

Annual Report 2014



Ordinary General Assembly Meeting Agenda

1. Commencement, constitution of the Meeting Presidency in accordance with the Articles of Association of the Bank and delegation of authority to the Meeting Presidency for the execution of the minutes of the General Assembly,
2. Review and discussion of the Annual Reports of the Board of Directors, Declaration of Compliance with the Corporate Governance Principles and Independent Auditor Reports regarding the accounts and transactions of the Bank within the year of 2014,
3. Review, discussion and approval of the balance sheet and profit and loss statement of the Bank for the year of 2014,
4. Approval of the appointment of the members of the Board of Directors substituting the members leaving their post during the year,
5. Release of the Members of the Board of Directors,
6. Adoption of a resolution regarding the determination and allotment of the profit to be distributed, determination of the dividend allotment date,
7. Election of the Members of the Board of Directors and the Independent Board Member and submission of information regarding the assignments assumed by the members externally and the justifications of such assignments to the shareholders,
8. Determination of allowance for the Members of the Board of Directors,
9. Election of the Independent Audit Firm,
10. Presenting the Donation and Grants Policy for the approval of the General Assembly,
11. Presentation of the information regarding the donations made within the year and determination of the upper limit for donations to be made within the year 2015,
12. Authorization of the Members of the Board of Directors for the transactions depicted in Articles 395 and 396 of the Turkish Commercial Code,
13. Presenting information regarding the transactions within the scope of Article 1.3.6. of the Corporate Governance Principles of the Capital Markets Board.

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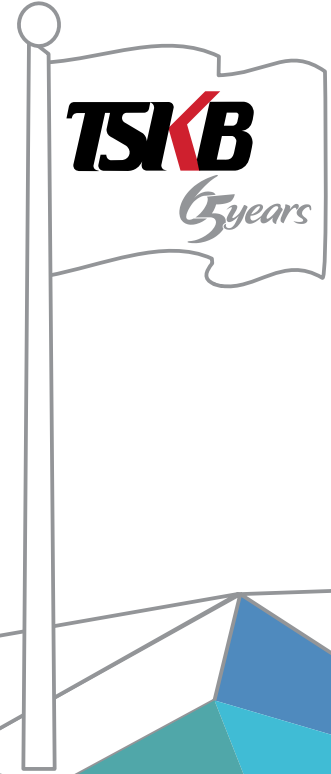
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Celebrating 65 Years of Service

TSKB has decisively been maintaining its support and contribution to Turkey's sustainable economic development. The Bank offers its experience and know-how in development and investment banking to its clients with a diversified product and service range.

Since its foundation, TSKB has been supporting private sector investments and contributing to the growth in employment by transferring resources to the real sector. TSKB was founded in 1950 to develop Turkish industry. The Bank creates value to ensure quality improvement in development while standing out with its sustainable banking applications which serve as a role-model in the sector.

TSKB offers its clients a wide array of products and services in the corporate banking, investment banking and advisory business lines.



Corporate Profile

With its extensive experience and know-how, TSKB provides an invaluable contribution to development, both financially and qualitatively.

Türkiye Sınai Kalkınma Bankası (TSKB), Turkey's first privately owned development and investment bank, started its operations in 1950. In the past 65 years, our country has undergone far-reaching changes both economically and socially, in terms of growth, development and integration with the global economy. TSKB has been involved in this change by conducting a wide range of projects and has contributed to the country's development.

TSKB has played a key role in the foundation of Turkey's most important industrial corporations and in the development of the private sector with long term resources that the Bank has extended since its foundation and also with its exclusive advisory support to the companies.

TSKB has gradually increased its support for Turkey's sustainable development and growth with its products and services in the fields of corporate banking, investment banking and advisory services. The Bank supports manufacturers which are committed to protect the future.

TSKB considers environmental and social impacts with the same seriousness as it considers the economic impact of loans issued, and the Bank evaluates loans under the ERET scoring model (Environmental and Social Risk Evaluation), a genuine scoring model. TSKB supports various sectors' investments through its resources provided from international institutions under the themes of renewable energy, energy efficiency, environment, sustainable tourism and through APEX (SME banking) loans. Investments under the sustainability theme have an important weight in TSKB's portfolio.

TSKB serves its corporate clients to global standards in investment banking through solution oriented treasury products in addition to corporate finance activities such as mergers, public offerings and bond issuances.

TSKB, which takes strength from investment banking, project evaluation and sustainable banking adds value to its clients' projects and investment activities through its advisory services. These services contribute to the Bank's goal of long term business partnerships.

The pioneer of sustainable banking in Turkey and the nearby region

TSKB considers sustainability, a principle fully adopted in the Bank's service cycle and products, as a fundamental value which is shared with its clients and one that should be improved on together.

A reputable player in global markets

World Bank is actively involved in the foundation of TSKB which is a reputable player in the international financial markets.

TSKB operates in continuous cooperation with leading participants of the global markets and supranational financial institutions in particular. The Bank is one of the most widely recognized Turkish banks in the global markets.

TSKB's major international business partners include the World Bank (IBRD), the European Investment Bank (EIB), Kreditanstalt für Wiederaufbau (KfW), the Council of Europe Development Bank (CEB), the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and the Islamic Development Bank (IDB).

Close and synergy generating cooperation with its subsidiaries

TSKB's synergy-generating cooperation platform, developed with its subsidiaries, plays an important role in the sustainability of the Bank's financial and operating performance as well as its high customer satisfaction.

TSKB provides a part of its service in investment banking and advisory within the scope of cooperation with its subsidiaries namely Yatırım Finansman, TSKB Gayrimenkul Değerleme and Escarus. Please refer to page 9 for detailed information about services provided with the cooperation with subsidiaries.

A member of the Isbank (Türkiye İş Bankası) Group

50% of TSKB shares are held by the Türkiye İş Bankası Group and 39.6% of its shares are quoted on the BIST National Market under the "TSKB" ticker.

The Bank operates through its head office in Fındıklı, İstanbul and branches in Ankara and İzmir. According to the unconsolidated audited financial statements dated 31 December 2014, the Company's total asset size stood at TL 15.7 billion.

Detailed information on TSKB's stock performance is presented on page 316 of the report.

Our Mission and Vision – Our Resources – Our Goals

Our Mission

For Turkey's sustainable development: Supply entrepreneurs with medium- and long-term financing, brokerage and advisory support, play a continuous role in the development of capital markets in Turkey, create increasingly more added value for our shareholders, customers, employees and all other stakeholders.

Our Vision

To be the pioneering bank in Turkey's sustainable development.

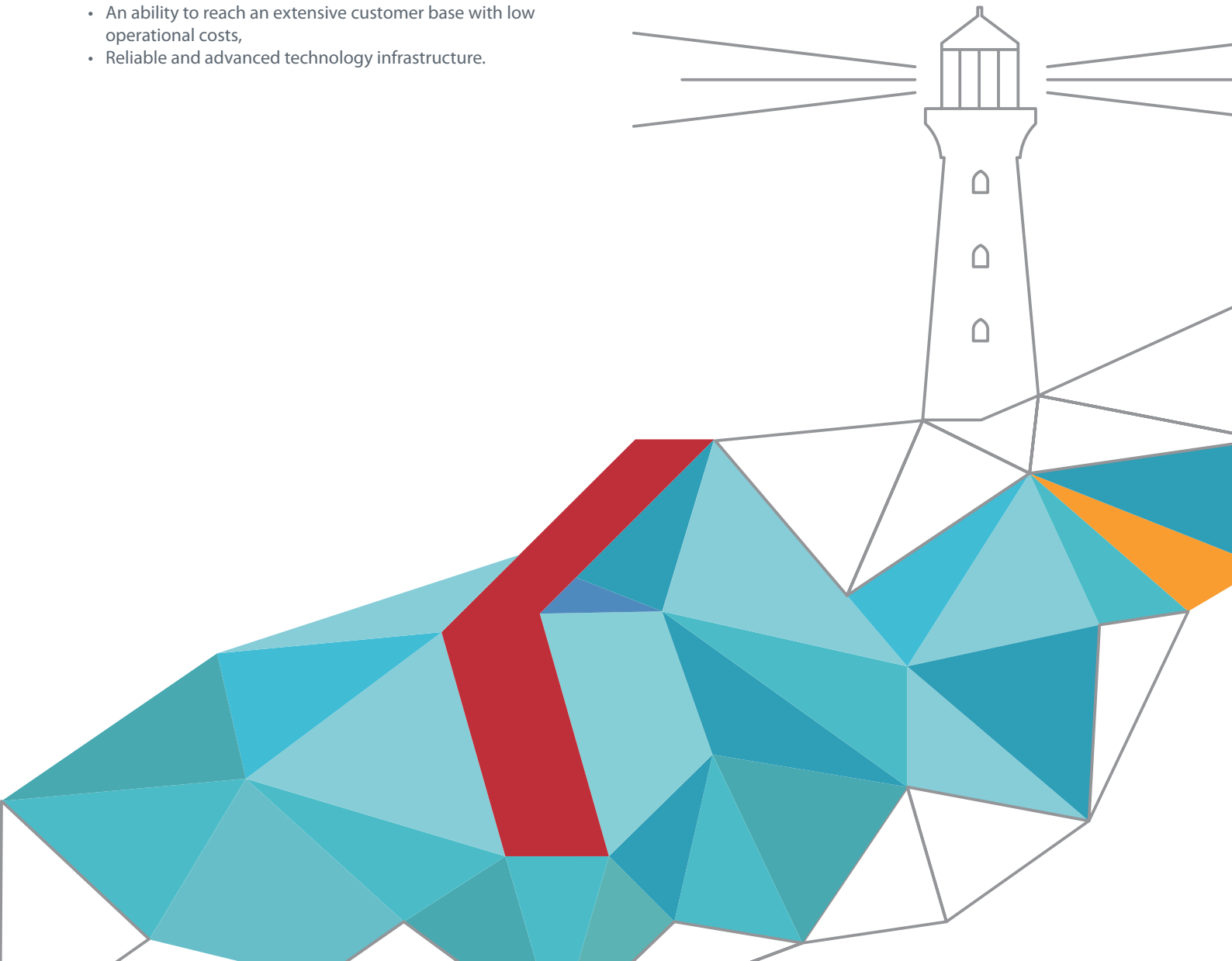
Our Resources

- A solid capital structure and strong partners,
- A reputation as an institution that is trusted by the international and supranational financial institutions that provide funding,
- An ability to access low-cost, long-term funding and to put such funding to work,
- Professional and experienced human resources who are equipped with international-class knowledge and experience,
- An ability to reach an extensive customer base with low operational costs,
- Reliable and advanced technology infrastructure.

Our Goals

TSKB's corporate goals are supporting sustainable development, providing entrepreneurs with money- and capital market brokerage and advisory support, ensuring sustainable profitability and growth, communicating effectively with stakeholders and strengthening the corporate structure.

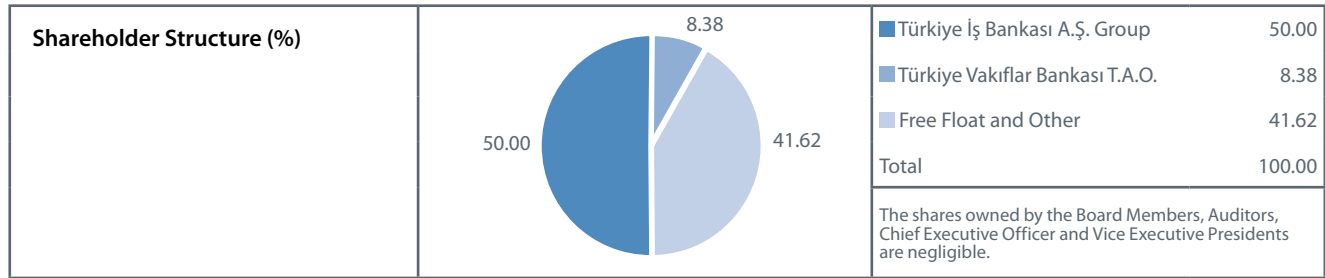
For more information please visit:
<http://www.tskb.com>



Ownership Structure - Key Indicators and Ratios

Ownership Structure

Türkiye İş Bankası A.Ş. is the main shareholder, holding the authority for management and auditing through its direct or indirect control. The distribution of the Bank's TL 1,500,000,000 in paid-in-capital and ownership structure is presented as follows:



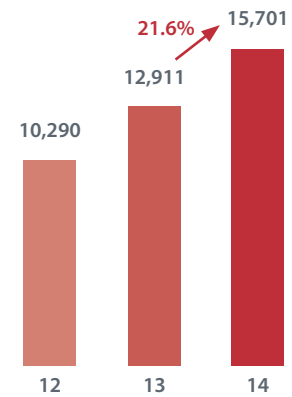
Key Indicators and Ratios

TSKB recorded a strong performance under the volatile market conditions of 2014. The operational and financial results attained have once again proven the accuracy of the Bank's strategy and business model.

Key Indicators (TL million)	2010	2011	2012	2013	2014
Total Assets	7,912	9,456	10,290	12,911	15,701
Loan Portfolio	4,843	6,395	6,895	9,177	10,981
Shareholders' Equity	1,264	1,366	1,755	1,885	2,288
Net Profit	212	255	307	326	369

(%)	2010	2011	2012	2013	2014
Average Return on Equity	18.4	19.4	19.7	17.9	17.7
Average Return on Assets	2.9	2.9	3.1	2.8	2.6
Capital Adequacy Ratio	22.7	19.1	20.4	18.2	18.1

Total Assets (TL million)



Credit Ratings

Moody's

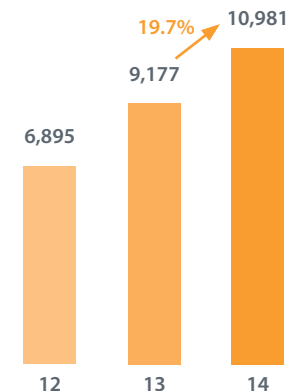
Moody's confirmed all of the Bank's ratings in its credit report dated 15 June 2014. Moody's confirmed the long term foreign currency issuer default rating as "Baa3" and changed the outlook to negative. Moody's also confirmed the reference credit evaluation rating and financial strength rating to "Ba1" and "D+", respectively, without changing the outlook.

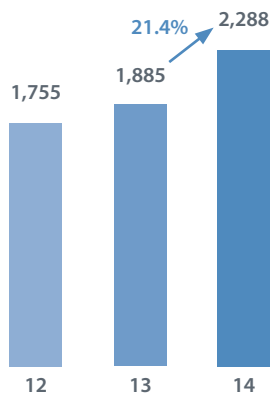
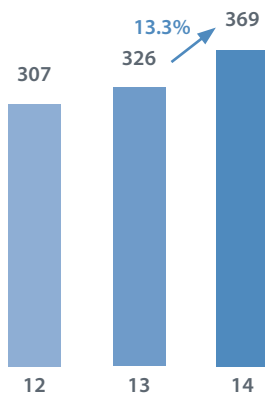
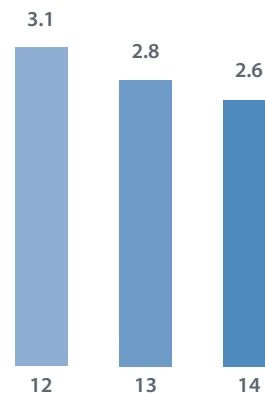
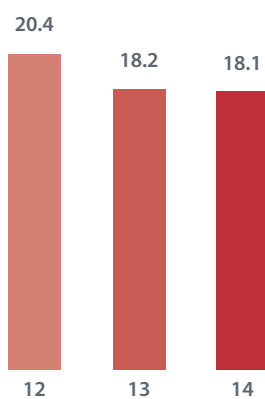
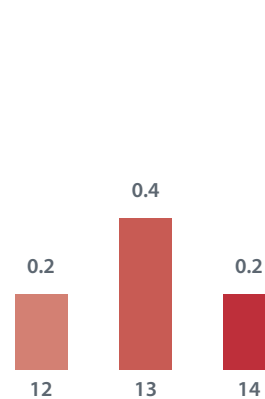
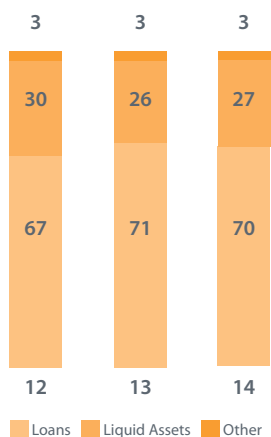
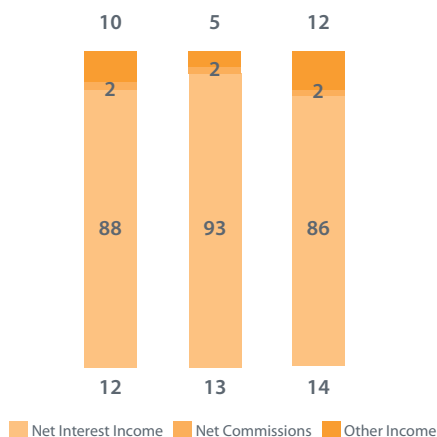
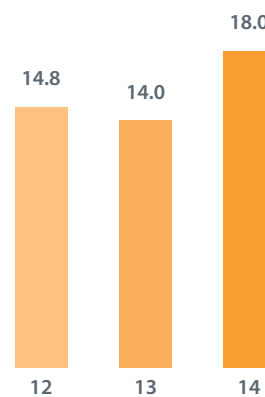
Fitch Ratings

Fitch Ratings confirmed TSKB's credit ratings on 24 October 2014. TSKB's long term foreign currency credit rating stands at "BBB-" while its long term local currency credit rating is "BBB". The outlook for these ratings is "stable".

TSKB's credit ratings are presented in detail on page 186.

Loan Portfolio (TL million)



Shareholders' Equity (TL million)**Net Profit (TL million)****Average Return on Assets (%)****Average Return on Equity (%)****Capital Adequacy Ratio (%)****NPL Ratio (%)****Assets Composition (%)****Income Breakdown (%)****Cost/Income Ratio (%)**

Milestones from 1950 to 2014

1950s

Founded with the mission of supporting the development of the Turkish private sector, TSKB undertook key duties in the area of investment and development banking: securing medium and long-term credit for private-sector projects, providing technical support to project sponsors, and conducting preliminary studies and initiatives for and then spearheading and initiating the formation of the capital markets in Turkey. During the same period, TSKB was the only bank capable of supplying the foreign currency loans needed to finance imports of capital goods and it was also the only organization handling cash sales of foreign currencies released under the Marshall Plan.

1960s

TSKB issued, underwrote and guaranteed company bonds and carried out its first initial public offerings of shares from its own portfolio of holdings. The Bank became the first company in Turkey to be audited by an internationally recognized independent auditor during the same period. TSKB undertook important roles in the country's industrialization, and provided financial support for a wide range of manufacturing activities including the first Turkish-made buses and automobiles, automobile tires, LPG canisters, high-voltage cables, batteries, cardboard, plastics and acrylic fibers.

1970s

TSKB played a key role in encouraging private-sector investment in Turkey's developing regions. During this period, the Bank carried out the first issuance of its own long-term bonds while also tapping into the European credit market with its first medium-term syndications. Meanwhile, TSKB achieved another "first" by starting to offer comprehensive research services for the manufacturing and services sectors as well.

1980s

TSKB continued to provide funding to the private sector within the context of investment and development banking. During the same period, the Bank embarked on highly important ventures in its international relations: TSKB successfully issued a series of "Samurai bonds" in the Japanese capital market. By diversifying its relations with European and Japanese financial institutions, the Bank secured new sources of funding. In these years, TSKB played an active role in Turkey's Privatization Master Plan and served as an advisor for the privatization of the country's state-owned cement plants.

1990s

TSKB strengthened its effectiveness in the investment banking business in Turkey. At the same time, the Bank continued to develop and diversify its cooperation with international banks, as well. Long-term foreign currency and interest rate swap agreements were signed with international financial institutions. The Bank served as an advisor for the European Bank for the Reconstruction and Development (EBRD) in Uzbekistan.

The 1990s was also a period of successful initial public offerings for TSKB. Leading the establishment of over-the-counter-bond and capital stock markets, the Bank became more effective with the establishment of the Istanbul Stock Exchange (BIST) and maintained its leading position in these markets.

2000s

TSKB's rise through sustainable banking accelerated continuously in this period. Seeking to enhance its presence and reputation in the international arena, TSKB tapped into the international syndication and murabaha markets for the first time. In a world where protecting the environment had been a primary issue in those years, TSKB started its first lending activities that incorporated "environmentally aware" criteria. In addition to lending directly to firms, the Bank also began to provide an increasing volume of resources to SMEs through indirect funding in coordination with commercial banks and leasing companies within the context of its "APEX banking" operations.

Sustainable banking gained importance in 2000s. TSKB became the first Turkish bank to receive the ISO 14001 Environmental Management System certification and the Bank started lending environment themed loans.

For three years in a row, TSKB has been the recipient of the "Sustainable Bank of the Year" Award under the "Sustainable Banking Awards" program conducted jointly by the Financial Times (FT) and the International Finance Corporation (IFC). TSKB became Turkey's first "carbon-neutral" bank. The Bank has taken yet another important step by joining other international organizations that are conscious of the environment and of sustainable development as a member of the United Nations Environment Programme Finance Initiative (UNEP FI). The Bank also signed the UN Global Compact.

2010s

TSKB focuses on renewable energy and energy efficiency projects in the 2010s. As of end-2014, the Bank financed 107 renewable energy and almost 60 energy efficiency projects.

The global financial crisis of the 2008 wrought many changes in capital markets. While product diversity increased rapidly, record-breaking cuts in interest rates all over the world powered a search for new investment options. An ambitious and experienced product and service architect, TSKB designed a plentiful array of alternative investment opportunities such as capital-protected and guaranteed products that appealed to domestic and international investors.

TSKB continues to play an active role in Turkey's electricity distribution privatizations, in asset purchase & sale consulting, in acquisition financing, in bond issues, and in public offerings. The bank identified sustainable tourism and resource efficiency projects as qualifying for credit financing. The same year, TSKB became the first Turkish financial institution to secure long-term funding from the KfW without the need for a Turkish Treasury guarantee. In 2014 TSKB, which continues its diversification efforts through finding new resources successfully, has secured additional loans worth of USD 1 billion from international different finance institutions. At the same time, TSKB accomplished its first eurobond issuance which amounted to USD 350 million and met with four times demand.

TSKB, which follows all national and international laws and regulations closely and is committed to continuous improvement with the aim of full compliance, achieved to become one of the first three companies in Turkey that have been awarded from the Corporate Governance Association of Turkey (TKYD) each year since 2011.

