081	-	-	-	-	-	39.081
Total	2.669.334	353.548	1.074.594	5.311.579	4.855.915	(871.705)	13.393.265

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	481.658	152.117	906.042	3.712.473	4.599.703	(560.149)	9.291.844
Money Market Borrowings	1.811.557	-	46.665	-	-	(1.777)	1.856.445
Funds	5.954	-	-	-	-	-	5.954
Total	2.299.169	152.117	952.707	3.712.473	4.599.703	(561.926)	11.154.243

Analysis of contractual expiry by maturity of the Group's derivative financial instruments:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contracts	1.509.858	651.579	615.593	3.436.171	1.873.930	(62.545)	8.024.586
Forward Contracts	5.761	43.985	-	-	-	-	49.746
Futures Transactions	-	-	-	-	-	-	-
Options	542.833	65.876	878.222	-	-	-	1.486.931
Other	-	-	-	-	-	-	-
Total	2.058.452	761.440	1.493.815	3.436.171	1.873.930	(62.545)	9.561.263
Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contracts	629.600	386.582	194.122	2.074.156	473.557	3.498	3.761.515
Forward Contracts	7.968	450.195	139.141	-	-	-	597.304
Futures Transactions	-	-	-	-	-	-	-
Options	135.566	130.116	301.372	237.706	-	-	804.760
Other	-	-	-	-	-	-	-
Total	773.134	966.893	634.635	2.311.862	473.557	3.498	5.163.579

IX. Explanations related to consolidated securitization positions

None.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

X. Explanations related to consolidated 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 Parent 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 Parent Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, Stock Pledges), guarantees and mortgages. As of 31 December 2014, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used. As of 31 December 2014, 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	3.670.061	97.878	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	3.070	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	3.188	47	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	3.063	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	4.293.420	2.130.644	-	-
Contingent and Non-Contingent Claims on Corporates	14.330.580	53.138	-	2.688
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	431.865	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	46	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	2.071	-	-	-
Other Claims	633.208	61.563	-	-
Total	23.370.572	2.343.270	-	2.688

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

X. Explanations related to consolidated 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	3.145.346	221.426	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	3.000	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	9.660	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	3.953.729	1.329.327	-	-
Contingent and Non-Contingent Claims on Corporates	11.652.551	40.185	-	11.168
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	315.648	-	-	-
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	92.833	-	-	-
Other Claims	388.606	44.401	-	-
Total	19.563.014	1.635.379	-	11.168

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

Main guarantors and their credibility

Main Guarantors (*)	Fitch Rating
Bank Pozitif Kredi ve Kalkınma Bankası A.Ş.	BBB-
Denizbank A.Ş.	BBB-
Yapı ve Kredi Bankası A.Ş.	BBB-

(*) Guarantors have risk mitigation effect on 31 December 2014 capital adequacy computation.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

XI. Explanations related to consolidated 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 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 Parent 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, 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 and Internal Capital Adequacy Assessment Process of Banks” communiqué of Banking Regulation and Supervision Agency. Risk Management is responsible for preparing risk management strategies and policies followed by the Parent 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.

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.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Credit risk management policy (continued)

At Parent 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 Parent 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 Parent Bank. The articles in the agreements are compelling even if they are different from existing 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. Parent 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 Parent 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 Parent 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 Parent 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.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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XI. Explanations related to consolidated risk management objective and policies (continued)

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

The Parent 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 Parent 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 Parent 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. 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 Parent 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. 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.

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.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Liquidity risk management policy (continued)

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.

Parent 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

The table below shows the carrying and fair values of the financial assets and liabilities in the consolidated financial statements of the Group.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	14,993.793	12,448.028	15,044.825	12,595.443
Money Market Placements	105.206	50	105.206	50
Banks	503.981	421.304	503.981	421.304
Available-For-Sale Financial Assets	3.517.617	2.973.058	3.517.617	2.973.058
Held-To-Maturity Investments	-	-	-	-
Loans (*)	10.866.989	9.053.616	10.918.021	9.201.031
Financial Liabilities	13,489.856	11,183.723	13,508.759	11,183.723
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Provided From Other Financial Institutions	12.579.441	11.093.954	12.579.441	11.093.954
Marketable Securities Issued	813.824	-	832.727	-
Miscellaneous Payables	96.591	89.769	96.591	89.769

(*) Loans include financial lease receivables.

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

- i- For the fair value calculation of loans, the prevailing interest rates as of the reporting date were used.
- ii- For the fair value calculation of the balances with banks, the prevailing interest rates as of the reporting date were used.
- iii- For the fair value calculation of held-to-maturity investments, quoted prices as of the reporting date were used.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

XII. Explanations related to presentation of financial assets and liabilities by fair value (continued)

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

The table below analyses financial instruments carried at fair value, by valuation method.

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Current Period	Level I	Level II	Level III
Financial Assets			
Financial Assets Held for Trading	22.606	76.937	-
Financial Assets Available For Sale	2.569.696	923.763	24.158
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	63.576	-

Prior Period	Level I	Level II	Level III
Financial Assets			
Financial Assets held for Trading	19.561	40.687	-
Financial Assets Available For Sale	2.125.024	807.834	40.200
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	57.857	-

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated 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	14	-	107	-
Balances with the Central Bank of Turkey	31.628	476.152	42.069	302.864
Other	-	-	-	-
Total	31.642	476.152	42.176	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	31.628	2.984	42.069	36.086
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	473.168	-	266.778
Total	31.628	476.152	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. The Central Bank of Turkey began to pay interests on required reserves in Turkish Lira since 5 November 2014.

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 31 December 2014 are presented in table below:

	Foreign Currency Liabilities Required Reserve Rates (%)	Turkish Lira Liabilities Required Reserve Rates (%)
Other liabilities up to 1 year maturity (including 1 year)	13,0	11,5
Other liabilities up to 3 years maturity (including 3 years)	11,0	8,0
Other liabilities longer than 3 years maturity	6,0	5,0

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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 Group's trading securities given as collateral or blocked amounted to TL 7.878 (31 December 2013: TL 8.674).

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

As of the reporting date, the Group has TL 293 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 Group 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 Group has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2013: None).

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

Derivative instruments held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	91	28	2.678	118
Swap Transactions	18.292	35.307	3.977	11.712
Futures Transactions	-	-	-	-
Options	-	21.156	-	22.202
Other	-	-	-	-
Total	18.383	56.491	6.655	34.032

3. Information on banks and foreign bank accounts

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	208.217	290.053	9.971	405.770
Foreign	-	5.711	-	5.563
Branches and head office abroad	-	-	-	-
Total	208.217	295.764	9.971	411.333

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

3. Information on banks and foreign bank accounts (continued)

3.b Information on banks and foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3.857	1.912	-	-
USA, Canada	763	2.523	-	-
OECD Countries (*)	1.091	1.128	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	5.711	5.563	-	-

(*) OECD countries other than European Union countries, USA and Canada.

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	2.016.726	-	1.497.803	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	307.313	-	243.128
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	2.016.726	307.313	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 are issued by the Turkish Treasury. The carrying value of those assets is TL 251.539 (31 December 2013: TL 154.631).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	183.982	67.557	154.631	-
Other	-	-	-	-
Total	183.982	67.557	154.631	-

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

Available for sale financial assets comprise government bonds 70,82%, Eurobonds 15,07%, and shares and other securities 14,11% (31 December 2013: government bonds 67,15%, Eurobonds 11,19% and shares and other securities 21,66%).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period	Prior Period
Debt securities	3.482.152	2.930.864
Quoted on a stock exchange	2.929.125	2.553.421
Unquoted	553.027	377.443
Share certificates	45.293	65.157
Quoted on a stock exchange	11.642	10.828
Unquoted	33.651	54.329
Impairment provision(-)	(9.828)	(22.963)
Total	3.517.617	2.973.058

Net book value of unquoted available for sale share certificates is TL 24.158 (31 December 2013: TL 40.200).