Firsts & Innovations

1950s

- Provide technical advisory services to project sponsors
- Provide medium and long term finance to private sector projects

1960s

- Underwrite and guarantee corporate bond issues
- Offer its mature bonds from its investment portfolio to public
- Issue its own long term bonds
- Have its records audited by an independent audit company

1970s

- Promote private investment incentive in under-developed regions
- Mobilize funds through medium term syndicated loans from European markets
- Undertake major sector research services for manufacturing and service sectors

1980s

- Develop short term econometric model of the Turkish economy
- Develop cash-flow model of Turkish financial sector
- Extend hedged foreign currency investment loans
- Issue its own bonds in international capital markets
- Conduct manufacturer surveys among various sectors
- Provide export insurance loans from European and Japanese financial institutions
- Offer advisory services in textile and other sectors in cooperation with international advisors
- Offer advisory services for the privatization of public cement factories
- Issue its short term bonds as well as guarantee and market those of its clients
- Prepare Turkey's first privatization master plan
- Realize the first public offering as an underwriter
- Establish line of equity relations with Islamic Development Bank

1990s

- Sign long term foreign currency and interest swap agreements with international banks
- Provide floating-rate medium term Turkish Lira loans to the banking sector
- Provide consulting services for ERBD in Uzbekistan
- Management of a Risk Capital Fund provided by the European Investment Bank
- Undertake a voluntary "Risk Management Review" supported by World Bank

2000s

- Extend a credit line specifically for a "healthier environment"
- First bank to establish a real estate appraisal company approved by Capital Markets Board of Turkey
- Provide secretariat services to the İstanbul Approach
- Develop a risk-based loan pricing model
- First Turkish bank to receive a loan from the French Development Agency
- First and only Turkish bank to become a shareholder of European Investment Fund (EIF)
- First Bank with Turkish equity having ISO14001 Certificate
- First Turkish bank to calculate and remove its carbon footprint
- First and only Turkish bank which was awarded "Sustainable Bank of the Year of Eastern Europe Region" in 3 consecutive years between 2008-2010 in the event organized by Financial Times and International Finance Corporation

2010s

- UNEP FI and Global Compact membership
- First and only Turkish bank to be granted a membership in Long-Term Investors' Club (LTIC)
- Issue 16 thematic mutual funds between 2009 and 2012
- Secure the first EBRD loan which aims to finance SME projects for the agricultural industry in Turkey
- First Turkish Bank to be qualified for ISO14064-1 Greenhouse Gas Verification Certificate
- Sign a restricted mudaraba agreement with the Islamic Development Bank to finance renewable energy and energy efficiency projects
- Become the founder member of International Development Finance Club (IDFC)
- First loan agreement with KfW without any guarantee of the Republic of Turkey Prime Ministry Undersecretariat of Treasury
- The first A+ level Sustainability Report approved by GRI (Global Reporting Initiative) in the sector
- Supporting the low-carbon economy with the "first carbon-neutral concert" within the scope of the İKSV İstanbul Music Festival

Awards

Since its establishment, TSKB's efforts and achievements have continuously received appreciation and acclaim. TSKB has been granted a significant number of awards in years.

Some of the Bank's awards that have been received during 2010s are presented below:

- The Company with the Highest Corporate Governance Rating Award - **TKYD Turkey**
- Climate Change Leaders - **CDP Turkey**
- European Regional Sustainable Bank of the Year Award Finalist - **FT / IFC**
- European Transport Privatization Deal of the Year
- Renewable Energy Best Solution Partner Award - **TIREC**
- Best Equity House in Turkey - **EMEA Finance**
- Sustainable Bank of the Year award in the Eastern Europe - **FT / IFC**
- Best Acquisition Finance Deal of the Year - **Euromoney**
- Hydroelectric Power Deal of the Year - **Euromoney**
- Infrastructure Deal of the Year - **PFI**
- Project Finance Deal of the Year - **Euromoney**
- Geothermal Deal of the Year - **Euromoney**
- Best Corporate Merger and Acquisition - **Euromoney**
- Best Local Partner - **Euromoney**
- Turkey's Best Investment Bank - **Euromoney**
- Highest rating given for a bank in developing economies - **Thomson Bankwatch**



TSKB's Portfolio of Products and Services

TSKB has a rich portfolio of products and services developed in line with the theme of sustainable banking.

Corporate Banking	Investment Banking	Consultancy
<p>Products and services that contribute to Turkish economy and labor force</p> <p>Corporate Lending</p> <ul style="list-style-type: none"> • Industrial Investments • Energy and Resource Efficiency • Environment Friendly Investments • Renewable Energy • Sustainable Tourism • Health and Education Investments <p>Project Finance</p> <ul style="list-style-type: none"> • Power Generation and Distribution • Hotels, Shopping Malls and Commercial Real Estate • Logistics • Transportation/Infrastructure • Public-Private Partnership Projects • Mergers & Acquisitions <p>Other Credit Products</p> <ul style="list-style-type: none"> • Wholesale Banking <ul style="list-style-type: none"> - SME Finance - Export Finance • Foreign Trade Finance • Country (ECA) Loans • Working Capital Finance • Financial Leasing 	<p>Products and services that support to improve clients assets</p> <p>Corporate Finance</p> <ul style="list-style-type: none"> • Equity Public Offerings and Transactions • Debt Security Offerings and Transactions • Mergers & Acquisitions • Asset Purchases & Sales Advisory • Privatization Advisory <p>Capital Markets*</p> <ul style="list-style-type: none"> • Equities Brokerage Services • Fixed Income Securities Brokerage Services • FX Transactions • Warrant Transactions • Repo Transactions • Foreign Derivative Transactions • Forex and Leveraged Transactions • Loans Against Securities • Portfolio Management • Investment Consultancy <p>Derivatives</p> <ul style="list-style-type: none"> • Forwards • Options • Caps & Floors • Swaptions • Swap Transactions <ul style="list-style-type: none"> - Forex - Interest - Cross Rates 	<p>Tailor-made products and services that add value to the Bank's customers' operations</p> <p>Strategic Finance Consultancy</p> <ul style="list-style-type: none"> • Company, Brand and License Appraisal • Valuation and Feasibility Analysis • Financial Structuring • Strategic Roadmaps • Sector Analysis • Project Finance Consultancy <p>Real Estate Appraisals*</p> <ul style="list-style-type: none"> • Real Estate Appraisal • Machinery and Equipment Appraisal • Bidding Consultancy • The Highest and Best-Use Analyses • Collateral Appraisal • Feasibility and Project Monitoring • Sector Analysis and Market Research Report • Green Building Analysis • Urban Transformation Consultancy • Concept Development Consultancy <p>Sustainability and Environment Issues*</p> <ul style="list-style-type: none"> • Sustainability Management • Environmental and Social Impact Assessment • Technical Consultancy • Climate Change Management • Carbon Consultancy • Environmental and Social Risk Management • Investment Monitoring for Financial Institutions • Renewable Energy Consultancy

* TSKB provides a part of its service in investment banking and advisory services within the scope of cooperation with its subsidiaries; Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Değerleme A.Ş. and Escarus Sürdürülebilir Danışmanlık A.Ş.

Chairman's Message



Esteemed shareholders,

In 2014, the US economy decoupled from other developed economies with its high growth rates while developing economies suffered a relative slowdown.

Turkey maintained its growth, albeit at a slow pace. The sharp plunge in oil prices paved the way for new and positive dynamics in the macro balances.

In 2014, the US economy stood out from the economies of other developed economies with its high growth rates; the Eurozone, on the other hand, languished with stagnant economic activity, teetering on the brink of recession. Japan entered recession in the third quarter of the year, with policies aimed at tackling deflation proven ineffective. A decreased rate of growth in China - the world's fastest growing economy - is considered as a negative signal for the prospects of the global economy. As far as emerging economies were concerned, growth rates slowed down compared to both the pre-crisis and post-crisis rates.

The US Federal Reserve decided in October 2014 to terminate its quantitative easing program which it had applied for more than two years, in line with the sustainable recovery seen in the US economy. We believe that the Fed will start to increase nominal interest rates gradually, depending on the economic parameters to be observed in 2015. On the other hand, real interest rates are likely to remain close to zero for some time to come.

The decline in inflation to extremely low levels in the Eurozone during 2014 again raised concerns over deflation. The European Central Bank (ECB) lowered its policy interest rates twice during 2014, bringing the rate close to zero. Moreover, the ECB started to provide liquidity to the market through long term refinancing operations in a bid to support the financial sector. As monetary expansion failed to improve the economy in the Eurozone, the ECB announced an asset purchase program in January 2015.

Turkey's neighboring region experienced some serious problems in 2014. In addition to the political turmoil in the Middle East, the military conflict and tension between Russia and Ukraine was one of main factors which deteriorated risk perceptions with respect to developing countries. These problems are unlikely to be resolved in the short term and will therefore continue to stunt economic activity in the region.

Another remarkable development in 2014 was the plummeting oil price, which started a precipitous decline in June, falling by a total of 50%. The main reasons for the fall in oil prices were the contraction in demand from some developed countries, the introduction of new technologies in oil production in the USA and the impact of shale gas.

Turkish economy recorded export-led growth in the first three quarters of 2014.

The Turkish economy grew by 2.8% in the first nine months of 2014. An analysis of the growth composition finds a marked change in the outlook in 2014 when compared to 2013. Domestic demand decreased significantly and the contribution of private consumption expenditures to growth receded as a result of the macro prudential measures taken. In the first three quarters of the year, exports provided an important contribution to growth, although there was a slight decrease in the contribution of exports to growth in the last quarter.

The foreign trade deficit contracted when compared to the previous year as a result of the strong export performance in 2014. Another positive development in 2014 was seen in the current account deficit, which also declined as a result of weak domestic demand and developments in the foreign trade balance.

Our Bank has strongly supported private sector investment in the last five years via transferring medium and long term resources. TSKB enters 2015 in a dynamic, powerful and assertive position.

Inflation was well above the authorities' target levels in 2014, despite the weakness of domestic demand, due to the delayed impacts of the devaluation in the TL and high food prices; the annual rate of CPI inflation came in at 8.17%.

A positive year for the Turkish banking sector

The banking sector maintained its steady growth in 2014. Despite some decrease in the sector's balance sheet growth, the level of profitability was close to that seen in 2013.

Suppressed domestic demand was the main factor which curbed the increase in loan volume in 2014; the measures taken by the BRSA primarily affected retail loans. On the other hand, demand for corporate loans remained buoyant, in a show of the Bank's continued strong support for the real sector. In our view, the sector will sustain its healthy growth in 2015. The support extended to the real sector will remain important with regard to sustainable growth.

Expectations for Turkish economy's growth outlook being revised

As a part of the global economy, the Turkish economy will continue to be affected by developments in the world.

We think the Fed's normalization of its monetary policy will be the most important agenda item for the global economy in 2015. The start of the Fed's interest rate hikes could precipitate volatility in capital flows to emerging markets, including Turkey. This expectation supports our view that the moderate growth in emerging markets - which had become the driving force of the global economy in the wake of the 2008 crisis - will continue in 2015.

Another important issue will be the trend in oil prices. The decrease in oil prices in 2014 was a positive development for energy importers like Turkey. It is with pleasure that we note that the decline in oil prices has started to contribute to an improvement in the current account deficit, help bring down inflation and support growth through lower energy prices. We expect a more balanced structure between domestic and foreign demand in the Turkish economy as the fall in commodity prices, mainly for oil, continues to support the economy in 2015.

TSKB, which left another successful period of activity behind, continues to support manufacturers which are committed to protect the future.

Our Bank differentiates itself in corporate banking, investment banking and advisory services with its products, services and solutions that have extensive added value. TSKB has played an active role in Turkey's economic growth and the development of the private sector for the last 65 years since its foundation in 1950.

TSKB worked in close cooperation with its domestic and foreign business partners and was able to handle the most challenging economic conjunctures. In a time period where change and integration with the global economy gained pace; TSKB, which has always stood by its clients, continues to create and share value through its business model, which is based on a high level of expertise and knowhow.

Our Bank has strongly supported private sector investment in the last five years by transferring medium and long term resources. TSKB is in a more dynamic, powerful and assertive position, as it moves into 2015. The Bank was awarded the title of "Corporation with the Highest Corporate Governance Rating in the BIST Corporate Governance Index" with its fair, responsible, transparent and accountable structure. The Bank continues to support our country's economic growth and remains a role model in Turkey and in the neighboring region in the field of sustainability with the values that it has adopted.

Our responsibility and the future

As a responsible corporate citizen, we have responsibilities to the environment, the economy and society and take them into consideration in our activities.

We believe that it is necessary to transfer a healthier environment to future generations, along with an economic and social structure that will support development. We are striving to create value in these areas with our activities.

As we prepare to celebrate our 65th year of operation with a strong team spirit, I would like to take this opportunity personally and on behalf of our Board of Directors to thank our shareholders who have always stood with us and have bestowed their trust in us, our team who have brought TSKB to its current position and who will further move our Bank forward, our clients and our business partners.

Yours sincerely,



ADNAN BALI
Chairman of the Board of Directors

Message from the CEO



Esteemed shareholders, clients, colleagues and business partners,

2014 was a year in which we significantly increased the support we extend to our clients and recorded sound growth in our balance sheet in line with our strategic growth targets.

TSKB's total assets grew by 21.6% YoY to reach TL 15.7 billion and the Bank recorded annual net income of TL 369.3 million, with an average return on equity of 17.7% and a 2.6% return on assets on an annual basis.

Total loan volume reached TL 11 billion in 2014, with the Bank extending USD 1.5 billion of resources to the Turkish private sector. TSKB boasts strong asset quality, with a non-performing loan ratio of just 0.2% in 2014 - far below the sector's average. With this figure, the Bank maintains the lowest NPL ratio in the sector. TSKB also continued to strengthen its shareholders' equity in 2014, which increased to TL 2.3 billion with a capital adequacy ratio of 18.1%.

Strong growth in loans indicates our increased support for macroeconomic growth.

The 15.9% FX-adjusted growth in TSKB's loan volume in 2014 exceeded our target of 10-15% as set out in the 2013 annual report. This was an indicator of the steady increase in our support to the private sector.

In addition to renewable energy projects, TSKB allocates resources to sectors such as energy and resource efficiency, sustainable tourism, environmental projects, logistics and infrastructure which all are of paramount importance in Turkey's sustainable economic development. Meanwhile, the Bank continues to extend financing and service support activities - by diversifying them - to SMEs through both APEX banking and direct loans.

Important developments in TSKB's funding structure in 2014

The most fundamental requirement for growth in developing countries is a long term supply of funds. Sustainable development is directly related to the access of private sector investments to financial resources with attractive terms. Development and growth strategies are achieved and welfare improves if these investments are backed by resources.

Our Bank generally creates value by utilizing foreign funds, in accordance with its mission and business model. TSKB has demonstrated a model performance in this regard since its foundation and the Bank has efficiently utilized the funds obtained within the context of its strong and multilateral international relations. TSKB offers a continuous and permanent contribution to production capacity, exports and employment - in short, the entire Turkish economy - by meeting the medium and long term needs of companies from various sectors.

Ensuring continuity of the Bank's current funds and diversifying the funding base via finding new resources render our main priorities in the medium and long term. As a result of systematic efforts undertaken in this regard, TSKB signed thematic fund agreements amounting to USD 960 million with eight different international financial institutions, including KfW, the Islamic Development Bank (IDB), the World Bank (IBRD), the French Development Agency (AFD) and the European Bank for Reconstruction and Development (EBRD). In addition, TSKB's first Eurobond issuance, which amounted to USD 350 million and conducted within the year, met four times demand. The syndication loan, which was signed with the participation of 13 banks, was renewed at a rate of more than 100%. Consequently, funds obtained from international markets reached USD 1.4 billion in 2014.

In 2015, TSKB will continue to boost its funding base which is of great significance in diversifying its activities and financing the private sector with relevant maturity and favorable cost structure.

TSKB has integrated the sustainability criteria into its decision making processes and strategies, as well as banking products and services, through the systematic projects which it has conducted.

Our mission to finance production has gained prime importance in today's global and national market conditions.

After the 2008 global financial crisis, market realities have changed all over the world, bringing a whole new playing field for the market.

Our country aims to grow with more focused priorities that can create competitive power. This aim was explicitly mentioned in the Medium Term Plan, and it signals the following: the need for a transformation to a society that saves more, produces more efficiently, achieves qualitative development and utilizes savings in the most effective and appropriate manner.

The Turkish banking sector has reviewed its priorities in light of national and international economic conjuncture recently, and the sector entered a process of transformation. In this process, TSKB remained true to its mission - which has not changed since its foundation - with its rooted experience and know-how. The Bank has increasingly focused on contributing to the quality of development, in addition to its financing mission.

Each agreement that we signed with our international fund suppliers serves as confirmation of the trust placed in TSKB's experience in this area.

TSKB is a pioneer in our country with its sustainability practices.

We are aiming to leave a sustainable world to the next generations with the sustainability applications, which we view as our longest term corporate commitment.

TSKB achieved the integration of sustainability criteria into the decision making processes and strategies, as well as banking products and services with systematic projects that the Bank has conducted in the last nine years. In doing so, TSKB has become a role model in Turkey for financing sustainable development.

Our Bank considers sustainability as a common goal for the whole business world rather than as an element of competition. TSKB is voluntarily involved in a wide array of national and international initiatives, and the Bank contributes to global and local activities.

Another element we deem indispensable within the scope of sustainability is our human resources. TSKB's human resources stand out with their competencies. The total number of our professional team had reached 334 by the end of 2014. The most striking feature of our professional team is its level of know-how and expertise. TSKB considers investment in human resources as a highly important target with regard to the Bank's performance and it maintains its efforts in this area.

TSKB expects FX adjusted loan growth of 15% in 2015. In line with this target, the Bank has set out the following aims:

- improving its market presence in all business fields,
- supporting more private sector investments with the Bank's strong and diversified fund structure,
- increasing the number of clients with an attentive approach,
- providing intermediary and advisory services to entrepreneurs,
- improving the synergy created with its subsidiaries and
- further enhancing its corporate structure.

Towards our 65th anniversary

TSKB is confident about the future with its deeply rooted history, corporate culture and unique experience. The Bank has the ability to understand the market accurately and adjust its corporate strategies under volatile market conditions. TSKB is also capable of fulfilling its mission - which is focused on economic development- under all circumstances with its corporate competencies.

As we head towards our 65th anniversary, we have undertaken a gamut of important projects in many areas in organizational structure, in IT infrastructure, in our work areas and in our corporate identity. The majority of these projects were completed in 2014.

We are aiming to be a younger, stronger and more energetic business partner for our clients by ensuring the most effective and efficient business model with all these activities.

I believe our Bank will carry its 65-year success into the future by enrichment and will record many success stories on its road to sustainable development with the guidance and support of our Shareholders and Board of Directors. I would like to extend my thanks to our clients, national and international business partners, correspondents, investors and employees for their valuable support and trust in the TSKB brand.

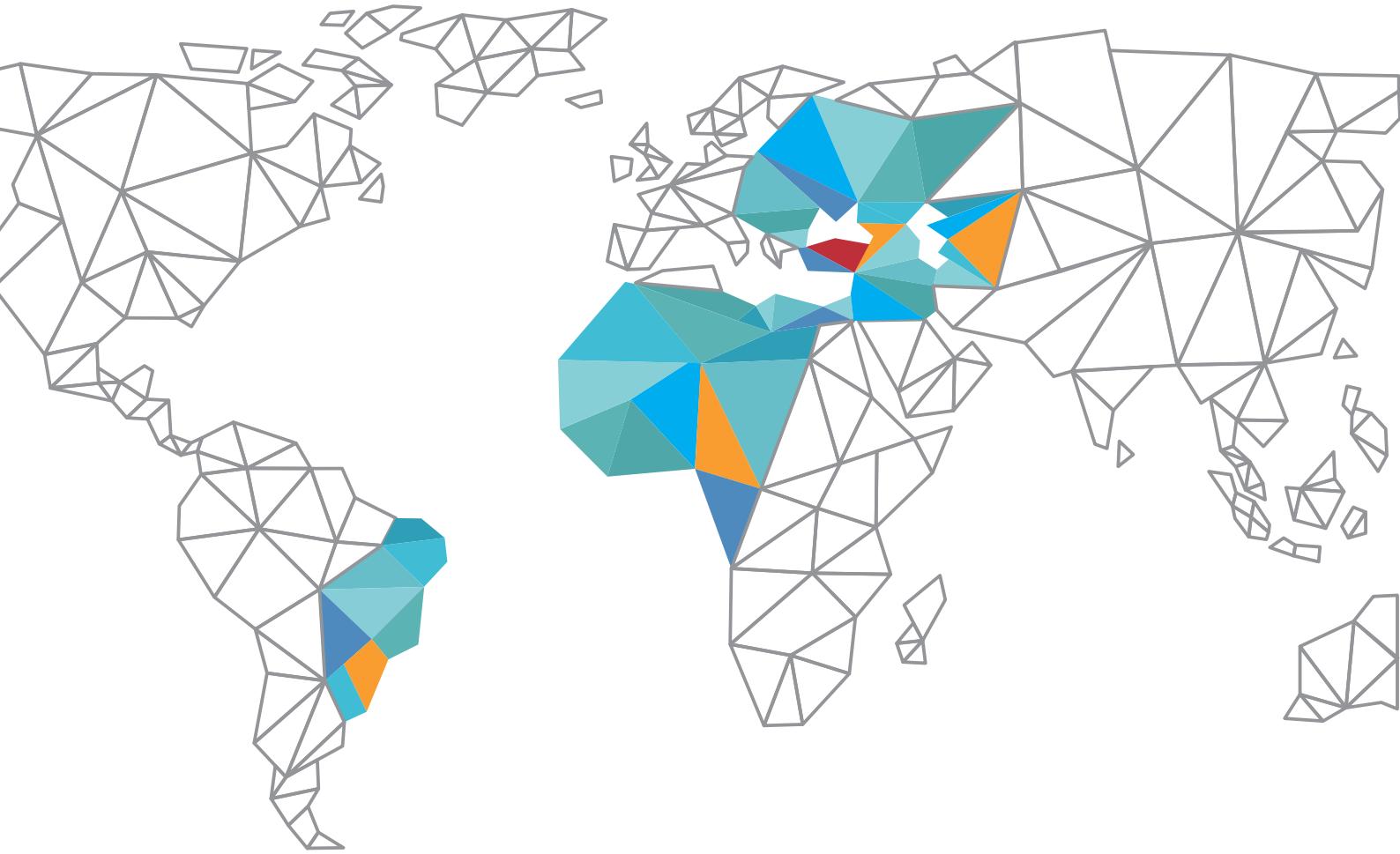
Yours sincerely,



ÖZCAN TÜRKAKIN
CEO and Board Member

Another year of uncertainty in the global economy in 2014

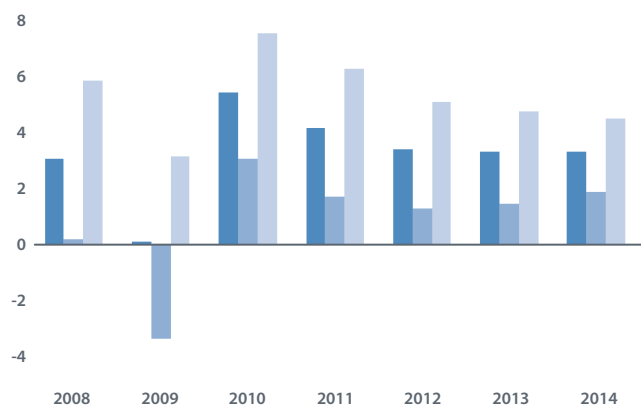
2014 was a year of spectacular recovery in the USA, but one of recession in the EU. Turkey recorded a moderate level of growth despite volatility in global markets and geopolitical risks.



Macroeconomic and Sectoral Evaluation

Global Growth Rates

(%) ■ World Output ■ Advanced Economies ■ Emerging Markets



Source: IMF

Brent Oil (Crude Oil Brent)

(USD / barrel)



Source: Matriks

Disappointing growth in the global economy in 2014

The main developments affecting the growth of the global economy in 2014 were the continued fragility of economic activity in the Eurozone, but with strong economic activity in the US, a deceleration in the Chinese economy and a slowdown in the Japanese economy.

The decline in oil prices continues.

Commodity prices, especially oil prices, declined in 2014. As well as the developments in demand, increases in supply in recent years were also instrumental in the decline in oil prices. Oil prices started to decrease after peaking at USD 115 per barrel in June 2014 and closing the year at USD 57 per barrel. Oil producing countries did not cut their supplies to deal with the decrease in oil prices, and maintained their production levels.

The plunge in oil prices has diverging effects on the global economy. The decrease in oil prices is expected to have a positive impact on the economies of net oil importers such as the Eurozone, China, Japan and the USA, which constitute 60% of the world's GDP; whereas big oil exporters such as Saudi Arabia, Russia, Venezuela and Iran have started to experience the negative impact of price declines.

Economic slowdown in China, EU and Japan contributed to the fall in world oil prices. On the other hand, innovations experienced in global industries, primarily the automotive industry, and an increase in the production of shale gas also affected oil prices.

Continued recovery in the US economy

The harsh winter weather in the first quarter of 2014 took its toll on economic activity and the US economy contracted by 2.1% in the first quarter, before rebounding strongly in the second quarter with 4.6% growth and 5% growth in the third quarter. With these results, the US economy recorded its strongest growth performance in the last 11 years. The upward trend in consumption and capital expenditures also played a part in this development. Unemployment decreased to 5.6% in December 2014 from the 10% level in the crisis period. The decline in the labor force participation rate after Lehman stalled the decrease in the rate of unemployment and the outlook for employment does appear especially bright. The Fed is not expected to delay its interest rate hike if it is supported by a slight increase in wages.

In its final meeting of the year in December 2014, the Fed stated that it would apply a "cautious and gradual interest rate hike" and adopt a "patient" attitude in this period. The Fed thus emphasized that it would consider changes in economic data instead of following a rigid time oriented approach.

This approach by the Fed on interest rates is referred to as the "new neutral". The Fed's interest rate hikes are not expected to take interest rates to their pre-2008 levels, and the Fed is expected to keep real interest rates at zero. This means that in the USA, where the annual rate of inflation is 2%, the nominal interest rates would increase to a maximum of 2%.

Macroeconomic and Sectoral Evaluation

Inflation remains a threat to economic activity in the Eurozone.

Monetary policy actions taken to stimulate economic activity in the Eurozone proved insufficient, causing inflation to remain low. The re-emergence of economic problems in the EU and mounting expectations of recession led to a fall in the Euro against the USD.

Of EU-member countries, Germany grew in line with expectations with its economy growing by 0.1%, while France's economy exceeded expectations with 0.3% growth, while the Italian economy teetered on the brink of recession. The UK, another of Europe's big economies, rounded off 2014 in more positive circumstances compared to other developed countries, in line with the USA. The UK economy maintained its 3% growth rate.

Following the ruling by the European Court of Justice that the ECB would be permitted to purchase countries' public debt bonds, no obstacle remained on paper for ECB to increase its balance sheet to and above EUR 3 trillion. With the exception of the UK and the USA, which are expected to raise interest rates, the loose monetary policy marked by low and even sometimes negative interest rates, along with quantitative easing, will continue for some time to come.

A vote of confidence for Abenomics

Looking for a way out of its stagnation, Japan's economy grew by 3% in the first quarter of 2014 but contracted by 0.1% in the second quarter. The negative impact of April's hike in consumption tax on economic activity continued, and GDP contracted by 1.6% in the third quarter. Amid the backdrop of positive data releases for the fourth quarter, Prime Minister Abe won the election in December.

A slowdown in economic growth in China and other emerging countries in 2014

The Chinese economy followed a deceleration trend in 2014 and recorded 7.4% growth - its lowest rate of growth in the last 24 years. This was the first time the official growth target was not reached in 16 years.

A similar outlook applies for the majority of other emerging economies, and this trend is considered negative for the short and medium term outlook of the global economy.

Moderate growth in the Turkish economy

Turkey recorded 1.7% YoY growth rate in the third quarter of 2014, which was far short of expectations and the weakest rate of growth on a quarterly basis since the last quarter of 2012. As a result of TurkStat's retroactive revisions in growth rates from 4.7% to 4.8% for the first quarter and from 2.2% to 2.1% in the second quarter, the Turkish economy grew by 2.8% YoY in the first nine months of 2014.

The impact of the BRSA's restrictive measures for consumer loans and the CBRT's interest rate hike on private consumption expenditures squeezed domestic demand throughout the year. However, the industry's delayed response to the downward trend in domestic demand starting from the beginning of the year contributed to the strong growth, primarily in the first quarter of 2014. This was then followed by a decrease in industrial production, was also observed from March.

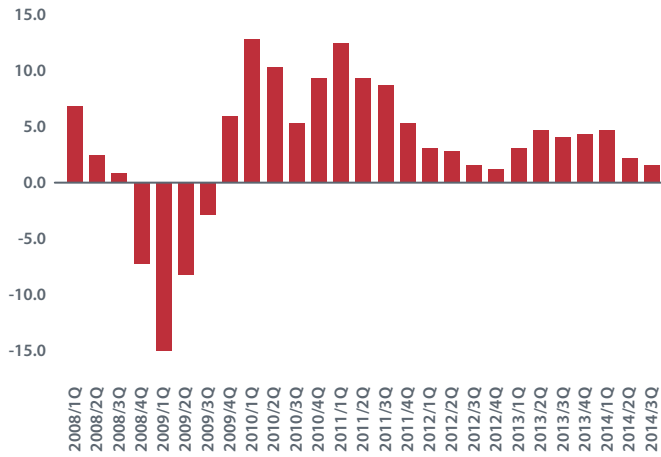
A cyclical trend was observed in all indicators for the financial markets starting from December 2013 and up until the local elections. In this period, there was a decline in the CBRT's reserves and increase in CDS, a weakening in the local currency and an increase in interest rates. April ushered in a new era in which balances were reshaped and the CBRT's reserves increased.

Uncertainties in global monetary policies, developments in Turkey's neighboring region and weak foreign demand also suppressed growth in 2014.

The rate of economic growth is estimated to have come in at 3% for the whole year.

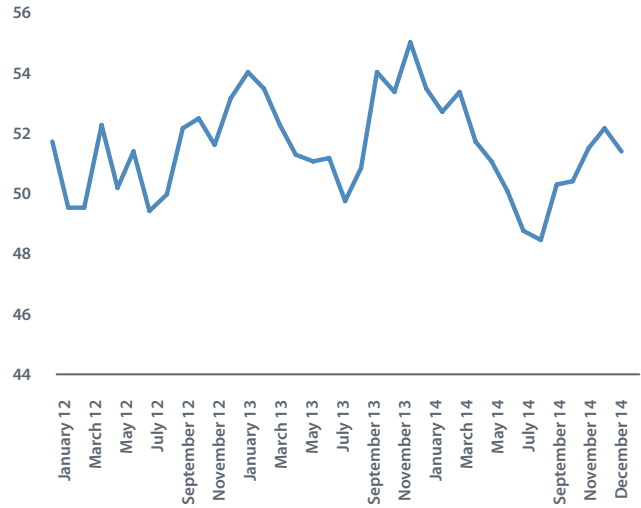
The Turkish economy grew by 2.8% YoY in the first nine months of 2014.

Quarterly Growth Rates (%)



Source: TurkStat

Purchasing Managers Index



Source: HSBC Markit Turkey PMI Index

Account Deficit (USD million, yearly)



Source: CBRT

The production of the manufacturing industry grew in the last few months of the year.

The PMI index, which increased for the last four months of the year, remained above the 50 point-threshold albeit decreasing to 51.4 in December. This indicates that the growth in production in manufacturing industry has continued.

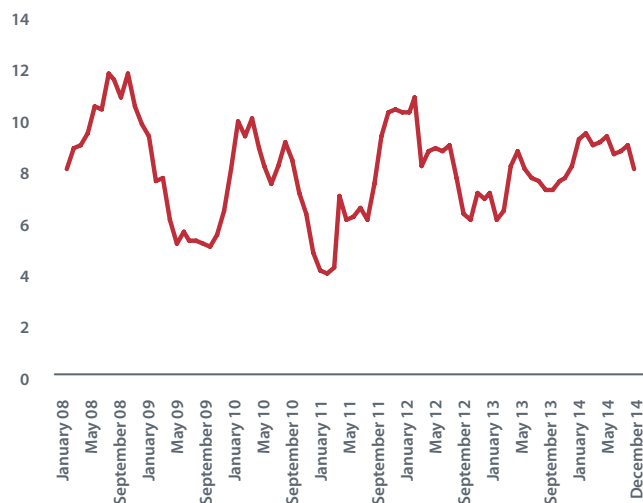
The real sector confidence index declined by 1.5 points MoM to 101.2 in December 2014. The seasonally adjusted real sector confidence index, on the other hand, increased by 0.2 points MoM to 108.8 points.

Developments in foreign trade

Total exports stood at USD 157.7 billion in 2014 with total imports of USD 242.2 billion. Exports recorded a positive trend when compared to previous year, especially in the first ten months of the year, and increased by 3.9% YoY. On the other hand, imports decreased by 3.7% YoY. As a result, the exports to imports coverage ratio increased to 65.1% as of the year-end, from 60.3% at the end of 2013.

Macroeconomic and Sectoral Evaluation

CPI Annual Change (%)



Source: TurkStat

PPI Annual Change (%)



Source: TurkStat

A 29% contraction in the current account deficit

As of the 2014 year-end, the current account deficit had contracted by 29% YoY to USD 45.8 billion. The main driving force behind this narrowing in the current account deficit was the decrease in oil prices, especially in the second half of the year; and this accordingly led to a decrease in Turkey's energy import bills.

Lower energy prices helping to lower inflation

The CPI increased by 8.17% YoY in December 2014, and by 8.85% according to twelve month moving averages. While the decrease in energy prices helped bring inflation down, there was still upward pressure from prices in the restaurants and hotels segment, food and non-alcoholic beverages, various goods and services, health, clothing and shoes.

The cyclical nature of inflation is expected to continue, with inflation expected to exhibit a relative decline in 2015.

CBRT started to lower interest rates from the second quarter of 2014.

The CBRT applied measured cuts in interest rates as external uncertainties receded in the second quarter of 2014 after the vigorous monetary tightening applied in the first quarter. The CBRT kept the 1-week repo rate at 8.25%, the overnight borrowing rate at 7.5% and the overnight lending rate at 11.25% in its last Monetary Policy Committee of the year, which was held on 24 December 2014.

The CBRT set out its monetary and foreign exchange policy for 2015 and mentioned that it would maintain its price stability oriented stance in addition to policies applied for financial stability.

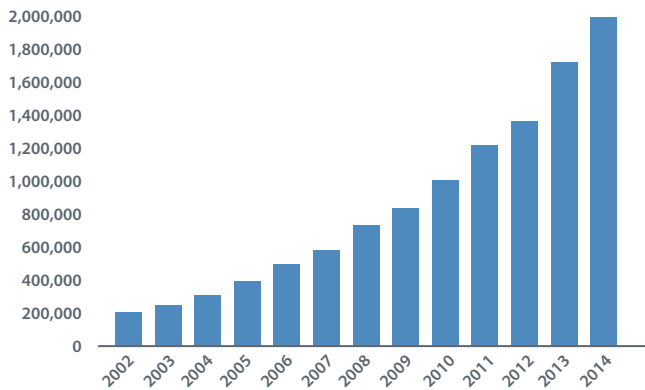
Expectations

The Turkish economy is projected to grow by 3% in 2015.

In addition to developments in the financial markets in 2015, the fall in oil prices - which are now at an historical low - will also have a critical bearing on the growth of the Turkish economy and developments in the current account deficit.

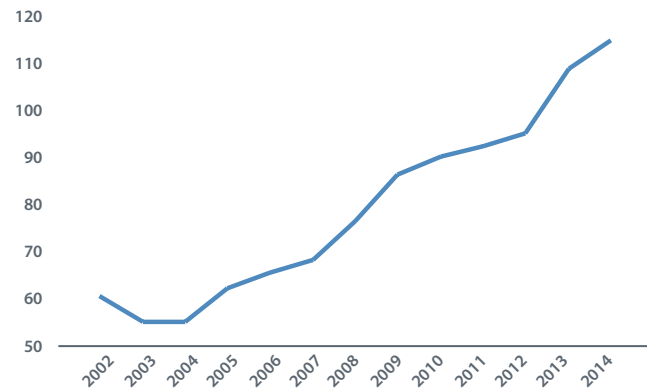
The annual rate of loan growth slowed down to 17% in 2014, the share of loans in total assets had reached a historical high of 63%.

Total Assets of the Banking Sector
(TL million)



Source: BRSA

Total Assets of the Banking Sector / GDP
(%)



Source: BRSA

Turkish banking sector notches up 14% growth in 2014.

The Turkish banking sector's asset volume grew by around 14% in 2014 while the annual rate of loan growth slowed to 17% in 2014. As of the year-end, the share of loans in total assets had reached a historical high of 63%. Meanwhile, there was also a surge in the volume of non-performing loans.

Deposits, constituting 53% of liabilities in 2014, grew by 11% YoY to TL 1.13 trillion.

The share of non-deposit liabilities, which tend to follow an increasing trend when interest rates are being raised, in the balance sheet picked up by one percentage point to 27%. The banking sector's shareholders' equity grew by 19% in 2014.

Net income during the period remained close to its 2013 level, at TL 24.7 billion. Net interest income declined in the first five months of the year but started to increase from June. Net interest income grew by 13.1%, helping to mitigate the slowdown in net income during the period.

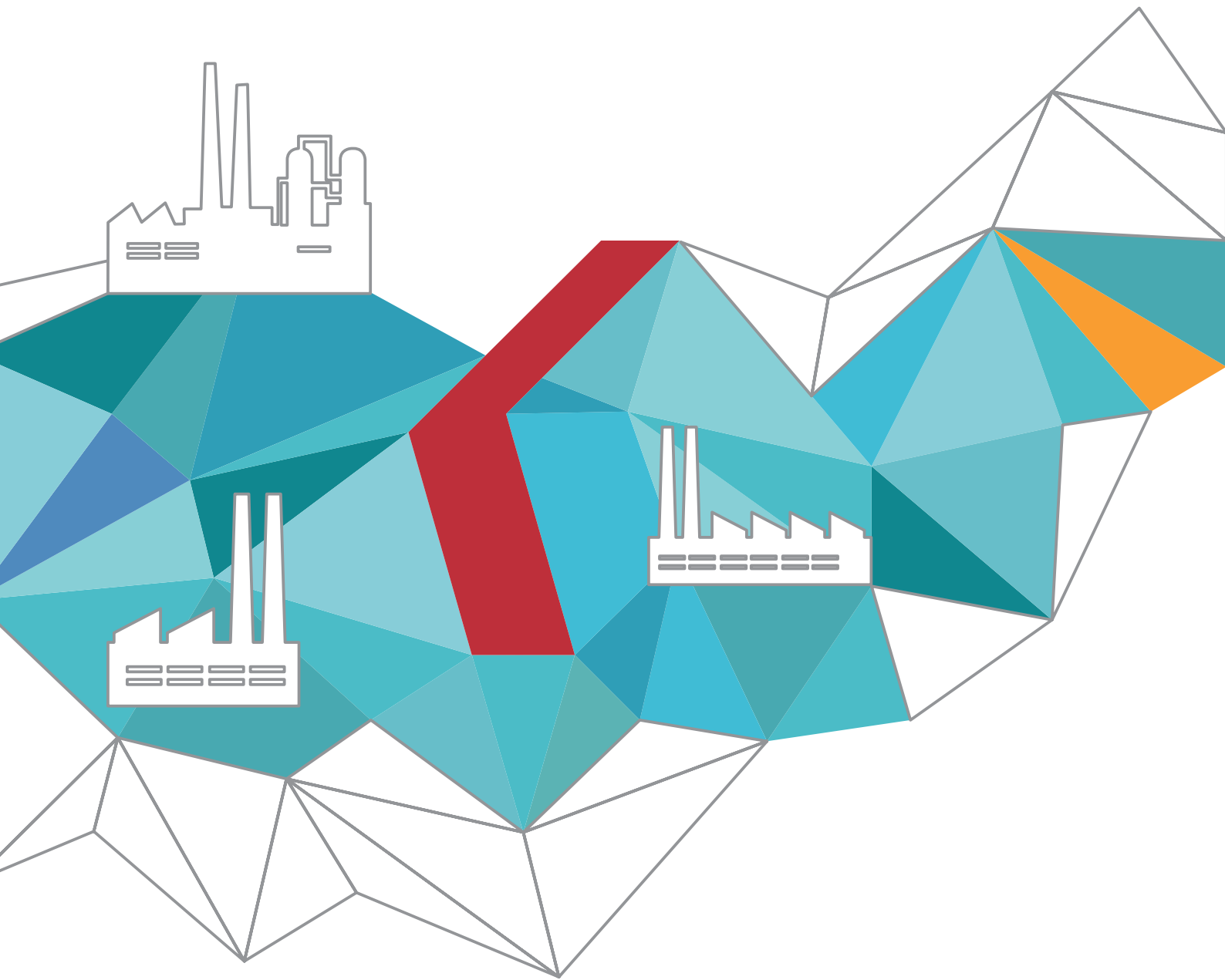
Macro prudential measures, which was introduced in February 2014, maintained their restrictive effect on loan growth. The CBRT's tightening policy stance also suppressed the increase in net interest income, and net interest margin remained unchanged.

In October 2014, the CBRT announced that it had taken the decision to pay interest on required reserves in a bid to promote balanced growth and domestic saving. Although the payment of interest to required reserves had been expected for some time, the interest rate that will be applied in this regard turned out to be lower than what had been expected by the market. On the other hand, the impacts of this policy on deposit collection with regard to intensified competition started to be observed from the last quarter of the year.

The sector is expected to post a rate of loan growth similar to the rate of 15% seen in 2014. On the other hand, no significant deterioration is expected in quality of assets, which continue to grow in a healthy manner. Looking at profitability, no contraction in the sector's interest margins is expected thanks to the prospect that the CBRT will cut interest rates. Under the assumption that the Fed does not raise interest rates until the second half of the year, banks will continue to obtain external funds with similar costs at 100% rates.

TSKB's loan growth was supported by its sound balance sheet structure in 2014.

TSKB increased its support to clients and recorded a healthy balance sheet performance in 2014, in line with its strategic goals. The Bank's assets grew by 21.6% while loan growth came in at 19.7%.



An Evaluation of 2014: Strategies, Acquirements and Projections

Headlines

2014 was a successful year for TSKB which grew in line with its targets.

- **Asset growth of 21.6%**

TSKB's assets expanded by 21.6% YoY to TL 15.7 billion in 2014. In the same period, the Bank's capital adequacy ratio maintained its strong position at 18.1%.

- **19.7% growth in total loan volume in TL terms**

TSKB's total loan volume grew by 19.7% in TL terms in 2014, and by 15.9% in hard currency. As a result of this growth, which exceeded the sector average in terms of FX denominated loans, the Bank's total loans reached TL 11 billion, while its loans to assets ratio stood at 70%.

- **Directly allocated loans reach USD 1.4 billion**

TSKB allocated loans amounting to USD 1.5 billion to its clients in 2014. Directly allocated loans reached USD 1.4 billion, while APEX allocations stood at around USD 100 million.

- **13.3% growth in net income**

TSKB's net income surged up by 13.3% YoY to reach TL 369.3 million in 2014, and the Bank maintained its profitability. TSKB's recorded a return on equity of 17.7% and a return on assets of 2.6% as of the year-end.

- **12.3% increase in net interest income**

TSKB's net interest income picked up by 12.3% YoY to TL 546.2 million in 2014. The Bank's total operating income expanded by 21.8% to reach TL 636.1 million.

- **New loan limits amounting to USD 2.7 billion**

The Bank allocated USD 2.7 billion of cash and non-cash loan limits to its clients. Besides, signed new loan agreements reached USD 1.8 billion.

- **The healthiest asset quality in the sector**

TSKB's non-performing loan ratio, which stood at 0.2% in 2014, is far below the average of the Turkish banking sector.

- **24.9% of market share**

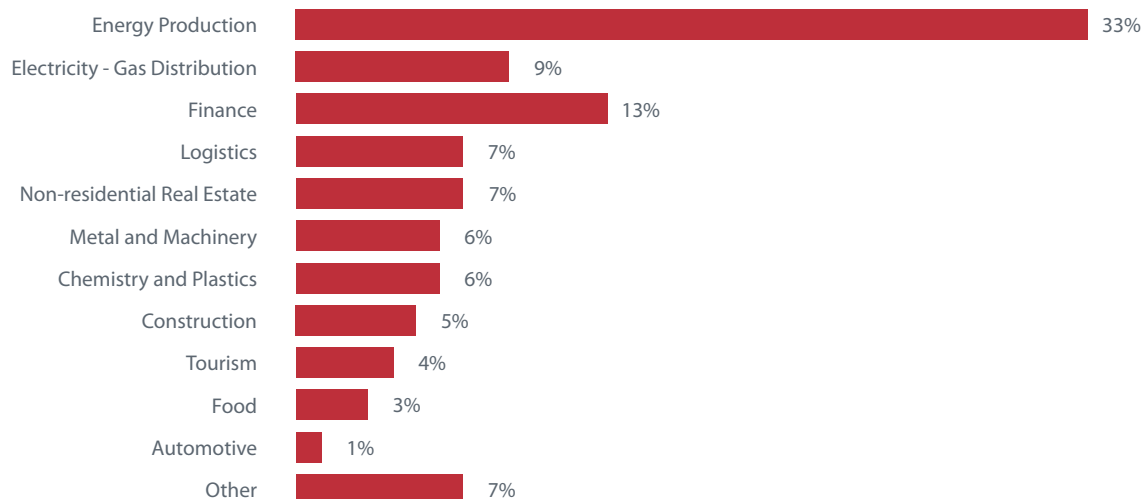
TSKB is one of the prominent players of development and investment banking sector. TSKB has a 24.9% market share among development and investment banks.