5. Information on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	84.174	117.412	112.840	117.413
Corporate shareholders	84.174	117.412	112.840	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	131	-	174	-
Total	84.305	117.412	113.014	117.413

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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	10.630.981	37.676	-	163.568	98.901	35.849
Corporation loans	3.737.157	-	-	10.468	5.332	-
Export loans	68.340	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.303.613	-	-	-	-	-
Consumer loans	131	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	5.521.740	37.676	-	153.100	93.569	35.849
Specialized loans	-	-	-	-	-	-
Other receivables	72.440	-	-	-	-	-
Total	10.703.421	37.676	-	163.568	98.901	35.849

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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	
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	8.862.548	-	-	133.551	106.575	-
Corporation loans	2.489.462	-	-	6.032	6.032	-
Export loans	148.074	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.237.796	-	-	-	-	-
Consumer loans	174	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	4.987.042	-	-	127.519	100.543	-
Specialized loans	-	-	-	-	-	-
Other receivables	52.999	-	-	-	-	-
Total	8.915.547	-	-	133.551	106.575	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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		
Number of amendments related to the extension of the payment plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended for 1 or 2 times	37.676	98.901
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-

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

Current Period		
The time extended via the amendment on payment plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	-	-
6 Months - 12 Months	-	84.237
1-2 Years	-	-
2-5 Years	37.676	-
5 Years and Over	-	14.664

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.c Maturity analysis of cash 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
Short-term loans and other receivables	1.320.048	-	-	-
Non-specialized loans	1.247.608	-	-	-
Specialized loans	-	-	-	-
Other receivables	72.440	-	-	-
Medium and Long-term loans	9.383.373	37.676	163.568	134.750
Non-specialized loans	9.383.373	37.676	163.568	134.750
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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
Short-term loans and other receivables	639.816	-	-	-
Non-specialized loans	639.816	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	8.275.731	-	133.551	106.575
Non-specialized loans	8.275.731	-	133.551	106.575
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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	75	56	131
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	75	56	131
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	75	56	131

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

The Parent 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:

	Current Period	Prior Period
Public	52.621	5.366
Private	10.814.368	9.043.732
Total	10.866.989	9.049.098

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	10.813.544	8.999.954
Foreign Loans	53.445	49.144
Total	10.866.989	9.049.098

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	119.901	85.560
Indirect loans granted to subsidiaries and associates	-	-
Total	119.901	85.560

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	4.456	17.327
Loans and receivables with doubtful collectability	-	6.378
Uncollectible loans and receivables	13.982	13.681
Total	18.438	37.386

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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	13.681
Additions (+)	9.891	102	815
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 (-) (*)	(1.829)	(21.035)	(6.849)
Write-offs (-)	-	-	(43)
Corporate and Commercial Loans	-	-	(1)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	(42)
Current Period Ending Balance	4.456	-	13.982
Specific Provisions (-)	(4.456)	-	(13.982)
Net Balance on Balance Sheet	-	-	-

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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	10.249
Additions (+)	23.642	46	339
Transfers from Other Categories of Non-performing Loans (+)	-	6.374	5.358
Transfers to Other Categories of Non-performing Loans (-)	-	(5.358)	-
Collections (-)(*)	(6.374)	-	(2.078)
Write-offs (-)	-	-	(187)
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	(187)
Current Period Ending Balance	17.327	6.378	13.681
Specific Provisions (-)	(17.327)	(6.378)	(13.681)
Net Balance 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	1.991	-	52
Specific Provision (-)	(1.991)	-	(52)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	15.099	-	5.374
Specific Provision (-)	(15.099)	-	(5.374)
Net Balance on Balance Sheet	-	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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)	4.456	-	13.978
Specific Provision Amount (-)	(4.456)	-	(13.978)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	4
Specific Provision Amount (-)	-	-	(4)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	17.327	6.378	13.669
Specific Provision Amount (-)	(17.327)	(6.378)	(13.669)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	12
Specific Provision Amount (-)	-	-	(12)
Other Loans and Receivables (Net)	-	-	-

5.k Main principles of liquidating non performing loans and receivables:

If there are collaterals received complying Article 9 of the Communiqué regarding “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, these collaterals are converted into cash immediately using either administrative or legal procedures in order to collect those receivables. In cases of no collaterals, several financial investigations are made to determine whether any property holdings are subsequently acquired by applying legal procedures, even if there is evidence of insolvency for the debtor. Before and after the beginning of the liquidation process; the Parent Bank management makes investigations on the financial data of the debtor companies. As a result of these investigations, if the Parent Bank management agrees that the companies show any indication of operating on an ongoing basis and probably are going to have contributions in the economical environment in the future; the Parent Bank management tries to make the collection through rescheduling the payment terms.

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

If there is no collateral against uncollectible loans and receivables and if the receivable amount is less than the cost; tax, fee, and other expenses, made for the legal actions, the receivable is written off from the assets upon the request of the Credit Monitoring Department and the approval of the General Management.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.1 Explanations about the write-off policies from the assets (continued)

However, if there is a collateral against the receivable and after all the costs of legal actions are fulfilled, and if there is still a part of receivables not collected, the receivables are written off after getting of pledge shortage and evidence of insolvency subsequently.

5.m Other explanations and disclosures:

Current Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	9.006.463	1.731.353	131	72.440	10.810.387
Past due not impaired	11.913	44.689	-	-	56.602
Individually impaired	14.452	2.488	-	1.498	18.438
Total	9.032.828	1.778.530	131	73.938	10.885.427
Less: allowance for individually impaired loans	(14.452)	(2.488)	-	(1.498)	(18.438)
Total allowance for impairment	(14.452)	(2.488)	-	(1.498)	(18.438)
Net Loan Amount	9.018.376	1.776.042	131	72.440	10.866.989

Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	7.311.914	1.684.011	174	52.999	9.049.098
Past due not impaired	-	-	-	-	-
Individually impaired	12.352	23.901	-	1.133	37.386
Total	7.324.266	1.707.912	174	54.132	9.086.484
Less: allowance for individually impaired loans	(12.352)	(23.901)	-	(1.133)	(37.386)
Total allowance for impairment	(12.352)	(23.901)	-	(1.133)	(37.386)
Net Loan Amount	7.311.914	1.684.011	174	52.999	9.049.098

A reconciliation of the allowance for impairment losses and advances by classes is as follows:

	Corporate	SME	Consumer	Other	Total
At 1 January 2014	(12.364)	(23.901)	-	(1.121)	(37.386)
Charge for the year	(2.473)	(7.609)	-	(726)	(10.808)
Recoveries	385	29.021	-	307	29.713
Amounts written off	-	1	-	42	43
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2014	(14.452)	(2.488)	-	(1.498)	(18.438)
	Corporate	SME	Consumer	Other	Total
At 1 January 2013	(7.288)	(6.900)	-	(1.436)	(15.624)
Charge for the year	(6.453)	(17.301)	-	(273)	(24.027)
Recoveries	976	300	-	802	2.078
Amounts written off	-	-	-	187	187
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2013	(12.352)	(23.901)	-	(1.133)	(37.386)

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

A breakdown of the allowance for impairment losses is given below;

Current Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(14.452)	(2.488)	-	(1.498)	(18.438)
Gross amount of loans, individually determined to be impaired (before deducting any individually assessed impairment allowance)	14.452	2.488	-	1.498	18.438
Prior Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(12.352)	(23.901)	-	(1.133)	(37.286)
Gross amount of loans, individually determined to be impaired (before deducting any individually assessed impairment allowance)	12.352	23.901	-	1.133	37.286

Movements in the allowance for impairment losses and advances are as follows:

	Current Period	Prior Period
At 1 January	37.386	15.624
Charge for the year	10.808	24.027
Recoveries	(29.713)	(2.078)
Amounts written off	(43)	(187)
Interest accrued on impaired loans and other receivables	-	-
At 31 December	18.438	37.386
Individual impairment	(18.438)	(37.386)
Gross amount of loans, individually determined to be impaired (before deducting any individually assessed impairment allowance)	18.438	37.386

Aging analysis of past due but not impaired financial assets per class of financial statements:

Current Period	Less than 30 Days	31- 60 Days	61- 90 Days	Over 91 Days	Total
Loans and Receivables					
Corporate Loans	-	6.778	5.135	-	11.913
SME Loans	952	43.737	-	-	44.689
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	952	50.515	5.135	-	56.602

Prior Period	Less than 30 Days	31- 60 Days	61- 90 Days	Over 91 Days	Total
Loans and Receivables					
Corporate Loans	-	-	-	-	-
SME Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

Of the total aggregate amount of gross past due but not yet impaired loans and other receivables, the fair value of collaterals, capped with the respective outstanding loan balance as of are shown below:

	Current Period	Prior Period
Residential, commercial and industrial property	-	-
Financial assets	-	-
Other (bailment, pledge and charge on ship and vehicle)	54.414	-
Total	54.414	-

Loans and other receivables amounting to TL 8.340.727 have floating interest rates (31 December 2013: TL 7.779.180) and the remaining TL 2.526.262 have fixed interest rates (31 December 2013: TL 1.249.918).

6. Information on held-to-maturity investments

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on investments in associates (net):

7.a.1 As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated associates and reason of unconsolidating:

Unconsolidated non-financial associates are valued at cost.