- **Continued diversity of the loan portfolio**

In 2014, TSKB maintained and developed the sectoral diversity of its loan portfolio. Throughout the year, the Bank has adopted an approach of deepening its relations with clients and acquiring new clients from different business lines.

TSKB will maintain its sustainable and qualitative growth in 2015.

Sectoral Breakdown of Loan Portfolio



An Evaluation of 2014: Strategies, Acquirements and Projections

A 13% increase in the number of TSKB's active clients in 2014

In addition to supporting industrial investments in different sectors, including energy efficiency and resource efficiency investments, TSKB continued to provide financing to sectors such as renewable energy, energy distribution, sustainable tourism and food in 2014. The number of TSKB's active clients grew by 13%, with 44% of loan agreements being signed with new clients. In addition to investment loans, TSKB also provided short term loan products to meet the daily working capital needs of its clients.

Moreover, the share of TL loans in total portfolio expanded to 10% with the volume of TL loans provided to its clients amounting to USD 166 million.

One of the most important organizational developments at TSKB during 2014 was the reorganization of the marketing department into a centralized structure for all products and services, while the number of marketing staff doubled.

52% of TSKB's loan portfolio comprised of loans with a maturity of 5 years or longer.

TSKB allocates medium and long term loans to its clients in line with the Bank's vision of being pioneer in Turkey's sustainable development. As 2014 year-end, TSKB's loan portfolio could be broken down into:

- 3% of loans with maturities of less than 1 year
- 52% of loans with maturities of 5 years or longer

On the other hand, 42% of loans with a maturity of 5 years or longer have tenors of longer than 8 years. The average maturity of loans is 5.1 years, whereas the average loan amount is USD 18 million.

Activities within the scope of project finance

Project finance is one of TSKB's strongest business lines in which the Bank possesses extensive know-how. The majority of loan allocations are realized under this line.

In 2014, TSKB provided USD 800 million of cash loans in project finance. This area is dominated by renewable energy projects but also includes infrastructure projects such as electricity distribution and port investments, as well as tourism investments. While financing investments is a prioritized issue, the Bank also offered solutions to its clients, who use investment loans, for their non-cash funding needs.

TSKB is determined to remain one of the leading project finance corporations with its wide portfolio in this area and its activities which won acclaim in the international arena. The Bank's agenda in project finance next year is focused on renewable energy projects (primarily wind and geothermal energy), energy and resource efficiency investments, integrated health center investments within the scope of Public-Private Partnership, acquisition of publicly held electricity generation plants and other assets under the scope of privatization and investments related to these privatizations.

Areas that TSKB provides project finance

Energy

- Electricity generation plants
- Electricity distribution projects
- Natural gas distribution projects
- Projects for environment and energy efficiency

Real Estate Projects

- Tourism-hotel investments
- Commercial real estate and shopping mall investments

Infrastructure / Transportation

- Telecommunication
- Logistics, transportation projects

Public-Private Partnership Projects (PPP)

USD 7.6 billion worth of loans to the real sector in the last five years

As required by its mission, TSKB offers solutions to meet the needs of its clients for long term funds and contributes to the Turkish economy's sustainable growth through loan allocation activities. TSKB directly provided USD 6.9 billion of funding to the real sector in the last five years, in sectors such as renewable energy, energy efficiency, infrastructure and logistics.

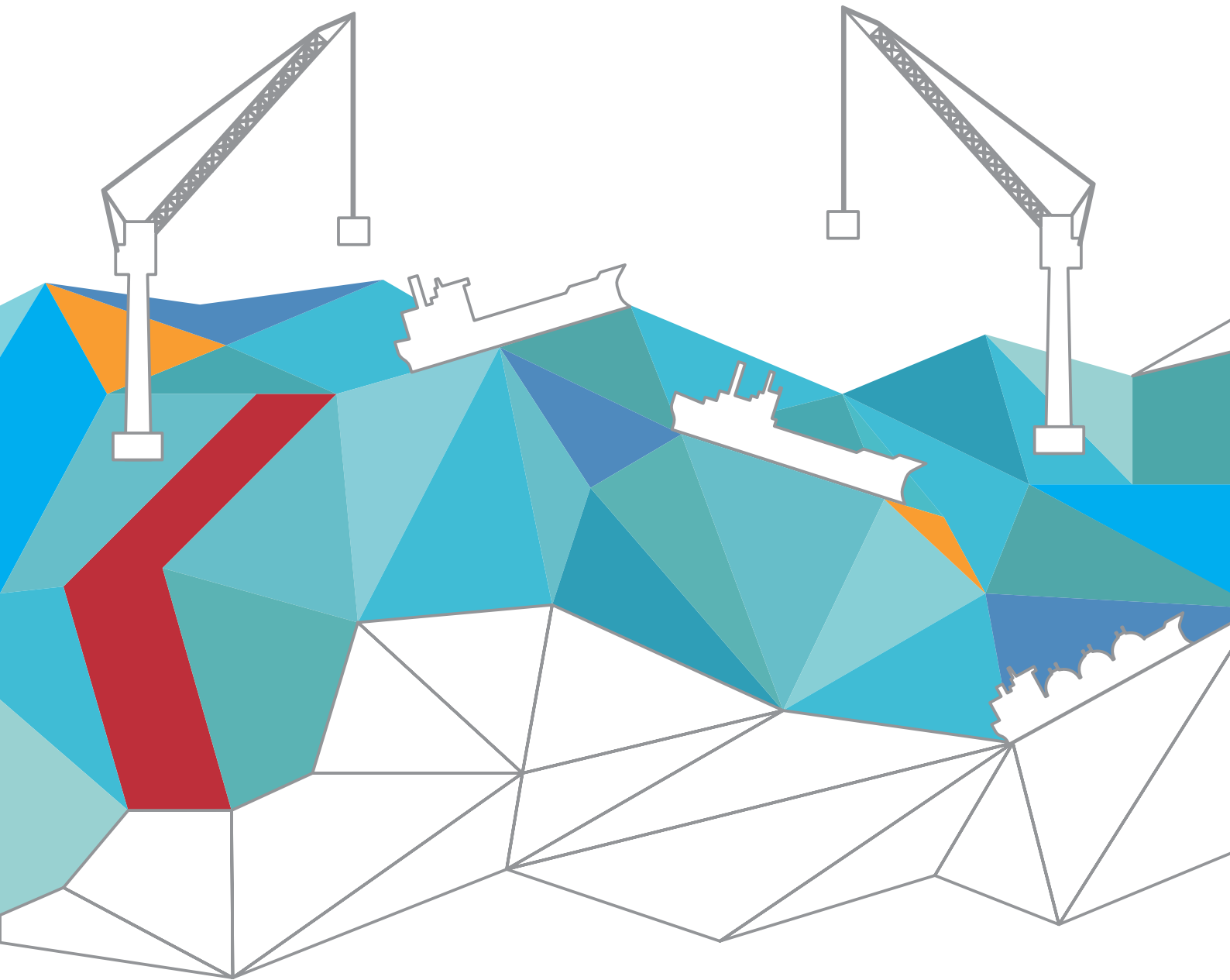
Total funding extended to the real sector in the last five years reached USD 7.6 billion, including the loans which were allocated to SMEs through APEX lending and amounted to USD 0.7 billion.

Non-cash loan portfolio remained flat compared to last year.

TSKB also intermediates its clients' import and other foreign trade transactions that are required for their investment projects. In 2014, the amount of letters of credit grew by 13%. Total non-cash loan volume provided by TSKB stood at around USD 400 million. The Bank was focused on meeting its clients' non-cash loan needs in the energy distribution, energy generation, metal and machinery sectors.

TSKB obtained USD 1.4 billion of funds in 2014.

TSKB obtained USD 1.4 billion of funds from international markets through long term themed loan agreements, Eurobond issuance and syndication loan.



An Evaluation of 2014: Strategies, Acquirements and Projections

Increase in country (ECA) loans

In 2014, TSKB cooperated with various country export credit agencies within the scope of project finance activities.

There was an increase in funding provided for the benefit of clients under this scope. The import transactions of two wind farms and a generation line was accomplished with the support of export credit agencies. The total amount of ECA loans reached USD 110 million in 2014.

In 2015, TSKB will be focused on allocating medium and long term themed funds that were obtained in 2014 and increasing its investment loan volume.

Strong and deeply rooted international relations

One of the ways TSKB sets itself apart in the sector is through its strong and deeply rooted international relations. This is also one of the most important privileges that the Bank offers to its clients.

As one of the most widely recognized Turkish banks in the international financial markets; TSKB works in close cooperation with institutions such as the World Bank (IBRD), the European Investment Bank (EIB), the Council of Europe Development Bank (CEB), Kreditanstalt für Wiederaufbau (KfW), the Islamic Development Bank (IDB), the French Development Agency (AFD), the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD). Meanwhile, correspondent relations undertaken with international banks represent another important component of TSKB's international cooperation network.

TSKB obtained its highest ever level of funding of medium and long term maturity from international markets during 2014.

TSKB obtained USD 1.4 billion of funds from international markets through long term themed loan agreements, Eurobond issue and syndication loan.

Almost USD 1 billion of these funds were obtained through long term themed fund agreements.

In addition to increasing the competitiveness of private companies, TSKB maintains its unwavering target of providing financing to investments which are important for Turkey's sustainable growth, at favorable terms.

Highlights from 2014 funding activities

Islamic Development Bank - Restricted Mudaraba Agreement to Support Renewable Energy and Energy Efficiency Investments (USD 220 million)

TSKB secured USD 220 million of funds with the Restricted Mudaraba Agreement signed with the Islamic Development Bank on 30 December 2013. This resource was obtained under the guarantee of the Republic of Turkey Prime Ministry Undersecretariat of the Treasury. It is used to support private sector companies throughout Turkey for their investments in energy generation based on renewable energy resources and/or energy efficiency.

World Bank - Innovative Access to Finance Project Loan (USD 250 million)

USD 250 million worth of loan agreement was signed with the World Bank under the guarantee of Republic of Turkey Prime Ministry Undersecretariat of Treasury. Small and medium sized enterprises (SME) and medium sized exporters will be financed through participation banks and factoring companies under the scope of this loan agreement.

The loan agreement, which was signed in Ankara on 22 August 2014, represents an important threshold for TSKB in diversifying its wholesale banking channels. With this loan which is provided by the World Bank, TSKB will act as an intermediary to finance SMEs via participation banks and factoring companies in Turkey for the first time.

Citi – Energy Efficiency and Renewable Energy Loan (USD 40 million)

TSKB obtained USD 40 million worth of loan from Citi within the scope of the loan agreement signed on 25 September 2014. USD 30 million of this loan is secured under the guarantee of the USA's official development finance corporation, Overseas Private Investment Corporation (OPIC). This loan will be channeled to energy efficiency and renewable energy projects, as well as funding small and medium sized enterprises. This is the first loan that TSKB obtained with the guarantee of OPIC.

SMEs, which account for 80% of employment in the Turkish industrial and service sectors, realize 65% of Turkey's revenues and total exports. Investments in renewable energy and energy efficiency play a key role in Turkey's sustainable development, in which the industrial sector accounts for the highest share of energy consumption. TSKB will steadfastly continue to provide financing to energy projects and SMEs which are the backbones of the economy.

TSKB obtained USD 1.4 billion of funds from international markets through long term themed loan agreements, Eurobond issuance and syndication loan.

French Development Agency (AFD) - Sustainable Tourism and Innovative Energy Projects Loan (EUR 60 million)

TSKB signed a EUR 60 million worth of loan agreement with AFD on 2 October 2014, which is expected to support sustainable tourism investments and innovative renewable energy projects of companies throughout Turkey. With this loan which is not covered by the state guarantee, the total volume of loans obtained from AFD reached EUR 210 million.

TSKB believes that the tourism and renewable energy sectors are of tremendous importance for Turkey's sustainable development. On the other hand, the threat of climate change burdens companies in the tourism sector with important responsibilities. To ensure sustainable tourism, the environmental, social and economic dimensions should be considered at the highest level in the investments that will be undertaken in this area.

Within the scope of its strong international relations, TSKB will continue its funding activities that will provide additional support to investments in sustainable development in 2015 and beyond.

European Bank for Reconstruction and Development (EBRD) - Resource Efficiency Loan (EUR 50 million)

The EBRD provided a long term loan of EUR 50 million to TSKB within the scope of its Sustainable Resource Initiative (SRI). The loan agreement was signed in İstanbul on 21 October 2014. This loan was the EBRD's first loan provided in Turkey for resource efficiency. This loan will be used to finance real sector companies' energy and water efficiency and waste management projects within the context of resource efficiency.

The fact that EBRD provided the first loan within the scope of the Sustainable Resource Initiative (SRI) to TSKB is an affirmation of the trust placed in TSKB's deep experience and know-how in financing sustainable investments.

Kreditanstalt für Wiederaufbau (KfW) - Resource Efficiency and Environmental Measures in Industry Loan (EUR 150 million)

TSKB obtained a loan of EUR 150 million from KfW Development Bank to be used in financing resource efficiency and environmental investments throughout Turkey. This loan, which was signed in İstanbul on 31 October 2014, has a maturity of 12 years. The loan was obtained from KfW without a state guarantee, and will enable TSKB to maintain its support for financing resource efficiency and environmental investments.

Oesterreichische Entwicklungsbank AG (OeEB) - Renewable Energy and Energy Efficiency Loan (EUR 20 million)

TSKB signed the first loan agreement with Oesterreichische Entwicklungsbank AG (OeEB) on 23 December 2014. The Bank will utilize this loan, which amounts to EUR 20 million and does not have a state guarantee, in financing renewable energy and energy efficiency investments throughout Turkey.

European Investment Bank - TSKB Energy and Environment Loan / A (EUR 100 million)

TSKB obtained a loan of EUR 100 million from the European Development Bank to finance small and medium sized investments throughout Turkey in the field of renewable energy, energy efficiency and projects that substantially increase the environmental efficiency of industrial processes. This loan was obtained with the repayment guarantee of the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

Other bilateral funding activities

TSKB conducted bilateral transactions with various banks and financial institutions in 2014 within the scope of foreign resource development activities. As part of these transactions, the Bank obtained USD 125 million of funds with maturities varying from 6 months to 1 year. These funds were used to meet the short term needs of the Bank's clients.

TSKB rolled over its syndication loan in 2014 at a rate above 100%.

The signing ceremony for the syndication loan amounting to USD 135 million with the participation of some of the world's leading banks under the leadership of Commerzbank AG (Germany) took place in İstanbul on 8 July 2014. A total of 13 banks, five of which are new, participated in TSKB's syndication loan and the loan was rolled over at a rate exceeding 100%.

TSKB's first Eurobond issuance - (USD 350 million)

TSKB issued its first Eurobond in 2014. Commerzbank, Citigroup, ING and Standard Chartered Bank were mandated for the issuance of bonds amounting to USD 350 million. TSKB's Eurobond issue attracted considerable interest in the investment meetings organized in Zurich, Frankfurt and London, and it met with four times demand. The Eurobond issuance was completed by the end of October and solely targeted the European market (REGs).

The high level of demand for this Eurobond issuance, despite the volatility in international markets, was an indicator of the trust placed in the strong structure of TSKB and Turkish economy. TSKB will continue to support investments in Turkey's sustainable growth with the funds obtained through Eurobond issuance.

The Eurobonds has a maturity of 5 years with fixed interest and semi-annual coupon payments. TSKB will carry on its efforts to enhance its fund diversity in 2015.

An Evaluation of 2014: Strategies, Acquirements and Projections

Long Term Funds Secured by TSKB between 2010-2014

2010	2012	2014
<p>KfW – Climate Protection Programme in Turkey, Phase 3 Amount: EUR 55 million Duration (year): 12</p> <p>KfW – Municipality Infrastructural Finance Loan Amount: EUR 37 million Duration (year): 20</p>	<p>IFC - Renewable Energy and Energy Efficiency Loan Amount: USD 75 million Duration (year): 2+5</p> <p>EIB – TSKB Loan / B for Medium Sized Enterprises and SMEs Amount: EUR 75 million Duration (year): 3+9</p> <p>Islamic Development Bank – Restricted Mudaraba Amount: USD 100 million Duration (year): 3.5+6.5</p> <p>KfW - Renewable Energy and Energy Efficiency Loan Amount: USD 125 million Duration (year): 3+9</p>	<p>Islamic Development Bank – Restricted Mudaraba Amount: USD 220 million Duration (year): 15 years per tranche</p> <p>World Bank - Innovative Access to Finance Project Loan Amount: USD 190 million and EUR 44.1 million Duration (year): 28</p> <p>Citi – Energy Efficiency and Renewable Energy Loan Amount: USD 40 million Duration (year): under the guarantee of OPIC, 8 years (USD 30 million); without guarantee, 4 years (USD 10 million)</p> <p>French Development Agency (AFD) - Sustainable Tourism and Innovative Energy Projects Loan Amount: EUR 60 million Duration (year): 10</p>
2011	2013	
<p>World Bank EFIL IV – Additional Loan for the Fourth Export Finance Intermediation Project Amount: USD 180 million and EUR 87.8 million Duration (year): 28</p> <p>EIB–Loan for SMEs Amount: EUR 75 million Duration (year): 12 years per tranche</p> <p>World Bank - Additional Loan for Private Sector Renewable Energy and Energy Efficiency Project Amount: USD 100 million and EUR 69.3 million Duration (year): 28</p> <p>EBRD - Turkey Agribusiness SME Financing Facility (TurAFF) Amount: EUR 50 million Duration (year): 5 years per tranche</p>	<p>EIB- Sustainable Tourism and Energy Efficiency Loan Amount: EUR 100 million Duration (year): 10 years per tranche</p> <p>IFC - Environment and Resource Efficiency Loan Amount: USD 75 million Duration (year): 7</p> <p>CEB - APEX Loan Amount: EUR 100 million Duration (year): 7 years per tranche</p> <p>KfW - Resource Efficiency Loan in Industry Amount: EUR 100 million Duration (year): 10</p> <p>EIB - TSKB Loan II for SMEs Mid-Caps & Other Priorities Amount: EUR 150 million Duration (year): 8 years per tranche</p>	<p>European Bank for Reconstruction and Development (EBRD) - Resource Efficiency Loan Amount: EUR 50 million Duration (year): 7</p> <p>TSKB Eurobond Amount: USD 350 million Duration (year): 5</p> <p>Kreditanstalt für Wiederaufbau (KfW) - Resource Efficiency and Environmental Measures in Industry Loan Amount: EUR 150 million Duration (year): 12</p> <p>Oesterreichische Entwicklungsbank AG (OeEB) - Renewable Energy and Energy Efficiency Loan Amount: EUR 20 million Duration (year): 12</p> <p>EIB - TSKB Energy and Environment Loan/A Amount: EUR 100 million Duration (year): 12 years per tranche</p>

52% of loans in the Bank's loan portfolio are sustainability themed.

TSKB has been supporting projects in the field of renewable energy in Turkey since 2002, by transferring long term resources.



An Evaluation of 2014: Strategies, Acquirements and Projections

The renewable energy sector and TSKB

The share of loans with a sustainability theme in the Bank's loan portfolio reached 52% in 2014.

The effective and accurate use of renewable energy resources is of tremendous importance in a period marked by tackling climate change and in Turkey's transition to a low carbon economy. Renewable energy resources also have a key role in reducing Turkey's dependence on foreign resources.

TSKB has been supporting projects in the field of renewable energy in Turkey since 2002, by transferring long term resources.

TSKB commands a 9% market share in the sector with respect to energy loans. The energy projects to which TSKB has transferred funds include different projects ranging from hydroelectric power plants to solar power plants. The total expected installed capacity of the 107 projects financed stands at around 3,885 MW which is equal to 14% of Turkey's total installed energy capacity.

TSKB's Renewable Energy Financing Portfolio at the end of 2014		
Total project number	Number of projects under construction	Installed capacity
79 Hydroelectric Power Plants	5	2,950 MW
17 Wind Farms	8	618 MW
3 Geothermal Power Plants	1	220 MW
6 Biomass Power Plants	3	95 MW
2 Solar Power Plant	-	2 MW
Total 107 Power Plants	17	Total Installed Capacity 3,885 MW

In 2014, renewable energy projects concentrated on wind and geothermal power. As of the year-end, the total weight of the energy sector in TSKB's loan portfolio remained unchanged. TSKB aims to provide financing to geothermal, wind and solar power plant projects in the coming period as part of its mission of sustainable banking.

A total of 90 of the energy projects that had been financed until the end of 2014 started operating. The total installed capacity of the operating projects stands at 2,868 MW, with a total of USD 7.6 billion invested in energy projects financed between 2003 and 2014. TSKB committed a total of USD 2.3 billion for the loans of these projects.

A focus on resource efficiency, primarily energy efficiency, as an important business line

TSKB has been supporting activities to boost resource efficiency in our country's private sector by offering medium and long term funding opportunities for the last 5 years. The Bank has provided USD 400 million of financing to around 60 projects in different areas such as energy efficiency as well as raw material efficiency, production processes and waste management.

Energy and resource efficiency loans comprising 8% of TSKB's loan portfolio as of the end of 2014.

TSKB believes that the importance of resource efficiency, including energy efficiency, will gradually increase in a conjuncture where tackling climate change gradually becomes more important.

As a pioneer and leader of sustainable banking in Turkey, TSKB is focused on financing a growing number of resource efficiency projects and increasing the number of clients in 2014 with the support of the record-high level of medium and long term external resources it obtained in 2014.

TSKB serves to SMEs across Turkey through APEX banking.

TSKB is a leader and role model in the area of APEX banking in Turkey.

The Bank continued to allocate resources which have international themes, primarily EFIL loan programs obtained by World Bank in 2014.

TSKB maintained its operations within the framework of APEX banking in a synergetic structure with 29 intermediary institutions including financial leasing companies and commercial banks.

A total of USD 100 million of loans was provided through APEX banking in 2014. APEX loans represented 7% of TSKB's loan portfolio at the end of 2014.

TSKB is a preferred business partner of the World Bank within the scope of the EFIL loan programs. The Bank had participated in four EFIL programs as of the end of 2014, with USD 1,208 million in loans being extended to 649 companies within the scope of EFIL loans.

Companies which received loans from TSKB within the scope of EFIL loans realized USD 15.5 billion of exports in the period following the utilization of their loans. The purpose of EFIL loans is to increase companies' exports and create new business fields and employment.

TSKB provides SME loans which support the growth in employment through the channel of commercial banks and financial leasing companies within the scope of other APEX loans. Accordingly via USD 407 million of loans, TSKB financed 823 SMEs, contributing to nearly 5,350 employment generation.

The "Innovative Access to Finance Project Loan" amounting to USD 250 million, which was obtained from the World Bank, will be directed to small and medium sized enterprises (SME) and medium sized exporters through participation banks and factoring companies. TSKB will intermediate in the loan which is provided by the World Bank through participation banks and factoring companies in Turkey for the first time.

The Bank continued to allocate its long term themed funds -primarily the EFIL loan programs obtained by World Bank in 2014- under the scope of APEX Banking in 2014.

TSKB - APEX Loans Primary Indicators

Program title	Year	Agreement amount	Number of companies that received loan (as of 2014 year-end)	Current status of program
SME and Export Support				
Innovative Access to Finance (IA2F)	2014	USD 250 million	-	Start up phase
Export Support				
EFIL IV Additional Finance	2011	USD 300 million	137	Completed
EFIL IV	2008	USD 300 million	133	Completed
EFIL III	2005	USD 305 million	168	Completed
EFIL II	2004	USD 303.1 million	211	Completed
SME				
CEB IV APEX	2013	EUR 100 million	204	Ongoing
CEB III APEX	2010	EUR 100 million	223	Completed
KfW APEX	2004	EUR 7.7 million	54	Completed
EIB APEX	2005	EUR 150 million	343	Completed

One of the most experienced participants in the corporate finance business line in Turkey

TSKB continues to serve domestic and international clients in the following areas of corporate finance: preparation and intermediation for public offerings, intermediation for bond issuances, mergers and acquisitions, asset purchases and sales as well as advisory for privatizations. TSKB, which has taken the role of lead advisor in the public offerings of Turkey's major and largest companies since the establishment of Borsa İstanbul A.Ş., was focused on following areas in 2014: intermediary for bond issuances, mergers and acquisitions, financial valuation and advisory services.

TSKB successfully completed five bond issuances and one merger and acquisition project. Moreover, the Bank provided visionary products to many companies within the scope of valuation, feasibility and research activities. It also carried on its advisory activities to bring together local/international companies seeking strategic partners for financial resources with appropriate local/international investors and/or funds in 2014.

The Corporate Finance department, which was restructured in 2014, commenced the year with a number of projects in various sectors.

Expectations for corporate finance in 2015

Foreign investor interest in emerging countries declined after the Fed terminated its Quantitative Easing program. On the other hand, the steps to be taken by the central banks of emerging countries to revive the economy in 2015 may also affect the outlook for the corporate finance market.

Turkey's general election in 2015 is another agenda item that will be followed closely by the corporate finance market. Geopolitical developments around Turkey are also likely to affect market conditions.

TSKB believes the corporate finance business line will play a major role in the sustainable growth of the Turkish economy in the medium and long term. The Bank aims to step up its operations in intermediary for bond issuances and public offering, as well as mergers and acquisitions and advisory transactions, primarily of medium sized companies.

An Evaluation of 2014: Strategies, Acquirements and Projections

TSKB more active in foreign exchange and money markets, as well as capital markets.

In the face of market conditions occurred as a result of two divergent periods of 2014, TSKB managed its liquidity position and securities portfolio in an effective and profitability-oriented manner by following a proactive treasury management approach. Throughout the year, the Bank increased its transaction volume in structured derivative products and fulfilled its revenue targets with spot/forward foreign currency purchases and sales, TL/foreign currency lending and borrowing transactions carried out in the over-the-counter and organized markets with domestic and international financial institutions.

The Bank structured its securities portfolio by purchasing new securities with favorable yield, maturity and diversity to replace the securities redeemed. The restructuring of the securities, which positively affected 2014 performance, is expected to have a positive contribution to income in 2015, as well. Another crucial development in 2014 was the increase in the volume of TL funding. The funds generated through repo operations with favorable costs enabled the Bank to widen its TL loan portfolio.

In addition to meeting its profit targets under challenging market conditions, TSKB also achieved its targets for simultaneously developing treasury product diversity and customer satisfaction. The Bank, which continues to serve its clients within the scope of treasury products under a solution-oriented approach, has added new transaction types such as gold swaps, swaption and TRS ("Total Return Swap") to its product portfolio.

In 2015, TSKB will continue to apply policies with the focus on portfolio profitability through accurate liquidity planning in the market, in which positive impacts of plummeting oil prices on Turkey's macroeconomic outlook is likely to continue and in which Fed's moderate approach for interest rate hike has been priced in.

Enterprise Architecture and Information Technology

In 2014, TSKB completed a wide array of projects in the fields of enterprise architecture and information technology, in line with the Bank's growth strategy.

Within the framework of the principles of enterprise architecture, TSKB carried out projects aimed at improving process efficiency, customer satisfaction, organization, planning and compliance throughout 2014. The common focus of these projects was process improvement and transformation of the application infrastructure.

Activities in loan evaluation, allocation and reporting processes were the most important agenda items in 2014. While coordination of strategic planning process and activities for updating TSKB's policies were carried out, the Relation Management System was established to record corporate memory and access client information under a 360 degree perspective. Moreover, TSKB's online branch was renewed.

On the other hand, during 2014 TSKB conducted large-scale infrastructure and integration projects regarding information technologies (IT) during 2014 which will support the Bank's efficiency and growth targets. Some of the activities completed in the fields of IT application infrastructure, hardware infrastructure and information security can be summarized as follows:

- TSKB completed the transfer of its emergency center to a new service provider.
- The Bank carried out standardization and improvement activities in banking applications and infrastructure to provide uninterrupted, safe and high level technological support in line with the main mission of the IT department.
- TSKB conducted projects in the use of the latest technology platforms and devices.
- The Bank also conducted external integration activities with KKB, e-DeFTER, KEP, etc. in 2014.

Planned IT applications and infrastructure activities for 2015

In 2015, TSKB will continue to carry out activities in the fields of banking processes and application infrastructure which have strategic importance. Within this context, TSKB plans to create a new common database to follow company information, evaluate and monitor reports and projects that are being financed; improve the long term themed fund management processes; and offer senior management decision support tools with new content.

TSKB will maintain its proactive management policy in information security with new solutions and new control processes. The Bank will carry out renewal and improvement activities in system infrastructures and renew main data storage system. Other important headlines that will be in the agenda are as follows: Activities for compliance with the legislation concerning "Corporate TR-CERT Guidance" and electronic signature; integration activities in line with developments in electronic identity.

TSKB has continuously sustained its investments in conducting banking applications on the latest technology platforms. TSKB's aim in enterprise architecture and IT applications is to raise the Bank's levels in security, efficiency and competition.

Awarded the Highest Corporate Governance Rating for the third time in the 8th Corporate Governance Summit, organized by the Corporate Governance Association of Turkey on 15 January 2015.

Activities carried out to improve the investor base add value to TSKB shares.

Being listed on the BIST 50, TSKB aims;

- Continuous improvement of its investor base,
- Meeting all information demands accurately and on time, as proposed by our country's laws and, in particular, by the CMB and BRSA.

The Bank fulfills this commitment by:

- publishing all types of information which the Bank is required to disclose, on all kinds of printed and electronic platforms in a timely manner,
- responding to investors' questions and information claims in the most rapid manner, and
- conducting face-to-face meetings with investors during non-deal roadshows.

TSKB's Investor Relations Department worked intensively and continued to promote the Bank in international finance centers during 2014. Officials from the Bank participated in six non-deal roadshows (NDR) abroad and held productive meetings with 91 different investors during those NDRs throughout the year.

Outperforming the BIST 100 index and banking index

TSKB's share price picked up by 31.2% in 2014. The Bank outperformed the BIST 100 by 3.7% and the BIST Banking index by 0.6%. As of year-end, TSKB's market capitalization reached TL 3 billion, while the share of foreign investors in TSKB's free float had increased to 59.1%. Please refer to page 316 for detailed information concerning the share price movements.

Corporate governance - the basis of sustainability for TSKB

CMB's renewed Corporate Governance Communiqué entered into force on 3 January 2014. Within this framework, the corporate governance rating methodology was changed. TSKB, which unstintingly follows the laws and attaches importance to transparency and accountability, rapidly carried out the activities required for compliance with new regulations in corporate governance. Accordingly, the Bank appointed its independent board member within the framework of criteria set out in the Corporate Governance Communiqué. Moreover, the policy for Female Participation in the Board of Directors was prepared and published on the Bank's website. To note, there are three independent members and one female member in the Bank's Board of Directors, which was composed of 11 members as of the end of 2014.

In the last quarter of 2014, TSKB started to publish its public disclosures of material events on the Public Disclosure Platform in English simultaneously with its Turkish versions. Moreover, the Bank's Expectations for 2015 were also disclosed on the Public Disclosure Platform. Please see the Corporate Governance Compliance Report for detailed information concerning the Banks corporate governance applications.

TSKB's corporate governance rating was raised to 9.44 out of 10, the highest rating so far recorded in the BIST Corporate Governance Index.

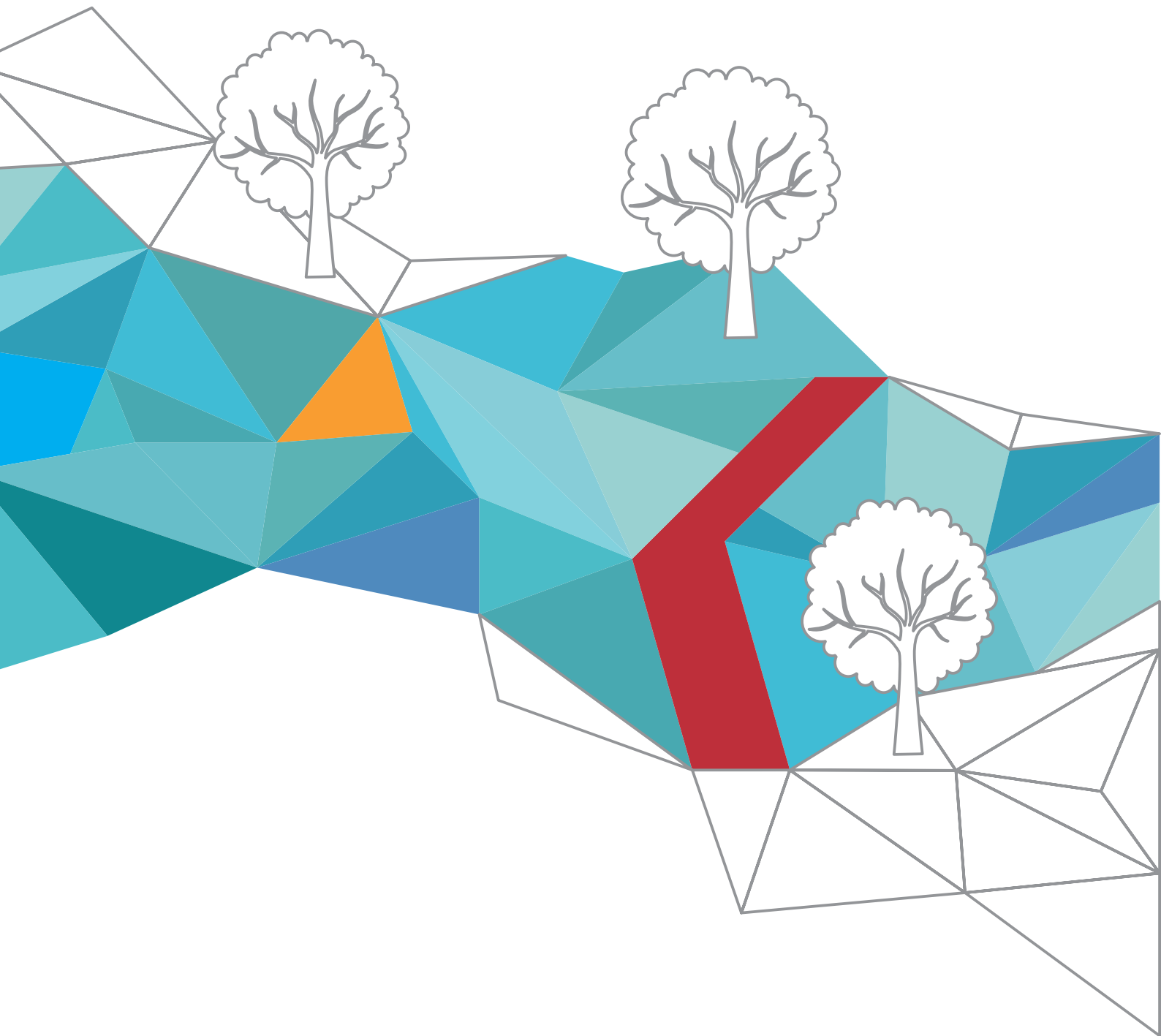
TSKB rapidly carried out compliance activities in response to new regulations within the year and the Bank had improved its Corporate Governance Rating up to 94.43% (9.44 out of 10) as of 20 October 2014. The results of evaluations conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) on the main topics were 9.46 for 'Shareholders' (Weight: 25%), 9.58 for Public Disclosure and Transparency (Weight: 25%), 9.73 for Stakeholders (Weight: 15%) and 9.21 (Weight: 35%) for the Board of Directors. The report prepared by SAHA on corporate governance is available on the www.tskb.com website.

Categories	Weight	Score
Shareholders	0.25	9.46
Public Disclosure and Transparency	0.25	9.58
Stakeholders	0.15	9.73
Board of Directors	0.35	9.21
Total		9.44

As of 31 December 2014, TSKB had the highest rating among 49 listed companies/banks in the corporate governance index. The Bank maintains its place in the last five years among the companies, which have been awarded by the Corporate Governance Association of Turkey, with the highest corporate governance ratings. TSKB was granted "the Corporation with the Highest Corporate Governance Rating" Award for the third time in the 8th Corporate Governance Summit, which was organized by the Corporate Governance Association of Turkey on 15 January 2015. Having integrated transparency and corporate governance into its management approach and business processes, TSKB is determined to continue its leadership in this area.

As Turkey's pioneering bank in sustainability, TSKB stands by the producers who protect the future.

TSKB has so far provided funding to more than 100 clean energy projects and almost 60 energy efficiency projects. More than 50% of TSKB's loan portfolio is comprised of sustainable investment projects.



Sustainable Banking and TSKB



TSKB provides financing to sustainable investment projects.

- The Bank financed the construction of 3,885 MW in installed capacity, representing **14%** of Turkey's renewable energy capacity, with funds transferred to **107** clean energy projects.
- The energy saved through almost **60** projects financed by TSKB is the equivalent of heating of a city of **850,000** people.
- All these investments that were funded by TSKB reduced annual carbon dioxide emission in Turkey by **7.2 million tonnes**.
- TSKB provided funding to various projects including energy efficiency, resource efficiency, renewable energy, logistics, sustainable tourism, food and infrastructure. More than 50% of TSKB's loan portfolio is composed of sustainable investment projects.
- TSKB also offers advisory services to companies in addition to providing them with financial support to assist in the transition of the Turkish private sector to low carbon use and more efficient production.

TSKB measures environmental and social risks of the projects before allocating loans.

TSKB has been measuring the environmental and social risks of all investment projects which it analyzes since 2005. With the ERET Model, which was structured by TSKB in 2006, both the project and a company's general activities are scored according to five different criteria with 35 questions. The results of this analysis are taken into consideration in the project evaluation, financing and monitoring processes. The ERET Model was updated in 2009 with risk categories changed to A, B, B- and C, from A, B and C. By doing so, a structure beyond the internationally accepted classifications was created, especially for projects with a medium level of risk.

The ERET Model is applied to all investment projects regardless of the investment amount. With this aspect, our model differs from the Equator Principles. Our model allows the risks pertaining to all projects, including corporate loans, to be measured in detail.

Turkey's first carbon-neutral bank, working to minimize the environmental impact of office buildings

TSKB, which supports sustainable projects in Turkey, has been measuring all environmental impacts stemming from the Bank's activities through its Sustainability Management System. TSKB also sets strategies to reduce these impacts.

TSKB was the first Turkish bank to receive the ISO 14001 Environment Management System certificate, which was awarded to the Bank at the end of 2006. The Bank has been neutralizing its carbon footprint since 2008, placing TSKB as Turkey's first carbon-neutral bank.

In line with the support given to sustainable life, TSKB received the ISO 14064-1 certificate in 2012, which indicates control and approval of greenhouse gas emissions. TSKB was the first corporation in the banking sector to receive this certificate.

Since TSKB introduced its Environmental Management System, the Bank has decreased its CO₂ emissions by 40%, its electricity consumption by 25%, its natural gas consumption by 32%, its paper consumption by 27% and its water consumption by 32%.

Sustainability integrated into all business processes

The Sustainability Committee, comprised of two Board Members and two Executive Vice Presidents; and the Sustainability Sub-Committee, comprised of nine managers from various departments, carry on their efforts with the targets of internalization of sustainability by all employees and integration of sustainability into TSKB's business processes.

The first corporation in the finance sector to publish a Sustainability Report

TSKB has been publishing its Sustainability Report since 2009. In 2013, the Bank came to the forefront in the finance sector with its sustainability report, which received the first GRI A+ approval.

TSKB's sustainability reports include analysis of the expectations of clients, business partners and employees. Achievements within the scope of sustainability strategies were periodically shared with stakeholders in these reports.

Sustainable Banking and TSKB

National and international initiatives that TSKB cooperates with in the field of sustainability

- The first Turkish bank to be a member of the UNEP FI
- Participating in the Carbon Disclosure Project since its inception
- One of two first financial institutions to be a signatory of the Water Disclosure Project in Turkey
- The First Turkish Development and Investment Bank to be a member of the United Nations "Global Compact"
- An organizational member of the Global Reporting Initiative (GRI)
- One of the two corporations in the finance sector to be on the Board of the Global Compact Turkey Network
- Headed the Finance Sector's Role on Sustainable Growth Working Group, which was created in the Banks Association of Turkey (TBB) since 2009
- A member of the Advisory Board of the Sustainability Index, which will be launched by the BIST



TSKB also supports the environment and sustainability with social responsibility projects.

Through its social responsibility projects, TSKB works to raise awareness in the business world and universities of environmental issues that threaten the future of world; primarily climate change, energy and carbon management.

Since 2007, TSKB has been carrying out a comprehensive social responsibility project under the motto of **"The Environment: Our Priority at TSKB"**.

Some activities conducted within the scope of the project are as follows:

- Turkey's most comprehensive environment portal - www.cevreciyiz.com
- A Day of Meeting Nature with NGOs
- Sculpture Contest with the Mimar Sinan Academy of Fine Arts
- Various conferences on the environment, energy and sustainability
- **"Rüzgarın Kanatları" (Wings of the Wind) Book Project** by Özcan Yüksek
- The Energy Efficiency Portal – www.tskbenerjiverimlilik.com, **"Sustainability Workshops"** which is a sustainability literacy program for universities
- **First carbon-neutral concert** within the scope of the İKSV İstanbul Music Festival



TSKB continues to create synergy in the field of sustainability with its subsidiaries.

Escarus, which was founded for providing consultancy services in sustainability, Yatırım Finansman Menkul Değerler A.Ş., which is Turkey's first carbon-neutral brokerage firm and TSKB Gayrimenkul Değerleme A.Ş., which has applied "Appraisal of Green Buildings" for the first time in Turkey, are among TSKB's best business partners in services provided in the field of sustainability.



Recognition for TSKB's efforts concerning sustainability

- FT & IFC - "Sustainable Bank of the Year" Finalist in Europe (2011-2013)
- CDP Turkey – Highest mark for "Transparency" and "Performance" categories within the scope of "Climate Change Leaders" award (2013)
- TKYD - "Highest Corporate Governance Rating Score" award (2011-2013-2014)
- FT & IFC - "Sustainable Bank of the Year" in Eastern Europe (2008-2009-2010)

Corporate Social Responsibility at TSKB

Placing priority on the environment and sustainability in corporate social responsibility projects

Within the scope of its mission of sustainable banking, TSKB structures its social responsibility projects with the main purpose of raising awareness in the business world and universities of environmental issues that threaten the future of the world; primarily climate change, energy and carbon management.

The Environment: Our Priority at TSKB

In 2007, TSKB started "The Environment: Our Priority at TSKB" project which is the most comprehensive and long term social responsibility project on the issue of the environment in Turkey so far, by utilizing its corporate competencies and communication networks in the most appropriate manner.

TSKB has developed "the Environment: Our Priority at TSKB" project with various events and sponsorships. The Bank actively attends platforms dealing with the environment and sustainability.

cevreciyiz.com

cevreciyiz.com was launched as a component of "The Environment: Our Priority at TSKB" main project which was renewed in June 2014. With a revamped presentation and revised content, it advances its title of Turkey's most comprehensive environment portal. It was renewed with an infrastructure compatible with mobile internet access. In addition to environmental and sustainability issues, cevreciyiz.com also presents inspiring sustainable business ideas, environmentally friendly designs and role-model applications that have been successful in the world.

With its rich content, the portal includes information and exclusive interviews that can be resourced for topics such as energy efficiency, alternative energy resources and sustainable business ideas.



cevreciyiz.com is also active through social media channels such as Facebook, Twitter and Instagram. The portal had more than 23,000 followers as of the end of 2014.

tskbenerjiverimiligi.com

TSKB also conducted activities aimed at increasing public awareness of energy efficiency. The tskbenerjiverimiligi.com portal has continued to serve as an important resource and platform in this area since 2011.

TSKB Sustainability Workshop - Sustainability literacy program for university students

"TSKB Sustainability Workshop" which is Turkey's first literacy program in sustainability has been carried out by TSKB since 2012. This workshop brings business world and academia together within the scope of cooperation between universities and the private sector. It aims to raise awareness among university students, who are the prospective managers of the future. Students carry out different case studies by forming different groups during workshops. Experienced participants from private sector and the Bank's representatives are also involved in workshops.

This workshop is organized every year and focused on three main topics: Measurement, multidimensional perspective and team work.

Three Sustainability Workshops have been held since 2012, which have reached 150 students. A total of 24 sector representatives and 7 academics came together at these workshops. Speakers from supranational financial institutions and Ministries also contributed to the workshops.

3rd TSKB Sustainability Workshop

The 3rd TSKB Sustainability Workshop was organized at the Middle East Technical University in Ankara on 6 December 2014 in cooperation between TSKB and Escarus.

A total of 53 third and fourth year students from the Faculty of Economics and Administrative Sciences and Faculty of Engineering at the Middle East Technical University participated in the workshop. Nine group studies were carried out within the context of the workshop. Students who came together from different disciplines had the opportunity to analyze sustainability with different perspectives by studying "Sustainable Energy Management" through a sample case study.

TSKB will continue its Sustainability Workshop organizations throughout 2015.

Detailed information on the TSKB Sustainability Workshop is available on www.tskb.com

Corporate Social Responsibility at TSKB

Sharing of Expertise

TSKB shares its expertise on subjects such as corporate loans, sustainable banking, project finance and energy efficiency by supporting various events as a sponsor, coordinator or speaker. These efforts are particularly important in helping TSKB reach a wide range of stakeholders and to share its experience in the area of sustainability.

In 2014, 31 TSKB representatives attended 30 different platforms as speakers; whereas the Bank undertook sponsorships of 5 organizations.