7.a.2 Information on unconsolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Türkiye	17,83	18,76
2	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/Türkiye	11,48	22,95

Non-financial associates, as above, are not consolidated in accordance with the Communiqué on “Preparing Consolidated Financial Statements of the Banks”.

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
Terme (*)	14.453	3.634	367	379	-	93	197	-
Ege Tarım (*)	10.893	9.877	8.648	21	-	(946)	(1.215)	-

(*) Financial information represents the period ended 30 September 2014. Prior year profit/loss is obtained from un-reviewed 30 September 2013 financial statements.

Information on associates disposed in the current period

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

Information on associates purchased in the current period

In the meeting of the General Assembly of Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. held on 17 July 2014; it has been resolved that, paid-in capital of the Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. will be increased in cash by TL 2.000 and the Parent Bank has made a capital commitment with the shares of 10% amounting to TL 200, as of 31 December 2014, the Parent Bank paid the committed amount on its subsidiary.

7.a.3 Information on the consolidated 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/Türkiye	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Türkiye	28,56	58,01
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Türkiye	16,67	68,78

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on investments in associates (net) (continued)

7.a.3 Information on the consolidated associates (continued):

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	İş Faktoring	1.454.609	76.177	883	82.239	-	7.938	11.759	-
2	İş Finansal	3.161.195	626.023	17.829	192.410	-	72.421	49.019	125.215
3	İş Girişim	269.124	264.412	432	18.289	13.822	14.598	73.768	27.497

	Current Period	Prior Period
Balance at the Beginning of the Period	234.988	210.046
Movements During the Period	26.757	24.942
Purchases	2.727	-
Bonus Shares Received	-	-
Current Year Share of Profit	27.136	31.974
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(3.106)	(7.032)
Balance at the End of the Period	261.745	234.988
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

Information on associates disposed in the current period

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

Information on associates purchased in the current period

In the current period, the Parent Bank has obtained bonus shares amounting to TL 10.607 with share capital increase of İş Finansal Kiralama A.Ş. amounting to TL 37.138, TL 1.333 with share capital increase of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. amounting to TL 7.998. The obtained bonus shares have been eliminated in the consolidation.

In the current period, The Parent Bank has purchased shares of İş Finansal Kiralama A.Ş. with a nominal of 3.004.189 amounting to TL 2.727.

7.a.4 Sectoral information of consolidated associates and the related carrying amounts in the legal books:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	33.607	30.644
Leasing Companies	182.998	162.817
Financial Service Companies	-	-
Other Financial Associates	45.140	41.527

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on investments in associates (net) (continued):

7.a.5 Information on consolidated associates quoted on stock market:

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	228.138	204.344
Associates Quoted on Foreign Stock Markets	-	-

8. Information related to subsidiaries (net)

8.a.1 Information related to equity component of subsidiaries:

	YFAŞ (*)	TSKGYO (*)
	Current Period	Current Period
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Inflation Adjustment to Share Capital	-	593
Share Premium	4.730	5.696
Legal Reserves	(396)	-
Current and Prior Years' Profit / Loss	5.049	55.643
Leasehold Improvements (-)	(1.439)	-
Intangible Assets (-)	(463)	(15)
Total Core Capital	71.756	211.917
SUPPLEMENTARY CAPITAL	-	-
CAPITAL		
NET AVAILABLE CAPITAL	71.756	211.917

(*) The information is obtained from financial statements subject to consolidation as of 31 December 2014.

	YFAŞ	TSKGYO
	Prior Period	Prior Period
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

(*) The information is obtained from financial statements subject to consolidation as of 31 December 2013.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information related to subsidiaries (net) (continued)

8.a.1 Information related to equity component of subsidiaries (continued):

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 of 519 of the Turkish Commercial Code No 6102.

The Parent Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated subsidiaries and associates are included in the assessment.

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

8.a.3 Information related to unconsolidated 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 /Türkiye	99,99	99,99
2	Sürdürülebilir Danışmanlık A.Ş.	Istanbul/Türkiye	-	97,00

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	TSKB GMD	13.414	10.473	1.278	290	-	2.972	2.182	-
2	SD A.Ş.	422	379	12	31	-	48	29	-

Subsidiaries disposed in the current period

In the meeting of the General Assembly of TSKB Gayrimenkul Danışmanlık A.Ş. held on 14 October 2013, liquidation of the firm was decided. The liquidation was registered on 21 January 2013 and has been published in the Turkish Trade Registry Gazette No:8244 on 25 January 2013. Based on liquidation declaration dated 29 September 2014, it was indicated that TSKB Gayrimenkul Danışmanlık A.Ş. has neither any receivables nor liabilities. Liquidation declaration was registered on 8 October 2014 and has been published in the Turkish Trade Registry Gazette No:8672 on 14 October 2014.

Subsidiaries purchased in the current period

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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information related to subsidiaries (net) (continued)

8.a.4 Information related to consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş.(YFAŞ.)	Istanbul /Turkey	95,78	99,28
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	71,00

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
YFAŞ (*)	502.926	74.218	3.862	26.212	1.462	2.450	4.538	-
TSKB GYO (*)	366.801	211.932	348.694	1.044	-	1.972	(25.842)	63.720

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

Unconsolidated movement related subsidiaries subjected to consolidation is as follows:

	Current Period	Prior Period
Balance at the Beginning of the Period	134.086	135.856
Movements During the Period	(261)	(1.770)
Purchases	-	-
Bonus Shares Obtained	2.394	-
Current Year Shares of Profit	-	-
Sales (*)	-	-
Revaluation Increase	-	-
Provision for Impairment	(2.655)	(1.770)
Balance At the End of the Period	133.825	134.086
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

According to the principles of consolidation accounting, the cost values of the consolidated subsidiaries have been eliminated from the accompanying consolidated financial statements.

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

In the current period, The Parent Bank has obtained bonus shares amounting to TL 2.394 with share capital increase of Yatırım Finansman Menkul Değerler A.Ş. amounting to TL 2.500. The obtained bonus share has been eliminated in the consolidation.

8.a.5 Sectoral information on consolidated subsidiaries and the related carrying amounts in the legal books:

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	133.825	134.086

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations and disclosures related to the consolidated assets (continued)

8.a.6 Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	63.720	66.375
Quoted in Foreign Stock Exchange	-	-

9. Information related to entities under common control

TSKB GYO, one of the subsidiaries of the Parent Bank, established a joint venture with Bilici Yatırım Sanayi ve Ticaret A.Ş. in Adana under the name of Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") on 26 May 2011. The main operations of Adana Hotel Project is to start, execute and complete the hotel project which will be operated by Palmira Turizm Ticaret A.Ş. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret AŞ and 50% of participation for TSKB GYO. The nominal paid-in capital of Adana Hotel Project comprises 20.000 shares of TL 1 for each amounting to TL 20 in total. TSKB GYO has paid TL 10 in cash for the 50% ownership in Adana Hotel Project.

	Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Year Profit /Loss	Prior Year Profit /Loss	Fair Value
Adana Hotel Project	47.548	(803)	42.088	-	-	(614)	(118)	-

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	87	-	4.573	4.518
Between 1- 4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	87	-	4.573	4.518

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

	Current Period	Prior Period
Gross investments in finance leases	87	4.573
Unearned revenue from finance leases (-)	(87)	(55)
Cancelled finance leases (-)	-	-
Net investments in finance leases	-	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 the Financial Leasing, Factoring and Financing Companies Law No. 6361. There are no restructuring or restrictions having material effect on financial statements.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on derivative financial assets for hedging purposes

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

12. Information on tangible assets (net)

Current Period	Prior Period End	Additions	Disposals	Transfers	Current Period End
Cost					
Land and buildings (*)	39.890	21	-	(1.041)	38.870
Assets Held under Finance Leases	4.455	-	(191)	1.041	5.305
Vehicles	1.404	761	(739)	-	1.426
Assets for Resale	1.203	2.744	(2.161)	-	1.786
Other	21.483	4.032	(1.339)	-	24.176
Total Cost	68.435	7.558	(4.430)	-	71.563
Accumulated Depreciation					
Land and buildings (*)	(21.669)	(768)	-	543	(21.894)
Assets Held under Finance Leases	(4.308)	(142)	180	(543)	(4.813)
Vehicles	(944)	(227)	696	-	(475)
Assets for Resale	(17)	(29)	28	-	(18)
Other	(16.634)	(1.563)	465	-	(17.732)
Total Accumulated Depreciation	(43.572)	(2.729)	1.369	-	(44.932)
Impairment Provision					
Land and buildings (*)	-	-	-	-	-
Assets Held under Finance Leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets for Resale	(466)	(848)	1.137	-	(177)
Other	-	-	-	-	-
Total Impairment Provision	(466)	(848)	1.137	-	(177)
Net Book Value	24.397	3.981	(1.924)	-	26.454

(*) Land and buildings also include lands and buildings held under finance leases.

Prior Period	Prior Period End	Additions	Disposals	Transfers	Current Period End
Cost					
Land and buildings (*)	39.859	31	-	-	39.890
Assets Held under Finance Leases	5.121	-	(666)	-	4.455
Vehicles	1.294	285	(175)	-	1.404
Assets for Resale	1.380	170	(347)	-	1.203
Other	19.476	3.058	(1.051)	-	21.483
Total Cost	67.130	3.544	(2.239)	-	68.435
Accumulated Depreciation					
Land and buildings (*)	(20.778)	(891)	-	-	(21.669)
Assets Held under Finance Leases	(4.916)	(58)	666	-	(4.308)
Vehicles	(899)	(220)	175	-	(944)
Assets for Resale	(14)	(7)	4	-	(17)
Other	(16.290)	(1.395)	1.051	-	(16.634)
Total Accumulated Depreciation	(42.897)	(2.571)	1.896	-	(43.572)
Impairment Provision					
Land and buildings (*)	-	-	-	-	-
Assets Held under Finance Leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets for Resale	(447)	(19)	-	-	(466)
Other	-	-	-	-	-
Total Impairment Provision	(447)	(19)	-	-	(466)
Net Book Value	23.786	954	(343)	-	24.397

(*) Land and buildings also include lands and buildings held under finance leases.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

12. Information on tangible assets (net) (continued)

12.a If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:

12.a.1 Events and conditions for recording or reversing impairment:

The Parent Bank recorded 5% impairment provision per year for asset held for sale and tangible assets that are not depreciated.

12.a.2 Amount of recorded or reversed impairment in the financial statements:

In the current period, the Bank recorded impairment of TL 848 and there is no reversal of impairment (31 December 2013: TL 19 impairment).

12.b The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this:

There is no impairment provision on individual asset set or cancelled in the current period, other than impairment on properties referred to above (31 December 2013: None).

13. Information on intangible assets

13.a Useful lives and amortization rates used:

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.

Rental or administrative purposes or other unspecified purposes of assets that under construction will be amortised when they are ready to use.

13.b Amortization methods used:

The intangible assets are amortized principally on straight line basis which amortize the assets over their expected useful lives.

13.c Cost and accumulated amortization at the beginning and end of the period:

Current Period	Period Beginning		Period End	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	5.087	(3.843)	5.571	(4.403)
Goodwill	1.005	-	1.005	-

Prior Period	Prior Period Beginning		Prior Period End	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	4.457	(3.442)	5.087	(3.843)
Goodwill	1.005	-	1.005	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

13. Information on intangible assets (continued)

13.d Movement of cost and accumulated amortization for the period:

Current Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost				
Software	5.087	506	(22)	5.571
Goodwill	1.005	-	-	1.005
Total Cost	6.092	506	(22)	6.576
Accumulated Amortization				
Software	(3.843)	(582)	22	(4.403)
Goodwill	-	-	-	-
Total Accumulated Amortization	(3.843)	(582)	22	(4.403)
Impairment Provision	-	-	-	-
Software	-	-	-	-
Total Impairment Provision	-	-	-	-
Net Book Value	2.249	(76)	-	2.173

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost				
Software	4.457	630	-	5.087
Goodwill	1.005	-	-	1.005
Total Cost	5.462	630	-	6.092
Accumulated Amortization				
Software	(3.442)	(401)	-	(3.843)
Goodwill	-	-	-	-
Total Accumulated Amortization	(3.442)	(401)	-	(3.843)
Impairment Provision	-	-	-	-
Software	-	-	-	-
Total Impairment Provision	-	-	-	-
Net Book Value	2.020	229	-	2.249

13.e The net book value, description and the remaining amortization period of any material individual intangible asset in the financial statements:

As of the reporting date, the Group has no individual intangible asset which is material to the financial statements as a whole (31 December 2013: None).

13.f Disclosure for intangible assets acquired through government grants and accounted for at fair value at initial recognition:

As of the reporting date, the Group has no intangible assets acquired through government grants (31 December 2013: None).

13.g The method of subsequent measurement for intangible assets that are acquired through government incentives and recorded at fair value at the initial recognition:

As of the reporting date, the Group has no intangible assets acquired with government incentives (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

13. Information on intangible assets (continued)

13.h The book value of intangible assets that are pledged or restricted for use:

As of the reporting date, the Group has no intangible assets with restricted use or pledged (31 December 2013: None).

13.i Amount of purchase commitments for intangible assets:

As of the reporting date, the Group has no purchase commitments for intangible assets (31 December 2013: None).

13.j Information on revalued intangible assets according to their types:

The Group did not revalue its intangible assets as at the reporting date (31 December 2013: None).

13.k Amount of total research and development expenses recorded in income statement within the period, if any:

The Group has no research and development costs expensed in the current period (31 December 2013: None).

13.l Information on goodwill:

Goodwill on Consolidation	Effective Share Rate %	Carrying Amount
Yatırım Finansman Menkul Değerler A.Ş.	95,78	1.005

13.m The carrying value of goodwill at beginning and end of the period, and movements within the period:

	Current Period	Prior Period
Net Value at the Beginning of the Period	1.005	1.005
Changes in the Period:	-	-
Additional Goodwill	-	-
Restatements Arising from Changes in Assets and Liabilities	-	-
Goodwill Written off due to Discontinued Operations or Partial/Full Derecognizing of an Asset (-)	-	-
Impairment Loss (-)	-	-
Reversal of Impairment loss (-)	-	-
Changes in Carrying Value	-	-
Net Value at the End of Period	1.005	1.005

13.n The carrying value of negative goodwill at beginning and end of the period, and movements within the period:

As of the reporting date, the Group has no negative goodwill in the accompanying financial statements (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

14. Information on investment properties

In the current period, the Group has 3 investment properties with a net book value of TL 224.090 (31 December 2013: TL 222.295) belonging to the Parent Bank's subsidiary operating in the real-estate investment trust sector.

Investment properties movement table as of 31 December 2014 and 31 December 2013 is as below:

Current Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	14.320	-	-	1.140	15.460
Pendorya Mall	179.200	686	-	(11.486)	168.400
Adana Hotel Project	28.775	23.346	(10.346)	(1.545)	40.230
Total	222.295	24.032	(10.346)	(11.891)	224.090

Prior Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	10.100	-	-	4.220	14.320
Pendorya Mall	211.620	620	(21)	(33.019)	179.200
Adana Hotel Project	18.650	13.063	(386)	(2.552)	28.775
Total	240.370	13.683	(407)	(31.351)	222.295

15. Information on deferred tax assets

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

The Group 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	12.365	11.771
Other provisions	16.601	10.000
Marketable securities	-	96
Employee benefit provision	1.875	1.712
Valuation of derivative instruments	-	3.597
Other	5.194	459
Total Deferred Tax Asset	36.035	27.635
Deferred tax liabilities:		
Marketable securities	(11.259)	(5.510)
Borrowings commissions accrual adjustment	(5.340)	(3.111)
Valuation of derivative instruments	(253)	-
Useful life difference of fixed assets	(227)	(118)
Other	(23)	-
Total Deferred Tax Liability	(17.102)	(8.739)
Net Deferred Tax Asset	18.933	18.896

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

15. Information on deferred tax assets (continued)

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:

There is 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). YFAŞ has deferred tax asset calculated on tax losses amounting to TL 4.013 (31 December 2013: None).

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

There is no allowance for deferred tax and deferred tax assets from reversal of allowance (31 December 2013: None).

16. Information on assets held for sale:

In the current period, the Group 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).