Support to Culture and Arts

Since 1990, TSKB has been contributing to the development of culture and arts in our country by supporting concerts as part of the Music Festival organized by Istanbul Foundation for Culture and Arts (IKSV).

TSKB conducted the first “Zero Carbon Concert” of the Istanbul Music Festival during World Environment Week in 2014.

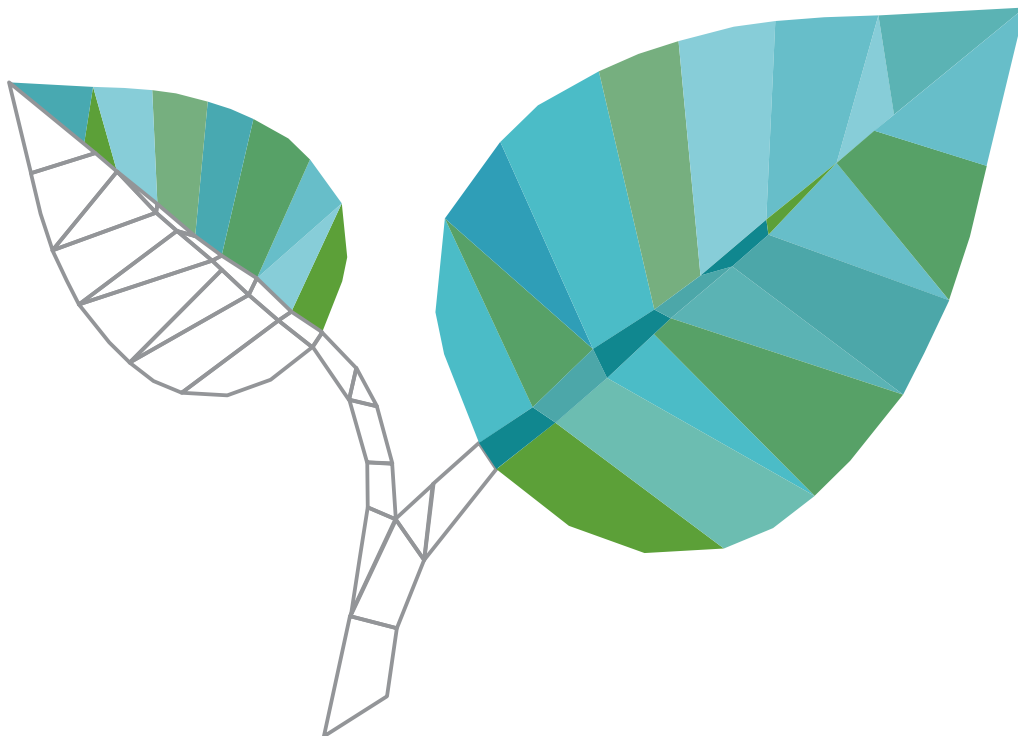
All carbon emissions resulting from artists and art-lovers traveling to the concert area for Chamber Concert with Stars-I of the quartet of Eric Le Sage, Daishin Kashimoto, Lise Berthaud and François Salque were neutralized with the “Gold Standard Carbon Certificate” that TSKB obtained from a corporation which invests in clean energy.

TSKB also neutralizing its stakeholders’ carbon footprints

Taking its corporate social responsibility approach into account, TSKB arranged the new-year gifts for its clients and business partners in a manner that will raise awareness among all stakeholders as well as adding environmental and social value as of the end of 2014.

At the end of 2014, the Bank had purchased Gold Standard VER Certificates equivalent to 5.9 tonnes on behalf of its clients as a corporate New Year gift. With this certificate, TSKB effectively neutralized its clients’ “individual carbon footprints” stemming from vital activities such as transportation, heating and energy for the year. The Bank conducted special deliveries* to clients. With this project, TSKB took a step towards leaving a more sustainable future to the next generations by introducing responsible banking applications to its clients and business partners.

* This certificate was developed in line with the rules and methodologies set by the International Gold Standard. It is based on a Voluntary Emission Reduction Project which is approved by independent corporations that are accredited according to the United Nations Framework Convention on Climate Change.



TSKB's subsidiaries

Yatırım Finansman Menkul Değerler A.Ş. (Yatırım Finansman Securities)

Yatırım Finansman Menkul Değerler A.Ş. (Yatırım Finansman Securities), which was Turkey's first capital market corporation, was founded on 15 October 1976 with the participation of 13 large scale banks under the leadership of Türkiye İş Bankası (İsbank) and TSKB.

Having gained itself a respected place in the capital markets by demonstrating rapid and consistent growth since its foundation, Yatırım Finansman has been one of the leading corporations of the sector as a "symbol of trust". With a strong and wide service network throughout Turkey, Yatırım Finansman offers reliable, qualified and rapid capital market services to individual and corporate investors throughout Turkey and the world.

With its knowledge and expertise, Yatırım Finansman continues to offer value added services to its clients, backed by its strong capital structure and 38-year background in the finance sector. As part of its changed vision in 2012, the company pressed ahead with its investments in its customer-oriented service understanding and technology in 2014. Yatırım Finansman holds all the accreditations in the area of capital markets. It continued to create a difference through the services it offered investors with the investment made in system infrastructure and technology.

Offering rapid and high-quality services to its domestic and foreign corporate investors through its extensive investor base, branch network and mobile applications, Yatırım Finansman became an indispensable strategic partner in public offerings.

With TSKB holding a 95.78% stake in the company, Yatırım Finansman's shareholders' equity stood at TL 74.9 million with total assets of TL 719.2 million at the end of 2014.

With its extensive client base, as well as over TL 4.1 billion in client assets and a mutual fund size of more than TL 176.5 million as of the end of 2014, Yatırım Finansman commands a prominent position among brokerage houses, raising the bar of service quality at all times. The volume of assets under the company's management increased from TL 160 million at the end of 2013 to over TL 277.9 million by the end of 2014.

As the first and only brokerage house in Turkey to reach its "Zero Carbon" target, Yatırım Finansman continued its activities in this area in 2014.

Within the scope of compliance with New CMB Law and communiqués, Yatırım Finansman restructured its business processes and established the YF Academy with the principle of investing in people in 2014. It aims to continue helping the investment decisions of individual and corporate clients in the capital markets with the title of a brokerage house with broad authority.

www.yf.com.tr

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO) (TSKB Real Estate Investment Trust -TSKB REIT)

Founded in 2006, TSKB REIT is a portfolio management company which primarily aims to create and develop a profitable real estate portfolio. TSKB REIT, a subsidiary of TSKB which is Turkey's first privately-owned investment and development bank, is supported by the Bank's 65-year corporate expertise and experience.

As a capital market organization, TSKB REIT may invest in real estate, capital market instruments based on real estate, real estate projects as well as rights based on real estate and capital market instruments, establish ordinary partnerships to develop certain projects and engage in other activities permitted under the Capital Market Board's relevant communiqué.

The fundamental values of TSKB REIT are consistency, transparency, quality, social responsibility, client orientation and teamwork. The primary principles of the company's investment strategy are based on its target of growth through project development, as well as sustainability and risk management. Founded with an initial capital of TL 10 million, TSKB REIT's total assets had reached TL 366.8 million as of 31 December 2014 on the back of new investments, and the size of rentable area under its management increased from 3,000 m² to 50,000 m².

TSKB REIT's Real Estate Portfolio

TSKB REIT's fundamental principle is to offer investors a sound and reliable portfolio of real estate properties while taking advantage of the knowledge, experience, expertise and corporate approach of its founder and shareholder, TSKB.

Within this overall framework, the company seeks to formulate and manage a range of properties that are diversified by both type and geographical location. TSKB REIT's investment activities focus mainly on commercial properties, but investment opportunities of residence and other areas may also be brought to the agenda.

The company pursues a growth-oriented investment strategy through project development, aiming to deal with and develop projects starting from the brainstorming phase, and to organize all necessary efforts during the process and conclude and implement such efforts in a manner which ensures commercially viable efficiency. Another important element of this approach, that provides a considerable contribution to the sustainability of projects, is to perform effective risk analysis through proper planning. To this end, TSKB REIT executes a delicate planning process before starting to build up the project, and takes measures to minimize possible risks. The company's real estate portfolio includes the following:

- The Pendorya Shopping Mall opened on 17 December 2009 with approximately 80,648 m² of indoor space and 30,504 m² of rentable space located on E-5 motorway in Pendik,
- Two office blocks with 17,827 m² of indoor area, located in Fındıklı, İstanbul,
- The Tahir Han located in Karaköy, İstanbul, and
- A 50% share in a 3,608 m² plot of land and hotel project, where the construction of a hotel (Divan Adana Hotel), which is expected to open in the first half of 2015, is underway in the center of Adana.

TSKB REIT and Capital Markets

Enabling real estate properties to be a sound and liquid alternative capital market instruments for investment is one of TSKB REIT's primary aims. TSKB REIT is fully regulated by Turkey's capital market laws and regulations. The company completed a public offering once it had formulated its real estate property portfolio in line with legal requirements and satisfied other criteria; its shares have been traded on the Borsa İstanbul Corporate Products Market under the TSGYO ticker since April 2010.

www.tskggyo.com.tr

TSKB's subsidiaries

TSKB Gayrimenkul Değerleme A.Ş. (TSKB Real Estate Appraisal)

TSKB Gayrimenkul Değerleme A.Ş. was founded by TSKB in 2002 to provide real estate appraisal services. The foundations of TSKB Gayrimenkul Değerleme's knowledge and experience are rooted in TSKB's expertise dating back more than 50 years in the valuation of real estate properties, machinery and equipment.

TSKB Gayrimenkul Değerleme A.Ş. provides independent and impartial services which meet international standards (IVSC) in areas such as valuation, consultancy, project development and feasibility studies, highest and best use studies, market research, sector studies, investment study-control, machine equipment expertise, asset appraisal and portfolio risk analysis; and carries its work in accordance with the principle of confidentiality.

TSKB Gayrimenkul Değerleme A.Ş. has adopted the mission of guiding its clients' investment decisions by keeping abreast of sector-specific data on a daily basis, and prepares reports in the light of current developments. By offering market research services, the company also helps investors take the right steps in their real estate investments.

Representing its deeply rooted know-how and expertise in the real estate appraisal sector, TSKB Gayrimenkul Değerleme A.Ş. provides consultancy services in every phase of project initiation thanks to its licensed appraisal specialists and a strong organizational structure which has expanded throughout Turkey. The company's specialists are responsible for identifying the market values of a wide array of properties, such as land, business centers, factories, plants, malls, hotels, logistics facilities and ports.

With its robust and professional personnel, TSKB Gayrimenkul Değerleme A.Ş. has been providing independent and impartial services to individuals, domestic and foreign companies, public institutions, domestic and foreign banks, real estate investment trusts, real estate development firms, law offices, financial leasing companies, insurance and reinsurance companies, municipalities, independent audit firms, brokerage houses, foundations and, in particular, companies subject to CMB regulations, all to international standards. The company had prepared 31,000 reports as of 2014.

TSKB Gayrimenkul Değerleme A.Ş. was included in the "Appraisal Companies" list approved by the Capital Markets Board in February 2003. TSKB Gayrimenkul Değerleme A.Ş. became one of the first companies to be authorized to provide the "Real estate, real estate project or appraisal of rights and interests related with real estate" service in accordance with the BRSA decision No. 3469, dated 17 December 2009. After having received BRSA licenses, the company was granted a RICS license by the Royal

Institution of Chartered Surveyors as an international service guarantee and became one of the leading companies in Turkey to offer services with three licenses.

Having begun to provide appraisal and consultancy services for 'green building' investments in 2012, a first in Turkey, TSKB Gayrimenkul Değerleme A.Ş. holds a BREEAM (Building Research Establishment Environmental Assessment Method) license which is accepted as among the best environmental assessment systems for buildings. The company offers process analysis services in the appraisal of "Green Buildings" and "Green Value" analysis for the highest and best use, and certification of projects and existing buildings as "green buildings".

TSKB Gayrimenkul Değerleme carried out feasibility activities in 2014, aiming to add Diyarbakır and Trabzon branches to its branch network which is comprised of 6 cities, based in İstanbul with branches also in Ankara, İzmir, Bursa, Adana and Antalya. The Bank plans to offer services from 8 branches in 2015.

www.tskbgd.com.tr

ESCARUS Sürdürülebilir Danışmanlık A.Ş.

ESCARUS Sürdürülebilir Danışmanlık A.Ş., founded by TSKB's affiliate Yatırım Finansman A.Ş. with a 96% participation share and TL 240,000 of capital on 24 March 2011, aims to develop sustainability solutions, provide advisory services and integrate internationally recognized global, environmental and sustainable approaches to the Turkish business world with its experienced and professional workforce.

Escarus has served TSKB's sustainability approach and know-how for many years. Escarus offers solutions such as forming sustainability strategies and founding sustainability management systems, preparing situation assessment and monitoring reports in environmental, social and technical issues, conducting activities to increase efficiency and competitiveness in industry and integrating risks and opportunities based on climate change into business processes.

Escarus aims to offer the most appropriate solutions to meet its clients' needs through partnerships that are established with specialist consultant and domestic/international companies.

Escarus has taken firm steps to realize its target of being the reference point in Turkey for sustainability under a corporate project management approach based on international principles.

www.escarus.com

Brief information on TSKB's subsidiaries operating under the Isbank Group is provided below:

Company	Sector	Capital (TL million)	TSKB's Share (%)	Website
İş Finansal Kiralama A.Ş.	Finance	461.5	28.56	www.isleasing.com.tr
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Finance	74.7	16.67	www.isgirisim.com.tr
İş Faktoring A.Ş.	Finance	40	21.75	www.isfactoring.com.tr

Important Developments with respect to Company's Operations

Explanations with respect to private and public audits carried out during the accounting period:

No private or public audits were undertaken during the accounting period.

Explanations with respect to administrative or legal sanctions imposed on the Company and members of the Board and Management due to acts and procedures in violation of the codes:

Please refer to section 5 – (III/4) of the Audit Report for information on court cases.

Subsidiary Transactions:

Information regarding the subsidiary transactions of our Bank is indicated in the footnotes of the audit reports. The results section of the Subsidiary Report for 2014 issued in accordance with Article 199 of the Turkish Commercial Code no. 6102 is as stated below:

"There were no legal transactions executed in favor of our Bank and its main shareholder Türkiye İş Bankası A.Ş. and its subsidiaries and with the guidance of our main shareholder's, in favor of our main shareholder and one of the subsidiary companies of our main shareholder and no measures taken or avoided to be taken for our Bank or our main shareholder or one of its subsidiaries.

Furthermore, the commercial transactions and procedures carried out by our Bank and our main shareholder, Türkiye İş Bankası A.Ş. or its subsidiaries, which have been stated and explained in detail within the aforementioned report are transactions required in the ordinary course of our Bank's business and activities, have been realized over the imputed values currently available in the market and are in compliance with the principle stated in Article 202 of the Turkish Commercial Code that the main shareholder may not exercise its authority and control in a manner that will harm and damage its subsidiaries.

No decisions have been passed against our Bank upon the request and claim of our main shareholder, Türkiye İş Bankası A.Ş., and its subsidiaries; neither have there been any damaging transactions."

Amendment to the Articles of Association

The amendment to Article 5 related to increasing our Bank's issued capital from TL 1,300,000,000 to TL 1,500,000,000 was announced in Trade Registry Gazette dated 21 May 2014 and numbers 8573 with the registration to İstanbul Trade Registry on 14 April 2014.



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

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Annual Report Compliance Opinion

To the General Assembly of Türkiye Sınai Kalkınma Bankası A.Ş.

We have audited the accuracy and the consistency of the financial information in the annual report of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") with the audited financial statements as of 31 December 2014. The annual report is the responsibility of the Company management. Our responsibility, as independent auditors, is to express an opinion on the annual report based on our audit report as of 29 January 2015.

Our audit was conducted in accordance with the regulations on preparation and issuance of annual report in (Turkish) Banking Law No 5411 and independent auditing principles, Independent Audit Standards which is a part of Turkish Auditing Standards published by Public Oversight, Accounting and Auditing Standards Association ("Board") and in accordance with article 397 of the 6102 numbered Turkish Commercial Code ("TCC"). Those regulations require that we plan and perform the audit to obtain reasonable assurance regarding whether the consistency of financial information represented in the annual report with the audited financial statements and explanatory notes is free of material misstatement. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report represents fairly, in all material respect, the information regarding the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as of 31 December 2014 in accordance with the effective regulations described in article 40 of (Turkish) Banking Law 5411 and includes Independent Auditors' report issued by us and summary of Board of Directors' Report and is consistent with the audited financial statement and explanatory notes.

Report on Other Regulatory Requirements

In accordance with the third clause of the article 402 of TCC, no material issue has come to our attention that shall be reported about the Company's ability to continue as a going concern in accordance with Turkish Auditing Standard 570 Going Concern.

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

Orhan Akova, SMMM
Partner

3 March 2015
İstanbul, Türkiye

Board of Directors*



Adnan Bali
Chairman of the Board



Kemal Serdar Dişli
Board Member



Burhanettin Aktaş
Board Member



Halil Aydoğan
Board Member



Murat Bilgiç
Board Member



Burhanettin Kantar
Board Member



Uygur Şafak Ögün
Board Member



Ebru Özşuca
Board Member



Özcan Türkakın
Board Member and CEO



Durmuş Yılmaz
Board Member



Kamil Yılmaz
Board Member

Adnan Bali**Chairman of the Board**

Adnan Bali was born in 1962 in İslahiye and graduated from the Economics Department at the Faculty of Economics and Administrative Sciences, Middle East Technical University. Mr. Bali started his professional career at İsbank's Board of Inspectors. Mr. Bali was appointed as Deputy Manager, Unit Manager and Department Head at Treasury Department respectively. He was positioned as Şişli Branch Manager, Galata Branch Manager and Deputy Chief Executive Officer. Then he was appointed as the Chief Executive Officer of İsbank in 1 April 2011. Mr. Bali has been a member of TSKB's Board of Directors since 15 April 2011 and the Chairman of the Board of Directors since 21 April 2011.

Kemal Serdar Dişli**Board Member**

Kemal Serdar Dişli who was born in Şanlıurfa in 1964, was graduated from the Public Administration Department of the Faculty of Economics and Administrative Sciences, Hacettepe University. He began his professional career as officer at İsbank in 1988 and appointed as Assistant Inspector in the same year. Between the years 1998-2002 he served as Deputy Manager and Group Manager at Accounting and Financial Operations, between 2002-2009 he served as Region Manager, Branch Manager and Group Manager at Marmara Region Directorate, Bursa Branch and Corporate Banking & Marketing Department respectively. Mr. Dişli still serves as the Manager of Kozyatağı Corporate Branch and has been a member of TSKB's Board of Directors since 25 May 2007. Due to his membership in the Audit Committee, he is an independent board member.

Burhanettin Aktaş**Board Member**

Burhanettin Aktaş, who was born in Sivas in 1956, was graduated from the Labor Economics and Industry Relations Department of the Faculty of Political Science of Ankara University in 1987. Between 1995 and 1996, he completed his master's degree on International Economics at the Institute of Social Sciences of Gazi University. Having studied at Carnegie Mellon University H. John Heinz III School of Public Policy between 1998 and 2000, he earned his Public Management master's degree. In 1987, he began his professional career as a Treasury Controller in Undersecretariat of Turkish Treasury and was appointed as Chief Controller of the Treasury in 1998. Between 2001 and 2002, he served as Deputy Head of the Treasury Board of Controllers. In 2002, he was appointed to the Undersecretary of State Minister who is in charge of Treasury. Having been positioned to Deputy Assistant Treasury Undersecretary in 2003, he still serves as an Deputy Undersecretary of Turkish Treasury. Mr. Aktaş has been a member of the Bank's Board of Directors since 30 October 2014.

Halil Aydoğan**Board Member**

Halil Aydoğan was born in Afyonkarahisar in 1950 and graduated from İstanbul University Department of Economics. He joined Vakıfbank in 1977 and has worked in various departments and positions. Between 1996-1999, Mr. Aydoğan worked as Assistant General Manager of Vakıfbank and between 1999-2000 as General Manager of Vakıf Financial Leasing. Mr. Aydoğan was elected as a member of Parliament twice during the 22nd and 23rd terms of Turkish Grand National Assembly. Mr. Aydoğan served as Vakıfbank's Chairman between January 2012 and March 2013 and was appointed as the Chief Executive Officer of Vakıfbank on 29 March 2013. Since 16 December 2013, Mr. Aydoğan has been a board member of TSKB's Board of Directors.

Murat Bilgiç**Board Member**

Murat Bilgiç was born in Ankara in 1968 and graduated from the International Relations Department of the Faculty of Economics and Administrative Sciences, Middle East Technical University. Then, he completed a master's degree in banking area at the University of Birmingham. He joined İsbank in 1990 as an Assistant Inspector. In 2002, after serving in various positions at the bank, he became the Regional Manager in the Corporate Loans Department. Since 2008, he has been working as the Manager of the Corporate Loans Department. Mr. Bilgiç has been a member of TSKB's Board of Directors since 23 March 2005.

E. Burhanettin Kantar**Board Member**

Burhanettin Kantar was born in Trabzon in 1963 and graduated from the Public Administration Department at the Faculty of Economics and Administrative Sciences, Middle East Technical University. He began his professional career at İsbank as an Assistant Inspector on the Board of Inspectors in 1988. Mr. Kantar was appointed as the Assistant Manager in the Participations Department in 1997. In May 2005, he was appointed as Manager in the same department where he has been serving as Group Manager since 2000. Mr. Kantar has been a member of TSKB's Board of Directors since 23 March 2005.

Uygur Şafak Ögün**Board Member**

Uygur Şafak Ögün was born in Ankara in 1974 and graduated from the Business Administration Department, Bilkent University in 1995. In the same year, he started his professional career at İsbank in the Board of Inspectors. In 2002, Mr. Ögün completed his master's degree in International Banking and Finance area at the University of Birmingham. He continued his career at İsbank as the Deputy Manager of the Directorate of Corporate Marketing in 2005 and was appointed as the Deputy Manager of the Board of Inspectors in 2007. Mr. Ögün was appointed as the Corporate Banking Sales Manager in 2008. Since 29 September 2009, he has been positioned as Corporate Banking Marketing and Sales Manager. Mr. Ögün has been a member of the Board of Directors of TSKB since 2 April 2010. Due to his membership in the Audit Committee, he is an independent board member.

Ebru Özşuca**Board Member**

Ebru Özşuca was born in Ankara in 1971 and graduated from Economics Department at the Faculty of Economics and Administrative Sciences of Middle East Technical University in 1992. Ms. Özşuca holds "International Banking" and "Finance" masters degrees from Middle East Technical University and Southampton University. Having started her professional career at İsbank as an assistant specialist in Treasury, she was promoted to assistant manager and unit manager of the same department. Between 2007 and 2011, Ms. Özşuca worked as the head of the Corporate Banking Products Department. In 2011, she was appointed as the Head of Treasury at İsbank. Ms. Özşuca has been a TSKB board member since 17 April 2014.