II. Explanations and disclosures related to the consolidated liabilities

1. Information on maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Parent 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 Parent 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 Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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	307	26	-	5.782
Swap Transactions	3.809	38.499	7.277	21.950
Futures Transactions	-	-	-	-
Options	-	20.935	-	22.848
Other	-	-	-	-
Total	4.116	59.460	7.277	50.580

3. Information on banks and other financial institutions

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	227.919	236.572	74.275	271.197
From Foreign Banks, Institutions and Funds	-	9.687.091	-	8.779.565
Total	227.919	9.923.663	74.275	9.050.762

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	227.919	367.148	74.275	565.123
Medium and long-term	-	9.556.515	-	8.485.639
Total	227.919	9.923.663	74.275	9.050.762

3.c Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Marketable securities issued	-	806.750	-	-
Value difference of securities issued	-	(597)	-	-
Accrued interest on the bonds	-	7.671	-	-
Total	-	813.824	-	-

As of 27 October 2014, sales transactions on the issuance of bonds or similar securities amounting to maximum 750 million US Dollars in abroad is completed. The debt instruments have nominal value amounting to 350 million US Dollars, maturity of 30 October 2019 with fixed interest rate and five year maturity and semiannual coupon payment with a rate of 5,375% (31 December 2013:None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

Under normal banking operations, the Parent Bank provided funds under repurchase agreements and funds borrowed. Fund resources of the Parent Bank particularly consist of foreign FC funds borrowed and FC and TL repurchase transactions. Information relating to funds provided under repurchase agreements is shown in the table below:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	1.922.524	31.037	1.357.764	22.356
Financial institutions and organizations	1.877.343	-	1.332.219	-
Other institutions and organizations	44.408	29.066	21.828	18.857
Real persons	773	1.971	3.717	3.499
From Foreign Transactions	135	208.798	896	223.875
Financial institutions and organizations	-	204.742	-	221.878
Other institutions and organizations	1	-	2	79
Real persons	134	4.056	894	1.918
Total	1.922.659	239.835	1.358.660	246.231

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 Group has no finance lease payables (31 December 2013: TL None).

5.b Explanations regarding operational Leases:

As of the reporting date, head office of the Group and 13 branches are subject to operational leasing. Additionally, 29 cars are within the context of operational leasing. The Group has no liability for operational leases as of the reporting date (31 December 2013: 1 head office, 15 branches and 24 cars are subject to operational leasing).

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

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

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SECTION FIVE (Continued)

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

7. Information on provisions

7.a Information on general loan loss provisions:

	Current Period	Prior Period
General Provisions	117.760	96.583
I.Provisions for First Group Loans and Receivables	99.241	79.294
- <i>Additional provisions for the loans with extended payment plan</i>	1.884	-
II.Provisions for Second Group Loans and Receivables	6.238	5.868
- <i>Additional provisions for the loans with extended payment plan</i>	4.945	5.329
Provisions for Non-Cash Loans	2.719	2.798
Other	9.562	8.623

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

As of reporting date, the Group's foreign exchange losses on the foreign currency indexed loans amount to TL 9.776 (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 Parent Bank has none specific provisions provided for unindemnified non cash loans as of the reporting date (31 December 2013: TL 2.115).

7.d Information related to other provisions:

7.d.1 Provisions for possible losses:

There is no provision for possible losses (31 December 2013: None).

7.d.2 Information on employee termination benefits and unused vacation accrual:

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in the Turkish Accounting Standard No:19 and reflected the calculated amount to the financial statements.

As of 31 December 2014, employee termination benefits is amounting TL 7.932 reflected in financial statements (31 December 2013: TL 7.122). As of 31 December 2014, the Group has provided a reserve for unused vacation amounting to TL 1.543 (31 December 2013: TL 1.554). This balance is classified under reserve for employee benefits in the financial statements.

Actuarial gains and losses occurred after 1 January 2013 are recognised under shareholder's equity since 1 January 2013 in accordance with Revised TAS 19.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on provisions (continued)

7.d.2 Information on employee termination benefits and unused vacation accrual (continued):

Liabilities on pension rights

As explained on the Section Three, Accounting Policies, XVI. Explanations on Liabilities Regarding Employee Benefits as of 31 December 2014, the Group has no obligations on pension rights (31 December 2013: None).

Liabilities for pension funds established in accordance with Social Security Institution

None (31 December 2013: None).

Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees

The Parent Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of 31 December 2014 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 22 January 2015, there is no need for technical or actual deficit to book provision as of 31 December 2014.

Accordingly, as of 31 December 2014 the Parent Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Note 3.15, the accounting policies related with employee benefits.

7.d.3 If other provisions exceeds 10% of total provisions, the name and amount of sub-accounts:

	Current Period	Prior Period
Other (*)	83.061	50.068
Total	83.061	50.068

(*) Other provision account includes TL 83.000 of provision for risks on credit portfolio (31 December 2013: TL 50.000).

8. Information on taxes payable

8.a Information on current taxes payable:

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate Taxes Payable	32.390	-	18.137	-
Deferred Tax Liability	-	-	-	-
Total	32.390	-	18.137	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	32.390	18.137
Taxation of Securities	950	884
Property Tax	-	-
Banking and Insurance Transaction Tax (BITT)	2.318	1.942
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	237	155
Other	1.497	1.213
Total	37.392	22.331

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on taxes payable (continued)

8.a Information on current taxes payable (continued):

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	109	113
Social Security Premiums-Employer	124	125
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	28	25
Unemployment Insurance-Employer	56	49
Other	13	17
Total	330	329

8.b Information on deferred taxes liabilities:

As of the reporting date, the Group has no deferred tax liability (31 December 2013: None).

9. Information on liabilities regarding assets held for sale:

None (31 December 2013: None).

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

The Parent Bank has signed an agreement with the International Finance Corporation for a subordinated loan of 50 Million US Dollars. Turkish Lira equivalent of the loan is amounting to TL 115.250 as of 31 December 2014. The interest accrued on this loan is TL 815 as of the reporting date.

The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the reporting date it is (0,32+3,00 spread) 3,32%. Principal of the loan will be repaid on 15 October 2016 as a whole.

Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	116.065	-	106.759
Total	-	116.065	-	106.759

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the consolidated 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 The Parent Bank would 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 would 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 The Parent Bank would 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 would be incorporated from the profit of the year 2012, TL 32.000 of this increase would 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 interim period, the general purpose of these commitments and projected resources required to meet these commitments:

The Parent Bank has no capital commitments in the last fiscal year and at the end of the following interim period (31 December 2013: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on shareholders' equity (continued)

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

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

11.g Information on preferred shares:

The Parent 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	(7.688)	-	4.582	-
Valuation Differences	70.769	50.912	(7.025)	15.648
Foreign Exchange Difference	-	-	-	-
Total	63.081	50.912	(11.607)	15.648

11.i Information on legal reserves:

	Current Period	Prior Period
First legal reserve	94.078	77.684
Second legal reserve	81.634	80.707
Other Legal Reserves Appropriated In Accordance with Special Legislation	53	53
Total	175.765	158.444

11.j Information on extraordinary reserves:

	Current Period	Prior Period
Reserves Appropriated by the General Assembly	61.244	24.993
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Currency Share Capital Exchange Differences	-	-
Total	61.244	24.993

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on shareholders' equity (continued)

11.k Explanations related to equity:

Movement of equity reserves during the period:

Current Period	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As of 1 January	8.623	(4.582)	8.920	374	13.335
Value increase/decrease of available for sale investments recognized directly under equity	141.264	(3.106)		-	138.158
Profit/loss on disposal of available for sale investments recycled to income statement from equity	(136)	-	-	-	(136)
Tax effect of gains on available for sale investments	(28.070)	-	-	-	(28.070)
Other (*)	-	-	400	-	400
As of 31 December	121.681	(7.688)	9.320	374	123.687

(*) In the current period, according to the article 5-(I)/e of the Turkish Corporate Tax Code No. 5520, 75% of the gain on sale of the building amounting to TL 533 in the tax purpose financial statements amounting to TL 400 is exempt from corporate income tax and for the five years following 2013, until the profit distribution process has completed, gains are agreed to be kept in a special fund account under equity and within the specified period, except the share capital, gains are not allowed to transfer into another account. The Parent Bank has transferred such gains to the "Tangible Assets Revaluation Differences" accounts.

Prior Period	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As at 1 January	131.304	2.450	35.157	374	169.285
Value increase/decrease of available for sale investments recognized directly under equity	(159.235)	(7.032)	-	-	(166.267)
Profit/loss on disposal of available for sale investments recycled to income statement from equity	6.423	-	-	-	6.423
Tax effect of gains on available for sale investments	30.131	-	-	-	30.131
Other (*)	-	-	(26.237)	-	(26.237)
As at 31 December	8.623	(4.582)	8.920	374	13.335

(*) In the prior period, according to the article 5-(I)/e of the Turkish Corporate Tax Code No. 5520, 75% of the gain on sale of the building amounting to TL 2.856 in the tax purpose financial statements amounting to TL 2.142 is exempt from corporate income tax and for the five years following 2013, until the profit distribution process has completed, gains are agreed to be kept in a special fund account under equity and within the specified period, except the share capital, gains are not allowed to transfer into another account. The Parent Bank has transferred such gains to the "Tangible Assets Revaluation Differences" account.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

12. Information on minority shares:

	Current Period	Prior Period
Paid-in-Capital	48.180	54.310
Other Capital Reserves	33	33
Share Premium	180	205
Securities Value Increase Fund	7	2
Legal Reserves	119	109
Extraordinary Reserves	1.825	2.061
Other Profit Reserves	(14)	(2)
Retained Earnings / Accumulated Losses	16.420	27.540
Net Profit or Loss	703	(8.736)
Total	67.453	75.522

III. Explanations related to the consolidated off-balance sheet contingencies and commitments

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Forward Purchase and Sales of Assets	53.655	511.345
Commitments for Money Market Brokerage Purchase and Sales	75.569	84.167
Commitments for Use Guaranteed Credit Allocation	59.930	4.805
Commitments for Stock Brokerage Purchase and Sales	250.458	456.825
Commitments for Letter of Credit	344.056	344.115
Commitments from Forward Short Term Borrowing and Transfers	19.674	46.740
Other	33.820	12.944
Total	837.162	1.460.941

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 of the reporting date, total letter of credits is TL 496.097 (31 December 2013: TL 438.033).

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

As of the reporting date, total letters of guarantee is TL 956.972 (31 December 2013: TL 1.015.387).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	-	-
With Maturity of One Year or Less than One Year	-	-
With Maturity of More than One Year	-	-
Other Non-Cash Loans	1.453.069	1.453.420
Total	1.453.069	1.453.420

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations related to the consolidated off-balance sheet contingencies and commitments
(continued)

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

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	297.794	69	934.007	91	375.344	74	849.991	90
Mining	-	-	-	-	-	-	-	-
Manufacturing Industry	4.454	1	460.405	45	6.049	1	238.496	25
Electricity, Gas, Water	293.340	68	473.602	46	369.295	73	611.495	65
Construction	15.800	4	-	-	12.206	3	5.845	1
Services	118.253	27	87.215	9	118.371	23	91.663	9
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	11.449	1
Financial Institutions	117.733	27	86.617	9	117.734	23	79.668	8
Real Estate and Leasing Services	520	-	598	-	637	-	546	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	431.847	100	1.021.222	100	505.921	100	947.499	100

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

	Ist Group				IInd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	427.792	1.020.592	499.681	941.101	4.055	630	5.740	2.668
Letters of Guarantee	427.792	525.125	499.681	509.466	4.055	-	5.740	-
Bank Acceptances	-	-	-	-	-	-	-	-
Letters of Credit	-	495.467	-	431.635	-	630	-	2.668
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations related to the consolidated off-balance sheet contingencies and commitments
(continued)

2. Information related to derivative financial instruments:

	Current Period	Prior Period
Foreign currency related derivative transactions (I)	4.313.626	2.635.069
Forward transactions	49.746	597.304
Swap transactions	2.776.949	1.251.495
Futures transactions	-	-
Option transactions	1.486.931	786.270
Interest related derivative transactions (II)	5.172.960	2.528.510
Interest rate swap transactions	5.172.960	2.510.020
Interest option transactions	-	18.490
Futures interest transactions	-	-
Other trading derivative transactions (III)	74.677	-
A. Total trading derivative transactions (I+II+III)	9.561.263	5.163.579
Types of hedging transactions	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	9.561.263	5.163.579

As of 31 December 2014, the breakdown of the Group's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Current Period										
TL	19.252	1.480	366.786	275.666	343.260	340.809	-	-	-	-
US Dollar	2.130	19.416	2.323.839	2.650.279	266.378	266.725	-	-	-	-
Euro	3.502	3.966	1.257.312	948.031	134.880	134.879	-	-	-	-
Other	-	-	63.998	138.675	-	-	-	-	-	-
Total	24.884	24.862	4.011.935	4.012.651	744.518	742.413	-	-	-	-

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Prior Period										
TL	213.289	19.461	220.342	57.746	187.344	183.644	-	-	-	-
US Dollar	29.902	29.750	911.530	1.214.686	125.176	117.884	-	-	-	-
Euro	39.032	241.354	743.735	608.878	89.511	101.201	-	-	-	-
Other	12.258	12.258	2.300	2.298	-	-	-	-	-	-
Total	294.481	302.823	1.877.907	1.883.608	402.031	402.729	-	-	-	-

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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III. Explanations related to the consolidated off-balance sheet contingencies and commitments
(continued)

2. Information related to derivative financial instruments (continued)

Derivative Financial Liabilities Held For Trading	Current Period			Prior Period		
	Fair value assets	Fair value liabilities	Contractual Derivative Transactions TL Amount	Fair value assets	Fair value liabilities	Contractual Derivative Transactions TL Amount
Swap Transactions	38.980	(30.169)	2.776.949	6.230	(13.165)	1.251.495
Interest Rate Swap Transactions	14.619	(12.139)	5.172.960	9.459	(10.355)	2.510.020
Forward Transactions	119	(333)	49.746	2.796	(11.489)	597.304
Futures Transactions	-	-	-	-	-	-
Option Transactions	21.156	(20.935)	1.486.931	22.202	(22.848)	804.760
Other	-	-	74.677	-	-	-
Total	74.874	(63.576)	9.561.263	40.687	(57.857)	5.163.579

Fair value hedges

For the year ended 31 December 2014 the Group do not have any items subject to hedge accounting (31 December 2013: None).

Hedging from the cash-flow risk

As of 31 December 2014 there is no cash-flow hedging transactions (31 December 2013: None).

3. Explanations on loan derivatives and risk exposures

The Group has no loan derivatives and such risk exposures to this respect (31 December 2013: None).

4. Explanations on contingent liabilities and assets

There are 32 legal cases against the Group which are amounting to TL 1.162 as of the reporting date (31 December 2013: TL 855, 22 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Parent 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 Parent 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 be 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 stamp duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Parent Bank relying on this report. The Parent Bank assesses that the Parent Bank’s practice is in compliance with the legislation and there is no legal basis for the the tax administration’s suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations related to the consolidated off-balance sheet contingencies and commitments (continued)

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 Parent Bank against the decision of the Court with respect to the Parent Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. The tax and penalty notices related to the decision of the tax court of first instance against the Parent Bank are accrued by administration depending on legal process and as of 31 July 2014 the Parent Bank has made total payments amounting to TL 22.091.

There is a lawsuit for the cancellation of the licence of construction dated 16 July 2008 numbered 1120 given for the Pendorya Mall of TSKB GYO registered in Pendik, Doğu District, plot 105, map 865, parcel 64 and related zoning plan dated 6 November 2007 scaled 1/1000 and for motion for stay of execution against Pendik Municipality. TSKB GYO is also involved in the instant case and Istanbul 9th Administrative Court ordered the cancellation of the licence and zoning plan with a right of appeal. As a result of the appeal, Council of State also approved the resolution of the Court on 1 December 2011. The request about revision of decision relating to decision of approval has been disallowed by the Council of State on 24 April 2013 and domestic remedies about the lawsuit are exhausted.

In addition, seeking the cancellation of the 1/1000 scaled zoning plan dated 6 November 2007 by the decision of 9th Administrative Court, the plaintiff also filed a lawsuit against Pendik Municipality on the Istanbul 3rd Administrative Court (“the Court”) in order to demand grant a stay of execution suspending the cancellation of the construction and occupancy permits dated 4 December 2009 numbered 101 and 14 December 2009 dated 104 numbered given for Pendorya Mall. The Court issued a stay of execution on 31 December 2010 regarding related occupancy permits and the Court decided on 22 September 2011 to set aside the decision of the case on the basis of that cancellation of the construction licence dated 16 July 2008 numbered 1120 given to TSKB GYO for Pendorya Mall with 4 November 2010 dated resolution is due to the cancellation of 1/1000 scaled Zoning Plan. TSKB GYO, involved in the position to demand the motion for stay of execution of the mentioned cancellation resolution of the Court and has presented the petition of appeal to the Council of State on 4 November 2011. The request for the cancellation of the execution has been rejected on 16 January 2012. The Council of State also approved the resolution of the Court on 29 May 2013. The request adjustment about decision of approval is presented to the Court on 5 November 2013 and answer of petition has been waited.