Özcan Türkakın**Board Member and CEO**

Özcan Türkakın was born in Afyon in 1958. After having been graduated from the Department of Economics at the Faculty of Administrative Sciences of Boğaziçi University, he received a master's degree from the same department. He joined İsbank in 1984 as an Assistant Economics Specialist in the Department of Economic Research and Planning. Mr. Türkakın was promoted as Assistant Manager of the Bank's Capital Markets Department in 1992 and as Group Manager in 1995. Between 1996 and 2002, he was positioned as the General Manager of Is Investment Company. Between 2002 and 2013 he served as the Deputy Chief Executive of İsbank. Mr. Türkakın has been a member of TSKB's Board of Directors and the Bank's Chief Executive Officer since 31 January 2013.

Durmuş Yılmaz**Board Member**

Durmuş Yılmaz was born in Uşak in 1947. After having three years education at the Faculty of Law, Ankara University, he went to England in 1970 to study economics on behalf of the Ministry of Trade with a scholarship of Ministry of National Education. He had a bachelor's degree in economics at City University of London, and a master's degree at University of London. After coming back to Turkey, he started working for the Ministry of Trade. Then he started serving for the Foreign Exchange Department of the Central Bank of the Republic of Turkey in 1980, and worked in the areas of Foreign Debt Rescheduling, Exchange Rate and Foreign Exchange Reserve Management. Between 1993 and 2003, Mr. Yılmaz served as Deputy Director of Foreign Exchange Transactions Division, Director of Interbank Money Markets Division, Director of Balance of Payments Division, Deputy Executive Director of Markets Department responsible for the Foreign Exchange Risk Management-Credits-Foreign Exchange and Banknotes Markets and Open Market Operations Divisions. He was appointed to Executive Director of Workers' Remittances. Mr. Yılmaz became the member of the Bank's Board after the General Assembly held on 7 April 2003. He was appointed as the Governor of the Central Bank of the Republic of Turkey on 18 April 2006. He completed five years term on 18 April 2011, and was assigned to the Chief Consultant for the Economy at the Presidency of the Republic of Turkey on 18 April 2011. Mr. Yılmaz has been a member of the TSKB's Board of Directors since 26 March 2012.

Kamil Yılmaz**Board Member**

Prof. Dr. Kamil Yılmaz is an academican at the Faculty of Economics and Administrative Sciences of Koç University. After having graduated from the economics department of Boğaziçi University in 1987, Prof. Dr. Yılmaz had completed his masters and doctorate degrees in economics in 1990 and 1992 at Maryland University. Between 1992 and 1994, he worked at the research department of World Bank in Washington. In 1994, Prof. Dr. Yılmaz started working as an academican at the Faculty of Economics and Administrative Sciences of Koç University. He also served as the visiting professor of economics at the University of Pennsylvania between years 2003-2004 and 2010-2011. Having played an active role in the establishment of TÜSIAD Economic Research Forum in 2005, he served as a Forum Director between 2007 and 2009. Prof. Dr. Yılmaz, who has various scientific articles and books concerned with international finance, international trade, macroeconomics and Turkish economy published at the local and international magazines, was honored with Encouragement Award in the Social Sciences and Humanities by the Turkish Academy of Sciences in 2003. He has been also serving as independent board member in İş Investment Trust since 2012 and in TSKB since 25 March 2014. Prof. Dr. Kamil Yılmaz is an independent board member in TSKB.

Senior Management*



Gökhan Çanakpınar
Executive Vice President

Ece Börü
Executive Vice President

Özcan Türkakın
Board Member and CEO

Çiğdem İçel
Executive Vice President

Ufuk Bala Yücel
Executive Vice President

Burak Akgüç
Executive Vice President

Orhan Beşkök
Senior Executive Vice President

Hakan Aygen
Executive Vice President

Ömer Eryılmaz
Executive Vice President

Özcan Türkakın**Board Member and CEO**

Özcan Türkakın was born in Afyon in 1958. After having been graduated from the Department of Economics at the Faculty of Administrative Sciences of Boğaziçi University, he received a master's degree from the same department. He joined İsbank in 1984 as an Assistant Economics Specialist in the Department of Economic Research and Planning. Mr. Türkakın was promoted as Assistant Manager of the Bank's Capital Markets Department in 1992 and as Group Manager in 1995. Between 1996 and 2002, he was positioned as the General Manager of İsbank Investment Company. Between 2002 and 2013 he served as the Deputy Chief Executive of İsbank. Mr. Türkakın has been a member of TSKB's Board of Directors and the Bank's Chief Executive Officer since 31 January 2013.

Orhan Beşkök**Senior Executive Vice President**

Orhan Beşkök was born in Ankara in 1955 and graduated from Department of Economics, the Central London Polytechnic University. Mr. Beşkök completed his master's degree in economics at London School of Economics. After serving in various positions at TSKB, he was appointed as the Head of the Economic Analysis Department in 1995. Mr. Beşkök was appointed as an Executive Vice President in 2002 and is currently responsible for the Financial Analysis, Economics, Financial Institutions and Engineering Departments. Mr. Beşkök was promoted to Senior Executive Vice President on 1 January 2011.

Burak Akgüç**Executive Vice President**

Burak Akgüç was born in İstanbul in 1964 and graduated from the Department of Political Science, Boğaziçi University. Mr. Akgüç joined TSKB in 1991 as a Specialist in the Financial Analysis Department. After serving in a variety of positions, he was appointed as the Head of the Loan and Investment Department in 2001. He was promoted to the Executive Vice President on 29 December 2004 and is currently responsible for the Corporate Banking and Project Finance.

Ömer Eryılmaz**Executive Vice President**

Ömer Eryılmaz was born in Giresun in 1964 and graduated from the Faculty of Business Administration, İstanbul University. Mr. Eryılmaz began his professional career at Sinai Yatırım Bankası in 1986 and was appointed as the Manager of Financial Control Department in 1999 and the Head of Risk Management Department in 2002 at TSKB. Then, he was promoted to the Head of the Board of Inspectors in 2003. Mr. Eryılmaz was appointed as Executive Vice President in 2006 and is currently responsible for the Financial Control and Budget, Planning & Investor Relations Departments. Having been appointed as Investor Relations Department Manager in 29 May 2014 pursuant to Capital Markets Board's Corporate Governance Principles Communiqué numbered II-17.1, Mr. Eryılmaz has been a member of the Corporate Governance Committee.

Çiğdem İçel**Executive Vice President**

Çiğdem İçel was born in Eskişehir in 1966 and graduated from the Department of Business Administration, Boğaziçi University. Ms. İçel began her professional career at TSKB as an Assistant Investment Advisor in the Treasury Department. After serving in a variety of positions, she was appointed as the Head of Treasury and Correspondent Banking Department in 1998. Çiğdem İçel was promoted to the Executive Vice President in 27 January 2006. Ms. İçel is currently responsible for the Treasury and Human Resources Division which includes Treasury, Talent Management & Corporate Communication and Human Resources Departments.

Ufuk Bala Yücel**Executive Vice President**

Ufuk Bala Yücel was born in İstanbul in 1964 and is a graduate of the Department of Political Science, Boğaziçi University. Ms. Yücel began her professional career in 1987. After working in several banks, she joined TSKB as the Head of Loans Department in 2002. She was appointed as Group Manager in 2007 and as Executive Vice President in 25 December 2007. Ms. Yücel is currently responsible for the Loans and Loans Monitoring Departments.

Gökhan Çanakpınar**Executive Vice President**

Gökhan Çanakpınar was born in Ardahan in 1964 and graduated from the Department of Business Administration, Middle East Technical University. Mr. Çanakpınar began his professional career at İpekiş Mensucat as System Analyst in 1988. After 1990, Mr. Çanakpınar served as Project Manager at İsbank for six years. In 1995, he started serving as System Analyst at TSKB and appointed as the Head of Application Development Department in 2000. Mr. Çanakpınar promoted to Director of Information Technology Unit in 2011. Since 27 December 2011 he has been working as an Executive Vice President for Information Technology and Operations.

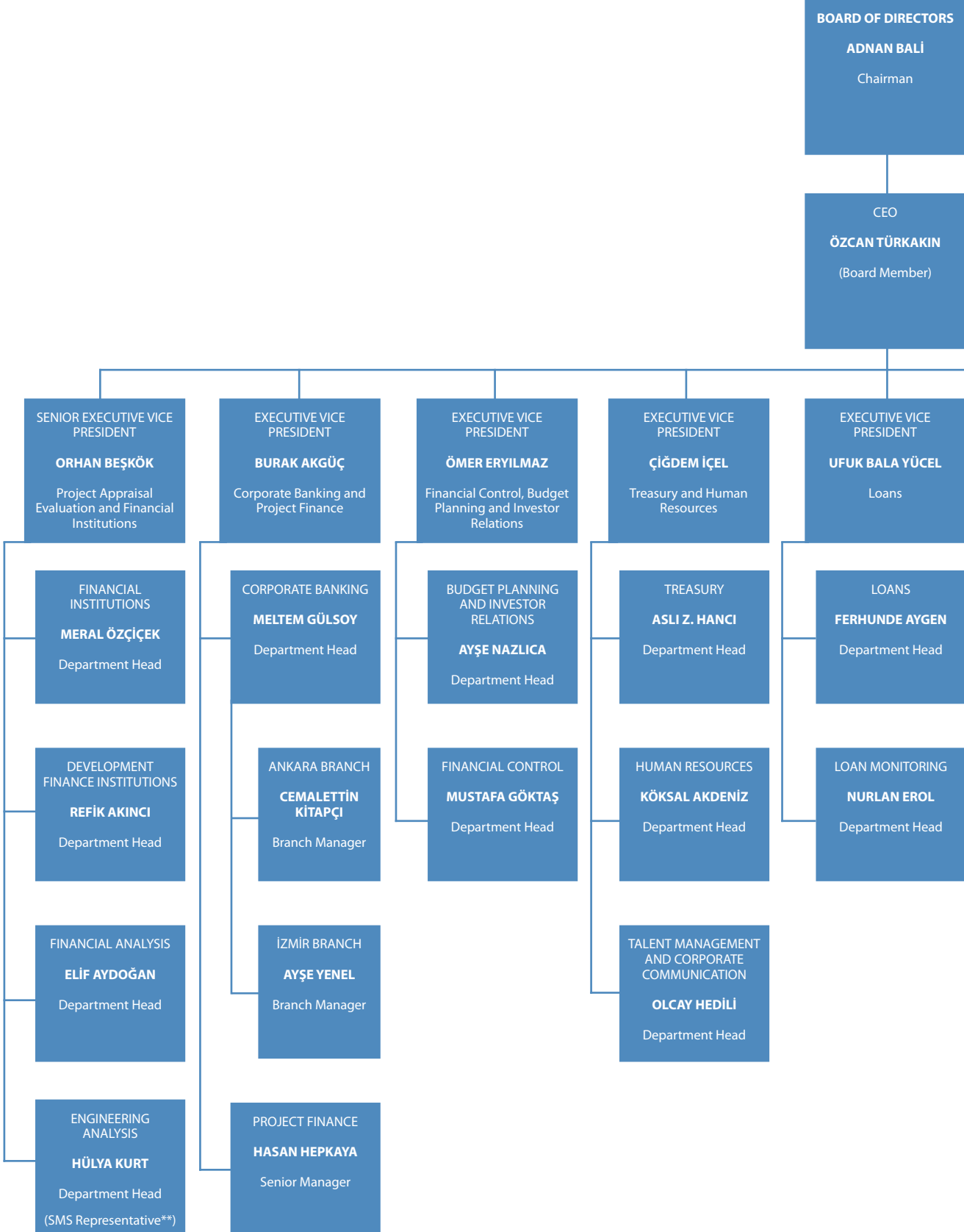
Ece Börü**Executive Vice President**

Ece Börü was born in İstanbul in 1966 and graduated from Management Engineering Department of İstanbul Technical University in 1988. Ms. Börü joined TSKB as an assistant specialist in Financial Control Department in 1989. She was promoted to Head of Financial Control in 2000 and to Head of Board of Internal Auditors in 2006. Since 28 November 2013, Ms. Börü has been serving as the Executive Vice President for Enterprise Architecture.

Hakan Aygen**Executive Vice President**

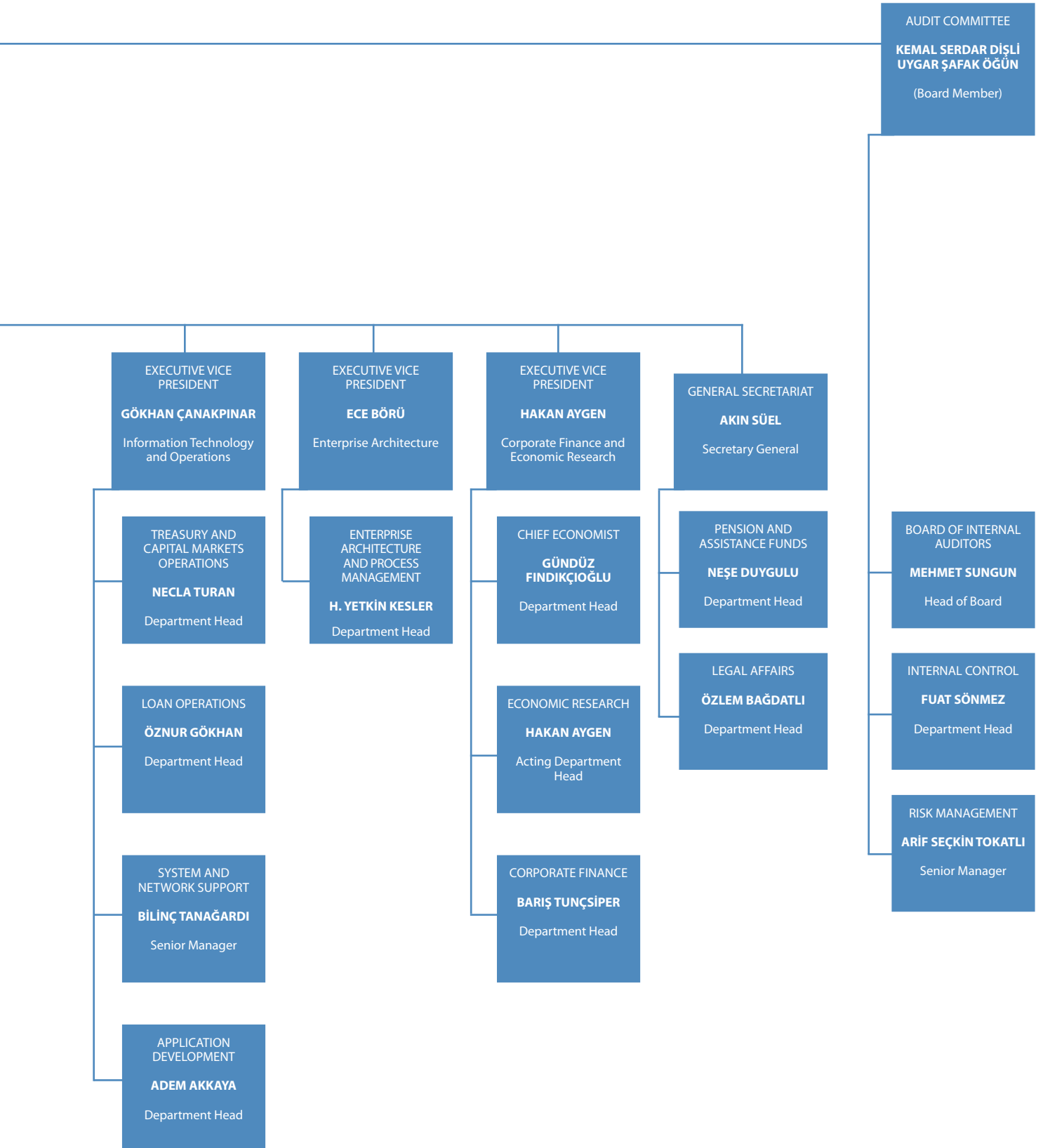
Hakan Aygen was born in Konya in 1965 and graduated from Management Engineering Department of İstanbul Technical University. Mr. Aygen started his professional career in non-financial sector in 1989. He joined TSKB in 1995 as an assistant specialist in the Financial Analysis Department and completed his master's degree on Management and Organization at the Marmara University in 1996. Mr. Aygen was appointed to Head of Corporate Finance Department in 2006 and promoted to Group Head in 2011. Having received his Accounting Finance doctorate degree from Marmara University in 2013, he was promoted to Executive Vice President for Corporate Finance and Research in 28 November 2013.

Organization Chart*



* As of 31 December 2014

** Sustainability Management System (SMS) Representative is directly reporting to CEO.



Activities of Committees Formed for Risk Management Purposes & Names and Surnames of the Chairmen and Members Serving in These Committees and of the Members of the Audit Committee

Audit Committee

The Audit Committee consists of 2 members, all of whom have been selected from the non-executive Board members. The current members of the Audit Committee are Mr. Kemal Serdar Dişli and Mr. Uygur Şafak Öğün.

The Audit Committee is responsible for the following tasks;

- Establishing the internal audit, internal control and risk management systems in compliance with related regulations, ensuring that they function effectively and sufficiently,
- Assisting the Board of Directors during appointment and assessment of external auditors and monitoring the appointed auditor's activities on a regular basis,
- Ensuring that the internal audit functions of subsidiaries are coordinated in line with regulations and on a consolidated basis,
- Reporting to the Board of Directors that the internal audit, risk management, internal control units and the external auditors operate within the framework of the related regulations and informing the Board about any issues or incidents that could have an adverse impact on the continuity or soundness of the Bank's activities,
- If necessary, gathering information and related documents from all units of the Bank, support service contractors and independent auditors; and being subject to Board approval obtaining consultancy services,
- Assessing the internal audit report which is prepared by authorized internal auditors at 3-month intervals; and then submitting the mentioned report to the Board of Directors according to the Banking Law number 5411, 29th clause, 2nd item.

In 2014, the Audit Committee held 35 meetings.

Managers of Internal Systems

Head of Board of Internal Auditors: Mehmet Sungun

Term of Office	Total Work Experience	Previous Responsibilities	Academic Background
1 Year	21.5 Years	Financial Analysis, Loans, Corporate Banking, Risk Management	M.A. Degree from a Domestic University

Head of Internal Control: Fuat Sönmez

Term of Office	Total Work Experience	Previous Responsibilities	Academic Background
1 Year	16 Years	System Development and Quality Management, Board of Internal Auditors, Process Management	B.A. Degree from a Domestic University

Head of Risk Management: Arif Seçkin Tokatlı

Term of Office	Total Work Experience	Previous Responsibilities	Academic Background
9 Years	18 Years	Risk Management	PhD Degree from a Domestic University

Summarized Board of Directors Report

Our Esteemed Shareholder;

Welcome to the 65th Annual General Assembly Meeting of our Bank.

We hereby welcome our shareholders, their proxies and other valuable guests who very kindly attended our meeting. We submit the Board of Directors and Auditors' Reports and profit and loss statements for the 2014 accounting period to your examination and approval.

2014 was a year in which US economy continued to recover swiftly, whereas growth outlook was still weak in Europe and emerging markets. After having ended the bond purchases gradually throughout the year in the light of positive growth performance indicators, Fed's announcements regarding the timing of a prospective interest rate hike led to volatility in the global markets. The last quarter of the year witnessed depreciation of emerging countries' local currencies against US dollar. In the face of fluctuations in financial markets and geopolitical risks, Central Bank of Turkey maintained its tightening policy as well as sticking to its macroprudential measures, and Turkey recorded a moderate growth performance in 2014. European Central Bank's bond purchasing programme and ebbing oil prices are expected to have positive repercussions on the Turkey's economic outlook for 2015.

The Banking sector further reinforced its financial structure in 2014 with various tightening measures and regulations passed by the regulatory authorities. As of December 2014, the total size of the assets of the banking sector was around TL 2 trillion and the credit stock reached TL 1.2 trillion with a 17.2% foreign currency adjusted annual growth. Non-performing loans ratio, which was around 2.7% last year, stayed almost flat closing the year with 2.8%. The securities portfolio was around TL 302.3 billion as of December 2014. The shareholders' equities of the banking sector grew by 19.8% and reached TL 232.1 billion. The capital adequacy ratio of the sector as of December 2014 was 16.3%. Moreover, the total number of banks rose to 51 as of 2014 year-end.

TSKB, which continued its steady and robust growth in 2014, compared to the previous year increased;

- Its equities by 21.4% to TL 2,888,085 thousand,
- Its loan book by 19.7% to TL 10,980,620 thousand,
- Its total assets by 21.6% to TL 15,700,713 thousand,
- Its net profit by 13.3% to TL 369,274 thousand.

Our capital adequacy ratio as of 2014 year-end was 18.1%; return on equity was 17.7%, return on assets was 2.6% and our non-performing loans ratio was around 0.2%.

Our Esteemed Shareholders,

We hereby submit our annual report, which includes our operations in 2014, and our profit and loss statements to your examination and approval.

We would like to thank all our partners, employees and stakeholders for their contribution and support in achieving these results. We would like to thank you once more for attending our General Assembly Meeting.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
BOARD OF DIRECTORS

Information Concerning Human Resources Practices

The main competitive advantage of TSKB is having qualified human resources. In this regard, TSKB differentiates itself and stands out with its employees' high education level, professional expertise, working competency and experience in global markets. In addition to recruiting professionals for experienced positions, TSKB has adopted the approach of bringing out leaders from inside the Bank for years, and to that extent, it has continued to recruit new graduates in 2014. With the fifth TSKB Career Workshop organized this year, university students from third and fourth grades and M.A. students were informed about development and investment banking activities and after these workshops, 13 candidates were recruited as MT (Management Trainees).

In order to ensure the sustainability of the human resources, our investments in training programs continued in 2014. TSKB subjected all its managers to "Development Workshops" that are tailored to their individual needs and classroom trainings were supported by group activities, projects, book and article reading, and various other activities. Currently 78 managers attend to this 2-year development process that was built based on an understanding that most important investment is the one that is made in human resources.

Moreover, it was ensured that 148 employees were subjected to skill-competence development trainings in 11 different subject matters chosen from the Training Catalog that was integrated in the performance review process in this period.

In 2014, a series of informatory meetings, titled "Sustainability Meetings", were held in order to institutionalize, internalize and further develop the sustainability issue within the Bank. Sustainability was further explained to our employees in intra-bank practices that were developed under Environment Management System, which is an important aspect of banking.

Labor Health and Workplace Safety trainings, which were made mandatory as per the provisions of Labor Health and Workplace Safety Code, Code No: 6331, were given to all new recruits of the Bank. 8-hour training programs addressing the issues of "First Aid and Ergonomics" and "Workplace Safety" were given to all employees.