Development functions and construction conditions of the real estates (land use decisions) are permitted by the Zoning Plan. First, 1/5000 scaled, 25 December 2010 dated Zoning Plan, then new 31 August 2013 dated Zoning Plan for the area where Pendorya is located, has become effective. According to the both 1/5000 scaled Zoning Plans, the related real estate’s function has been preserved.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations related to the consolidated off-balance sheet contingencies and commitments
(continued)

4. Explanations on contingent liabilities and assets(continued)

In accordance with the new Zoning Plan, 1/1000 scaled Zoning Plan has been prepared by Pendik Municipality and approved by the Pendik Municipality Council at 7 October 2011. Subsequent to the approval of 1/1000 scaled Zoning Plan by the Istanbul Metropolitan Municipality (“IBB”), the Pendorya Mall’s both construction licence and occupancy permit renewal application will be made. The new 1/5000 scaled Zoning Plan was approved by the Assembly of IBB on 12 April 2013 and entered into force was approved by the Presidency on 31 August 2013. Currently, Implementation Plan which is proper for new 1/5000 plan of 1/1000 scale has been expected to be prepared by subsequent to its approval of Pendik Municipality. Following the approval of the Country Council about the plans, the plans will be submitted to the Assembly of IBB.

Pendorya Mall was built in accordance with the 1/1000 scaled Zoning Plan that was in force at the date of construction and both construction licence and occupancy permits had been obtained in regular form at same date. Land amendment transactions are also completed accordingly. Land Registry records were still registered as a shopping center. Therefore, it is not expected that there will be a problem relating with the existing construction licence, new licence demand or operations of Pendorya Mall. As well as uncertainties about conclusion of lawsuits prevail as of report date, TSKB GYO management does not expect a conclusion that affects financial statements significantly, therefore the accompanying financial statements do not include probable effects of these lawsuits.

Plaintiff ultimately filed a lawsuit against IBB and Karacan Yapı at Pendik 2nd Court of First Instance Pendorya Mall claiming the road intersects his own property and demanding compensation amounting TL 7. TSKB GYO has been involved in the lawsuit as intervening party.

Relating to immovable property, subject of litigation discovery review and expert reports were submitted to the court file. Objections to the report and statement of TSKB GYO has been given. IBB Presidency has declared that expropriation proceedings related to the subject have been initiated. For this reason, lawsuit was removed from “Possessory Actions” and converted to the “Confiscating without expropriating” by the judge.

Accepting in the new case, the plaintiff claimed compensation from the Administration and in order to determine the amount of compensation the Court decided an expert examination since the information provided by the Land Registry and the Municipality was not deemed sufficient.

Expert reports submitted to the Court on 30 May 2013 and the Court decided to add Pendik Municipality as a defendant in the case. At the latest hearing on 24 December 2013 it was decided to accept the expert reports and Pendik Municipality to pay the relevant amount (TL 645) to the plaintiff. Notification of the decision is waited.

5. Custodian and intermediary services

The Group provides trading and safe keeping services in the name and account of real persons, entities, funds, pension funds and other entities which are presented in the statement of contingencies and commitments.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the consolidated 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	33.272	21.049	15.505	8.975
Medium and Long Term Loans	113.488	334.068	82.745	285.266
Interest on Non-performing Loans	2.082	1.201	1.078	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	148.842	356.318	99.328	294.241

(*) Commission income from loans has 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 (*)	53	-	-	-
Domestic Banks	8.559	7.382	20.220	16
Foreign Banks	278	-	-	-
Branches and Head Office Abroad	-	-	-	-
Total	8.890	7.382	20.220	16

(*) Interest payment from Central Bank of Turkey required reserves for Turkish Liras have been included in "The Central Bank of Turkey" line.

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	1.804	19	1.142	7
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	258.746	23.361	204.057	23.945
Investments Held to Maturity	-	-	-	-
Total	260.550	23.380	205.199	23.952

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	2.411	2.493

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(Continued)

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

2. Information on interest expense

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	14.973	8.031	12.861	5.743
The Central Bank of Turkey	-	-	-	-
Domestic Banks	14.844	722	12.763	665
Foreign Banks	129	7.309	98	5.078
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	99.982	-	77.613
Total (*)	14.973	108.013	12.861	83.356

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

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

There is no interest expense to its associates and subsidiaries (31 December 2013: None).

2.c Information on interest expense to securities issued:

	Cari Dönem		Önceki Dönem	
	TP	YP	TP	YP
Interest Expense Given to Securities Issued (*)	-	8.025	-	-

(*) Commissions given related to issuance have been included to interest expense.

3. Information on dividend income

	Current period	Prior period
Trading Securities	530	109
Financial Assets at Fair Value Through Profit and Loss	-	-
Available-for-Sale Securities	6.113	8.912
Other	7.204	6.694
Total	13.876	15.715

4. Information on net trading income (net)

	Current period	Prior period
Profit	727.229	611.296
Gains on capital market operations	3.170	7.728
On derivative financial instruments (*)	255.011	159.792
Foreign exchange gains	469.048	443.776
Losses (-)	(685.991)	(636.031)
Losses on capital market operations	(3.884)	(3.337)
On derivative financial instruments (*)	(301.900)	(206.151)
Foreign exchange losses	(380.207)	(426.543)

(*) Foreign exchange gain from derivative transactions amounting to TL 146.538 is presented in "Profit on derivative financial instruments" (31 December 2013: TL 137.275), foreign exchange loss from derivative transactions amounting to TL (222.186) is presented in "Losses on derivative financial instruments" (31 December 2013: TL (132.425)).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	26.093	6.279
Gains on Sale of Assets	11.097	854
From Associate and Subsidiary Sales (*)	9.922	756
From Immovable Fixed Asset Sales	543	33
From Property Sales	629	65
From Other Asset Sales	3	-
Other (**)	10.494	18.408
Total	47.684	25.541

(*) As of 31 January 2014, the Parent Bank has sold all Takasbank-İstanbul Takas ve Saklama Bankası A.Ş. shares representing 5% of its shares, which was held in available for sale portfolio, with nominal amount of TL 21.000 and with a cost of TL 23.468 to Borsa İstanbul A.Ş. at a price of TL 33.390 and the sale amount was collected within the same day.

(**) Rent income of the Group amounting to TL 7.810 is included in "Other" line (31 December 2013: TL 9.105).

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	5.181	26.038
III. Group	4.366	25.653
IV. Group	-	46
V. Group	815	339
General provision expenses	21.177	19.336
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	1.501	1.856
Trading securities	-	-
Investment securities available for sale	1.501	1.856
Impairment provisions	291	-
Associates	291	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investment securities held to maturity	-	-
Other (*)	33.000	-
Total	61.150	47.230

(*) The provision in the amount of TL 33.000 is allocated for the risks related to the loan portfolio in current period.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information related to other operating expenses

	Current Period	Prior Period
Personnel expenses	76.993	66.134
Reserve for employee termination benefits	1.058	392
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	11.892	35.571
Depreciation expenses of fixed assets	2.668	2.564
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	582	401
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	29	19
Depreciation expenses of assets held for resale	19	7
Impairment expenses of assets held for sale	-	-
Other operating expenses	27.020	25.429
Rent expenses	2.271	3.176
Maintenance expenses	1.408	1.392
Advertisement expenses	1.048	1.469
Other expenses	22.293	19.392
Loss on sales of assets	563	20
Other	39.736	9.991
Total	160.560	140.528

(*) In the current period, the Parent Bank has made payment amounting to TL 22.091 related to the subjects mentioned in Section Five in disclosure No:III-4.

8. Information on profit/loss before tax from continued and discontinued operations before tax

As of 31 December 2014, profit before tax of the Group has increased by 25,97% as compared to the prior period (31 December 2013: 7,78% increased). In comparison with the prior year, the Group's net interest income has increased by 9,77% (31 December 2013: 13,36% increase)

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 Group's current tax charge for the period is TL 120.210 (31 December 2013: TL 58.256). Deferred tax benefit is TL 27.974 (31 December 2013: TL 16.783 tax charge).

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

Deferred tax benefit calculated on temporary differences is TL 27.974 (31 December 2013: TL 16.783 tax charge).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the consolidated 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 31 December 2014, deferred tax benefit calculated based on temporary timing differences is TL 27.974 (31 December 2013: TL 16.783 tax charge). There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exceptions (31 December 2013: None).

In addition, deferred tax amounting to TL 30.203 (31 December 2013: TL 2.133), 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, and deferred tax amounting to TL 38 (31 December 2013: TL (95)), which is calculation over actuarial difference on employee benefit is offset against the “other profit reserves” item under equity.

10. Information on net profit from continued and discontinued operations

For the year ended 31 December 2014, net profit of the Group has increased by 26,75% compared to the prior year (31 December 2013: 9,23% increase).

11. Information on net profit/loss

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

The Group has generated TL 819.918 interest income, TL 291.295 interest expenses, TL 29.500 net fee and commission income from banking operations (31 December 2013: TL 657.490 interest income, TL 175.902 interest expenses, TL 27.867 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 are no changes in the accounting estimates.

11.c Minority share of profit and loss:

The current year profit attributable to minority shares is TL 703 (31 December 2013: TL (8.736 loss)). The total shareholders' equity, including current year profit attributable to minority shares is TL 67.453 (31 December 2013: TL 75.522).

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

	Current Period	Prior Period
Gains on Other Fees and Commissions		
Gains on Brokerage Commissions	18.417	19.036
Commissions from Initial Public Offering	744	1.705
Investment Fund Management Income	1.871	2.217
Other	2.887	2.080
Total	23.919	25.038

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Information related to capital

As of 31 December 2014, shareholders 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	-

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 Parent Bank would 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 would 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 Parent Bank would 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 would be incorporated from the profit of the year 2012, TL 32.000 of this increase would 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.

2. Information on the increase arising from the revaluation of available-for-sale securities

As of 31 December 2014, TL 151.884 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 30.203 deferred tax is offset against value increase related to these investments and as a result, TL 121.681 net value increase is disclosed under the securities value increase fund in the statement of changes in consolidated the equity.

In the prior period 10.756 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 2.133 deferred tax is offset against value increase related to these investments and as a result, TL 8.623 net value increase is disclosed under the securities value increase fund in the statement of changes in the consolidated equity.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

V. Explanations related to consolidated statement of changes in shareholders' equity (continued)

3. Information on increases in the cash flow hedges

There is no increase in the cash flow hedges.

4. Reconciliation between beginning and ending balances for foreign currency differences

There is no difference in the beginning and ending balances for foreign currency differences accounted for under equity.

5. Information on the decrease arising from the revaluation of securities available-for-sale

The increase/decrease arising from the revaluation of securities available-for-sale is explained in Note V.2, above.

6. Information about dividends

6.a Dividends declared subsequent to the reporting date, but before the announcement of the financial statements:

Dividends related with the equity shares are determined by the General Assembly of the Shareholders. Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods. The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the approval of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The profit distribution will be approved at the General Assembly, which is not yet held as of the date of the financial statements authorized for issue.

6.b Net dividend per share proposed after the reporting period:

As of the reporting date, there are no dividends proposed by the Parent Bank for the approval in the General Assembly as explained above.

7. Amounts transferred to legal reserves

In the current year, TL 17.319 was transferred to the legal reserves (31 December 2013: TL 33.392).

8. Offsetting of the prior period's losses

There is no offsetting of accumulated losses made during the current and prior year.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations related to consolidated statement of cash flows

1. Explanations about other cash flows items and the effect of changes in foreign exchange rates in cash and cash equivalents

In the current period, other income amounting to TL 70.254 consists of gain from sale of assets and non-interest income (31 December 2013: TL 43.821 other income consists of other income rental income, securities trade gains, gain from sale of assets and non-interest income).

Other caption in changes in assets and liabilities from banking operations amounting to TL 89.632 (31 December 2013: TL 56.727) consists of derivative financial transaction losses, taxes paid except employee termination benefits provision and depreciation expense, other operating expenses and fees and commissions paid.

In the current period, net increase/decrease in other assets amounting to TL 186.532 (31 December 2013: TL 214.916) consists of changes in miscellaneous receivables, reserve requirement and other assets. In the current period, other liabilities amounting to TL 488.344 (31 December 2013: TL 330.090) consists of changes in funds, miscellaneous payables and funds provided under repurchase agreements.

In the current period, the effect of foreign currency differences on cash and cash equivalents is TL 11.407 (31 December 2013: TL 17.280).

2. Information about cash flows from acquisition of associates, subsidiaries, and other investments:

In the current period, the Group invested TL 21.122 in tangible fixed assets and properties and invested TL 506 in intangible fixed assets. There is TL 200 investment in associates and subsidiaries.

In the prior period, the Group invested TL 17.258 in tangible fixed assets and properties and invested TL 630 in intangible fixed assets. There is TL 120 investment in associates and subsidiaries.

3. Information about disposal of associates, subsidiaries, and other investments:

The total amount of purchases or sales of related account and their cash and cash equivalent assets;

In the current period, the Group has generated a cash inflow of TL 6.138 on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

In the prior period, the Group has generated cash inflows of TL 1.605 on sale of movable fixed assets and properties. The Group has not sold any associates and subsidiaries in the current period.

4. Cash and cash equivalents at the beginning and end of period:

Cash and cash equivalents at the beginning of period:

	At the Beginning of Current Period	At the Beginning of Prior Period
Cash	107	28.048
Cash Equivalents	498.160	438.611
Total	498.267	466.659

Cash and cash equivalents at the end of period:

	At the End of Current Period	At the End of Prior Period
Cash	14	107
Cash Equivalents	642.958	498.160
Total	642.972	498.267

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations related to consolidated statement of cash flows (continued)

5. Amount of cash and cash equivalents restricted for the usage of the Parent Bank and the shareholders by legal limitations and other reasons

There are no cash and cash equivalents restricted for the usage of the Parent Bank and affiliates by legal limitations and other reasons.

6. Additional information related to financial position and liquidity

6.a Any unused financial borrowing facility which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities:

There are not any unused financial borrowing facilities which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities.

6.b Apart from the cash flows needed to run ordinary operations of the Bank, total of cash flows that shows the increase in the operation capacity of the Bank:

Under current economical conditions, the cash flows are followed daily and cash flows showing the increase in the capacity of operations of the Bank are investigated.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations on the risk group of the Parent Bank

1. Information on the volume of transactions related to the Parent 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 Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	85.560	262	112.840	117.413	91.627	-
Balance at the end of the period	119.901	264	72.954	117.412	79.003	-
Interest and commission income received	2.405	6	2.140	294	4.199	-

1.b Prior period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	83.374	412	107.017	117.413	44.671	4.225
Balance at the end of the period	85.560	262	112.840	117.413	91.627	-
Interest and commission income received	2.488	5	2.616	294	3.318	-

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

The Parent Bank is not authorized to accept deposits.

2. Information on forward and option agreements and other similar agreements made with related parties

The Parent Bank has foreign currency swaps buy amounting to TL 47.621, foreign currency swaps sell amounting to TL 49.393, foreign currency forward buy transaction amounting to TL 148 and foreign currency forward sell transaction amounting to TL 155 agreements made with Bank's own risk group (31 December 2013: None). As of 31 December 2014, gain or loss from these transactions is TL (1.255) and this amount is associated with income statement (31 December 2013: None). The amount has been eliminated from the related accounts included in the consolidation.

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

Benefits provided to key management personnel in the current period amount to TL 10.762 (31 December 2013: TL 10.016).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Information and disclosures related to the domestic, foreign branches and foreign representations of the Group

	Number	Number of Employees			
Domestic branches	15	483			
			Country of Incorporation		
Foreign representations	-	-			
				Total Asset	Statutory Share Capital
Foreign branches	-	-		-	-
Off-shore banking region branches	-	-		-	-

2. Explanation on opening, closing of a branch/agency of the Parent Bank or changing its organizational structure significantly:

In the current year, the Parent Bank has not opened any branch or agency and there is no significant change in the organization structure of the Parent Bank's operating branches (31 December 2013: None).

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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to the operations of the Parent 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
National Support Note	BBB-
National Note	AAA
National Note Outlook	Stable
Privileged Unsecured Debt Rating Note	BBB-

International Credit rating agency Fitch Ratings confirmed The Parent Bank's ratings and "stable" prospectus without changing and determined The Parent Bank's "Privileged Unsecured Debt Notes" as BBB- for Eurobond issuance on 24 October 2014.

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
Unsecured Debt - Foreign Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative

Information above represents updated information as of 5 June 2014

International credit rating agency Moody's, assigned "Unsecured Debt - Foreign Currency" rating note for the Bank issuing Eurobonds and has determined that this note has been appointed as Baa3 on 24 October 2014.

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SECTION SIX

OTHER EXPLANATIONS

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

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

As of 20 October 2014, 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 Parent Bank's corporate governance rating is revised as 94,43% (9,44 over 10). The ratings under the main topics of weighted Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors are declared as; 9,46 (Weight: 25%), 9,58 (Weight: 25%), 9,73 (Weight: 15%), 9,21 (Weight: 35%) over 10, respectively.

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

None.

SECTION SEVEN INDEPENDENT AUDITORS' REPORT

I. Explanations on the independent auditors' report

Consolidated financial statements and the notes to the financial statements as at 31 December 2014 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("the Turkish member firm of KPMG International, a Swiss entity"). The independent auditors' report dated 29 January 2015 is presented at the beginning of the consolidated 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 Group's operations.