In 2014, designing of internal communications and motivation activities were commenced in line with the various demands and considering the target audiences within the Bank in order to meet all requirements. Teams were created in various fields including rowing and table tennis and out team sports were centralized in the scope of internal communications projects. The right methods of reaching the right audiences were planned as a starting point for sustainable human resources and activities and organizations that help us reach the young people, which is the main target audience for recruitment, were prioritized. This access was further diversified by means of various practices including but not limited to sustainability workshops and university sponsorships, and realized with active participation and support by our employees.

With the new corporate identity, all of our promotion materials were redesigned. Templates were prepared to reinforce our employees' presentation and report preparation skills and were made available on the Bank's intranet site. This way, it was ensured that all departments are able to prepare presentations that comply with our corporate identity for use in internal and external presentations.

Projects were commenced in order to renew our digital media in ways that will reinforce internal and external communications, efficiently promote our services and further complement the perception of strong employer; and important steps were made to ensure that our digital media is compatible with new generation mobile devices, compliant with our new corporate identity, and has a young and dynamic overall composition. In this scope, www.cevreciyiz.com, the Bank's social responsibility platform, was redesigned and relaunched while endeavors continue for redesigning of our intranet and internet sites.

	Number of People	%
Total Personnel	334	100
Women	166	49.7
Men	168	50.3
Average Length of Service (years)	8.4	
Women	7.8	
Men	8.9	
Average Age	35.7	
Women	35.0	
Men	36.3	

Educational Status of Banking Personnel	Women	Men	Total
University	152	130	282
Other	9	2	11
Grand Total	161	132	293

Foreign Language Competency Among Banking Personnel	Women %	Men %	Total %
Grand Total	90	95	92

Information on Areas of Activity in which Support Services were Procured and Persons and Organizations from which such Services Provided, Pursuant to Regulations Regarding Support Services Procured by Banks and Authorization of Support Services Organizations

The following services used by our Bank in the year 2014 fall into the scope of the Regulation on Procurement of Support Services for Banks, published on the date of 05.11.2011:

1. Server Hosting Service for Emergency Services received from TELLCOM İletişim Hizmetleri A.Ş.
2. Maintenance and Updating Service for the Internet Site received from Luckyeye Bilgisayar Tanıtım Hizmetleri Yayıncılık ve Ticaret A.Ş.
3. Maintenance and Updating Service for the Internet Site received from Hedef Medya Tanıtım İnteraktif Medya Pazarlama A.Ş.
4. Riskfree Treasury Valuation System Service received from Risk Aktif Danışmanlık Eğitim Yazılım Sanayi ve Ticaret Ltd. Şti.

Corporate Governance Principles Compliance Report

31 December 2014 - Corporate Governance Principles Compliance Report

SECTION I - Corporate Governance Principles Compliance Statement

Türkiye Sınai Kalkınma Bankası A.Ş. (hereinafter "TSKB" or the "Bank") is subject to "Corporate Governance Principles" compliance of which is obligatory for banks within the framework of Capital Markets Board (CMB) and banking regulations. According to the Bank's Articles of Association, transactions made and the resolutions of the Board of Directors passed by not observing the said obligatory principles shall be deemed as conflicting with the Articles of Association.

The Bank has authored their "Corporate Governance Principles Compliance Statement" as per the provisions of Corporate Governance Communiqué No: II-17.1 (hereinafter the "Communiqué"), published in Official Gazette dated 3 January 2014, Edition No: 28871, and those of CMB Principle Decision No: 2/35 dated 27 January 2014, and in line with the international principles and sector principles. In the activity period of 2014, the Bank generally complied with "Corporate Governance Principles" that were published by the Capital Market Board, with the exception of the following principles, compliance of which is not obligatory for the Bank. The Bank's Articles of Association do not include provisions that foresee:

- Ability to exercise the individual right of requesting appointment of a special auditor;
- Models to support participation of the stakeholders to the Bank's management;

Above-mentioned principles that are not yet complied with did not so far result in any conflict of interest among the stakeholders.

Given below are the assessment and observations on the Bank's compliance with the Corporate Governance Principles, and the Bank's activities for developing the scope and quality of the level of their compliance.

SECTION II - SHAREHOLDERS

2.1. Investor Relations Department

Duties and responsibilities of "Stakeholder Relations Department" that was formed under the Secretary General in the scope of compliance with the Communiqué in 2009 later have been restructured under the "Investor Relations Department" as per the provisions of Board of Directors Decision No: 2176 dated 29 May 2014. Mr. Ömer Eryılmaz, Executive Vice President in charge of Financial Control, Budget, Planning and Investor Relations, was appointed to "Investor Relations Department Manager" and was serving as a member of Corporate Governance Committee as per the provisions of the governing legislation. Activities of the Investor Relations Department have been carried out by Investor Relations Department and Legal Affairs Department.

Investor Relations Department pursues activities in relation to shareholders' use of their rights and ensures the communication between the Bank's senior management and shareholders. The Department has an active role facilitating the use of and in protecting shareholders' rights, especially rights to obtain information and review.

Investor Relations Department basically has the following functions and purposes:

- Ensuring that the records of correspondences between shareholders and the Bank, and other documents are in order, up to date and reliable;
- Responding to the written requests of information by the shareholders with regards to the Bank's business, with the exception of information that is confidential and/or secret and/or otherwise exempt from public disclosure;
- Preparing the documentation related to the General Assembly meetings to be made available to the shareholders for their review and taking measures to ensure that General Assembly meetings are held in full adherence to the governing legislation, provisions of the Articles of Association and the Bank's other internal bylaws;
- Observing and supervising performance of all liabilities under the provisions of capital market legislation, including but not limited to all issues pertaining to the corporate governance and public disclosure;

Investor Relations Department prepares and submits a written report once a year with regards to the activities carried out by the Department, which is to be read and discussed in Corporate Governance Committee's first meeting. Corporate Governance Committee submits the aforementioned report to the Board of Directors.

Contact details of the employees who take part in Investor Relations are given in the following table:

Full Name & Title	Phone No	E-Mail Address
Ömer Eryılmaz - Investor Relations Department Manager (Executive Vice President for Financial Control, Budget Planning and Investor Relations)	0 212 334 51 80	eryilmazo@tskb.com.tr
Ayşe Nazlıca - Head of Budget Planning and Investor Relations	0 212 334 51 94	nazlicaa@tskb.com.tr
Özen Haliloğlu - Budget Planning and Investor Relations Manager	0 212 334 52 49	halilogluo@tskb.com.tr
Emre Kalelioğlu - Budget Planning and Investor Relations Assistant Manager	0 212 334 52 03	kalelioglue@tskb.com.tr
Özlem Bağdatlı - Head of Legal Affairs	0 212 334 50 93	bagdatlio@tskb.com.tr
Korhan Aklar - Legal Affairs Group Manager	0 212 334 50 92	aklark@tskb.com.tr

* Ömer Eryılmaz, Investor Relations Department Manager, has Capital Market Activities Advanced Level Certificate (Certificate No: 203582) and Capital Market Board Corporate Governance Rating Specialist Certificate (Certificate No: 700276).

Activities carried out by the Investor Relations Department throughout the year in order to comply with the provisions of the Communique are as follows:

- Mr. Kamil Yılmaz, independent member of the Board of Directors, was appointed by the nomination committee.
- Code of ethics updated by The Banks Association of Turkey has been discussed and adopted further to the Board's approval.
- Dividend Distribution Policy was updated in line with the Corporate Governance Communique (II-17.1) and Dividend Communique (II-19.1) and approved by the General Assembly.
- Disclosure Policy was updated in line with the Corporate Governance Communique (II-17.1) and Communique on Material Events Disclosure (II-15.1) and submitted to General Assembly's review.
- Chief Executive Officer (CEO) was empowered with regards to public disclosure on future assessments as per the provisions of Communique on Material Events Disclosure, with the condition that such power should be exercised none other by the esteemed CEO and/or person(s) who were specifically authorized by the CEO by means of a written authorization.
- Investor Relations Department was restructured and Budget Planning and Investor Relations and Legal Affairs Department were made responsible of the duties and responsibilities of the Investor Relations Department, and Mr. Ömer Eryılmaz, Executive Vice President, who holds Capital Market Board Advanced License and Corporate Governance Rating Specialist Licenses, was appointed as the manager.
- Mr. Ömer Eryılmaz, Investor Relations Department Manager, was appointed to Corporate Governance Committee Member as per the provisions of the Corporate Governance Communique.
- Corporate Governance Committee Bylaws were updated in line with Corporate Governance Communique and it was notified to Public Disclosure Platform (PDP).
- As per the provisions of Principle 4.3.9 of the Communique, a "Woman Board of Directors Member Policy" was formed in order to ensure that gradually 25% of the Bank's Board of Directors are women and Policy was published at the Bank's website. Progress made in this area will be assessed and reported each year.
- The Bank's donation and aid policy was created and published at the Bank's website.
- In October 2014, the Bank began to publish public disclosures also in English simultaneously with their Turkish editions.

Responding to all of information requests of shareholders and analysts received via telephone and e-mail in 2014, Investor Relations Department conducted total of 143 informatory meetings with investors and analysts in Turkey and abroad. Of these meetings, 8 were conducted over the telephone, 44 were conducted at the Bank's head office, and remaining 91 were conducted during 6 roadshows / conferences.

Moreover, 2 teleconference meetings were held with domestic and international investors and analysts throughout the year where 2013 year-end and 2014 first half financial results were discussed. Approximately 30 investors and analysts participated in the aforementioned teleconference meetings.

2.2. Shareholders' exercise of their right to obtain information

Shareholders' requests for all information except that which has not been publicly disclosed or is confidential and/or in the nature of a trade secret are responded to. Requests for information received from shareholders are evaluated by employees who are well qualified experts of their area and every effort is made to respond to them, within the limits of trade secrecy and confidentiality, in a timely and accurate manner.

Announcements concerning issues that shareholders are frequently in need of and information about developments that might affect shareholders' exercise of their rights are published on the Bank's corporate website (www.tskb.com). Moreover, as per the provisions of "Regulations on Internet Sites to be Published by Investment Corporations", published on Official Gazette Edition 28663 dated 31 May 2013, investors are directed to MKK website from the "Bilgi Toplumu Hizmetleri" section of the Bank's website, and are given access to Bank information that needs to be disclosed to the public as per the provisions of the above-mentioned regulations.

Articles of Association of the Bank do not provide an individual right of requesting appointment of a special auditor. However, according to the Turkish Commercial Code (TCC), minority shareholders have the right to request appointment of a special auditor from General Assembly regarding the examination of specific material issues. In view of the fact that the right of requesting appointment of a special auditor from General Assembly is not only a requirement of law and but also one of the exceptions to the principle of being committed to the General Assembly agenda, it is not defined as an individual right in the Articles of Association. Moreover, there has not been any request for the appointment of a special auditor pursuant to TCC and Corporate Governance Principles throughout the year.

All necessary information for shareholders to exercise their shareholding rights is made available to them via corporate website, annual reports and public disclosures as well as by responding to individual requests.

The Bank announced 90 public disclosures between 1 January and 31 December 2014 as required by CMB regulations. There has not been any public disclosure that was not made in due time or for which either CMB or BIST demanded additional information.

2.3. General Assembly Meetings

In 2014, one General Assembly Meeting was held, which was the Ordinary General Assembly Meeting for 2013 that was held on 27 March 2014. Aforementioned meeting were held in the headquarters' building as well as via electronic medium pursuant to CMB's "Communique Regarding the Electronic General Assembly Meetings of Joint Stock Companies" dated 29 August 2012.

General Assembly Meeting was attended by shareholders that represent 79.09% of the Bank's paid-in capital of TL 1,300 million, namely TL 1 billion 28 million 153 thousand 243 and 84 kuruş of the paid-in capital was represented in the meeting.

Corporate Governance Principles Compliance Report

Shareholders, board members and employees attended the General Assembly meeting. In addition, Independent Auditors' Representative and Corporate Governance Rating Analyst were invited, and participated to the meeting.

The announcements concerning the invitation of the meeting specifying its place, date, time, agenda, and specimen proxy statement were published three weeks before the meeting date in the Turkish Corporate Registrar's Gazette, the newspaper named Dünya Gazetesi, the BIST's bulletin and electronic general assembly system.

The invitations for the General Assembly were sent out via e-mail three weeks before the General Assembly in Turkish and English to those accessible national and international investors who have invested in the Bank's shares and were also published on the Bank's Turkish and English web sites. The information about the meeting was also sent out within the same time frame by fax and registered mail return receipt requested to holders of registered shares.

The shareholders' register list which contains the names, surnames and the number of shares of the shareholders is prepared pursuant to the relevant regulation according to the information received from the Central Registry Agency.

As of the date on which the announcement of the invitation to General Assembly is made; copies of the Turkish annual report, financial statements and reports, dividend payment proposal, the memorandum of general assembly which is prepared to explain the agenda items comprehensively, other documents pertaining to the items on the agenda, the current text of the articles of association, and if the articles of association are to be amended, the texts and justifications of the amendments are all made available for the inspection of shareholders at the Bank's headquarters.

Such information and documents have also been accessible on the corporate website at www.tskb.com.

During the Ordinary General Assembly held in 2014, the shareholders exercised their right to ask questions and their questions were duly responded. In addition, there has not been any proposal from shareholders regarding any additions to the agenda.

The following resolutions were adopted by the shareholders by majority votes during the meeting:

- Release of the Members of the Board of Directors from their responsibilities;
 - Adoption of a resolution regarding the determination and allotment of the profit to be distributed, determination of the dividend distribution date;
 - Determination of allowance for the Members of the Board of Directors;
 - Approval of the election of the Members of the Board of Directors in replacement of resigned members during the year election of the independent board members;
 - Choosing the independent audit firm;
 - Determination of the upper limit for the donations to be made in 2014;
 - Approval of the dividend payment policy;
 - Empowering the Members of the Board of Directors with regards to responsibilities and transactions set forth in Turkish Commerce Code, Articles 395 and 396.
- Regarding the proposal for determination and distribution of the dividend, some shareholders annotated to the said proposal, and their names and opinions were added as annotation to the General Assembly Meeting Minutes.
- Amount of special disbursement to be paid to employees were notified to shareholders in the General Assembly meeting. Moreover, the Bank's up-to-date notification policy and total of TL 20,682 that was donated throughout the year to Global İlişkiler Forumu, Türk Eğitim Vakfı, various educational institutions and others were notified to the shareholders in separate agenda items.
- Pursuant to the principle 1.3.6. of the Corporate Governance Principles, shareholders were informed that İş Bankası A.Ş. and TSKB are companies operating in the same sector and that some members of the Board of Directors are currently working for İş Bankası A.Ş. and Vakıflar Bankası T.A.O. in management positions.
- Throughout the period, there has been no transaction where the decision had to be left to the discretion of the General Assembly due to independent board of directors' members rejections.
- In order to facilitate the participation to the General Assembly Meeting, utmost care is taken to ensure that the implementations are in compliance with the governing legislation. In our opinion, shareholders do not have any difficulty in participating general assembly meetings and so far the Bank has not received any feedback from the shareholders to this effect.
- Copies of the Resolutions of General Assemblies are given to participants at the end of General Assembly Meetings. Moreover, resolutions are also accessible in electronic format on the corporate website (www.tskb.com) for review by shareholders who could not participate in the General Assembly Meeting.

2.4. Voting Rights and Minority Rights

According to the Bank's Articles of Association, each share of stock with a nominal value of 1 Kuruş is entitled to one vote and there are no shares that have special voting rights.

As required by banking legislation and by the provisions of the Turkish Commercial Code, the members of the Board of Directors are elected by shareholders convened in a General Assembly.

As required by the Bank's articles of association, one member of the Board of Directors is chosen from among candidates designated by the Central Bank of the Republic of Turkey. Moreover, Vakıflar Bankası T.A.O., which controls an 8.38% stake in the Bank's capital, has one seat on the Board of Directors.

The CEO is a member by nature of the Board of Directors. The number of the independent board members and their criteria are determined pursuant to the CMB's regulations regarding corporate governance.

There is no upper limit on the number of votes a shareholder may cast at a General Assembly.

Voting rights are acquired the moment the shares on which they are contingent are acquired. There are no rules stipulating that voting rights may be exercised only after a specific period of time has passed following the acquisition of shares.

The Articles of Association contain no provisions preventing non-shareholders to act as proxies for the shareholders. The shareholders may exercise their voting rights personally at General Assemblies or via proxy of any other person, which may or may not be a shareholder.

A non-corporate shareholder may only be represented by a single proxy at General Assemblies, and if a corporate shareholder is represented by more than one individual at a meeting, only one of them may cast votes. The proxy statement must identify the individual who is authorized to cast votes.

Apart from the provisions that are mandatory under the governing legislation, the Bank's Articles of Association includes no arrangement with regards to minority rights.

2.5. Dividend Right

The dividend payment proposals that the Board of Directors submits to the General Assembly of shareholders are prepared according to a policy that:

- Avoids upsetting the delicate balance between shareholders' expectations and bank's need to grow;
- Takes the Bank's profitability into account.

Principles governing the Bank's dividend distribution is arranged in the Articles of Association, Article 47, and there are 100 founders' shares that receive a portion of the profits distributed subject to these principles.

The Bank's updated dividend payment policy was approved by the General Assembly on 27 March 2014. Updated policy was disclosed to shareholders on the Bank's Turkish and English websites.

The Dividend Policy dictates that as long as there are no unfavorable developments in global and local economic circumstances, and the Bank's financial position and capital

adequacy ratio are at the foreseen levels, 30% of the distributable profit that is calculated as the first profit share will be paid out as cash and/or stock dividends.

Dividends are paid within the legally prescribed periods of time. The payment of dividends is completed in no case later than the end of the 5th month of the year as prescribed by the law. The dividend proposal of The Board of Directors was accepted during the General Assembly. The dividends of the year 2013 equivalent to TL 200,000,000 were distributed as bonus shares subsequent to the registration of the said shares by the Capital Markets Board and the cash dividends equivalent to TL 65,000,000 were distributed on 31 March 2014.

As required by the "Regulation on the Donations and Grants to be made by Banks and Institutions subject to Consolidated Supervision" that went into effect on 1 November 2006, the Bank does not make political donations. In addition, the Donation and Grants Policy of the Bank is published at the Bank's official website.

2.6. Transfer of Shares

The articles of association contain no provisions restricting the transfer of shares. All shareholders, including minority shareholding interests and foreign nationals, are treated equally.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Content

The Bank makes active use of its corporate website for public disclosures and announcements. Corporate website contains all the information and data required by corporate governance principles and by regulatory authorities on a historical basis and in both Turkish and English. Website is kept up to date at all times.

The Bank's corporate website address is www.tskb.com, and that of the English language website is www.tskb.com. Website address is included in the Bank's letterhead.

3.2. Annual Report

The annual report of the Bank is prepared in Turkish and English including the information and content pursuant to the relevant regulations. The Turkish version of the annual report is published three weeks before the General Assembly at the Public Disclosure Platform (www.kap.gov.tr) and at the Bank's corporate website. The English version of the annual report is published at the Bank's corporate website after it is finalized.

SECTION IV - STAKEHOLDERS

4.1. Keeping Stakeholders Informed

The stakeholders, who have an interest in the Bank, including shareholders, employees, creditors, clients, suppliers, non-governmental organizations, the government and potential investors are informed on issues concerning the Bank that are of interest to them as much as possible in writing, and the Bank's relationships with stakeholders are governed by written agreements.

Corporate Governance Principles Compliance Report

In situations where the rights of stakeholders are not governed by law or contract, the Bank safeguards them within the framework of the rules of good faith, to the degree possible, and mindful of the Bank's own reputation.

Stakeholders submit their complaints and recommendations to the Bank by means of a communication form that can be found on the Bank's website. Claims regarding to transactions that violate the provisions of the legislation or otherwise unethical are examined by either Inspection Committee or Internal Audit Department depending on the content and nature of the claims and forwarded to Corporate Governance Committee or Audit Committee.

4.2. Stakeholders' Participation in Management

The Articles of Association of the Bank contain no provisions governing stakeholders' participation in the Bank's management.

"General Assessment" meetings are held two times every year in order to inform employees about the Bank's activities and progress in general and to solicit their suggestions. At such meetings, the Bank's financial structure and performance are also assessed together with employees.

In addition to general assessment meetings, employees are able to convey their opinions and claims to the relevant persons and have contribution to the company resolutions by means of "I Have a Recommendation" and "Complaint Form" that they can access on the Bank's intranet. Moreover, there are many committees that are formed by the Bank employees, concentrating on various issues. Participation of the employees in management is also made possible by means of these committees.

4.3. Human Resources Policy

The principles of the human resources policy adopted by the Bank are set out below.

Job descriptions, assignments, and performance criteria are determined by management and announced to employees.

When hiring, it is a principle that individuals of equal competencies are to be given equal opportunity under identical conditions and hiring criteria are set forth in writing for each job position and are strictly complied with in practice.

While taking decisions with respect to training, assignment and promotion, objective criteria are used and the Bank's best interests are taken into consideration.

Training plans are developed and implemented so as to enable employees to improve their professional knowledge and skills, as well as plans improving their personal and administrative competence which are appropriate for their career plans. In addition, documents and information pertaining to the Labor Health and Workplace Safety activities are included in the "Safe Employment" section of the Bank's intranet system.

Employees are provided with a secure work environment and safe working conditions and these conditions are improved in line with social and technological requirements.

Employees are kept informed about all bank decisions and developments that may be of concern to them and feedback is solicited from them on such issues.

Measures are taken to prevent discrimination among employees on the basis of race, religion, language or sex; to ensure respect for human rights; and to protect employees against physical, mental or emotional abuse in the workplace. There has been no complaints from the employees on the aforementioned grounds so far.

The Human Resources Policy is also publicly disclosed on the corporate website.

4.4. Ethical Rules and Social Responsibility

The Bank embraced the "Code of Banking Ethics" published by the Banks Association of Turkey with Board of Directors' resolution dated 16 March 2006. The revised versions of the "Code of Banking Ethics" which were amended by the Banks Association of Turkey on 15 September 2010 and 20 August 2014 were adopted by the Bank's Board of Directors. The Code of Banking Ethics, which was adopted to bind all employees including but not limited to the Board of Directors, are available on the Bank's corporate website in English and Turkish.

Members of the Board were notified of the rules that they are not to comply with any suppression that might result to the detriment of the shareholders and that they are not to accept any monetary benefits; and that a member of the Board of Directors is not allowed to disclose to public the Bank's confidential information and/or trade secret(s).

Trade secret mentioned above consists of the information pertaining to the interior establishment structure and organization, monetary, financial, loan and cash situation, research and development, activity strategy, pricing policies, marketing tactics and expenditures, market shares, client potential and network, contract connection, documents, electronic recording and data which can only be learned, obtained only by qualified individuals that are related to Bank's activity area and individuals who may have access to insider information, but shall not be known by its competitors or third parties and shall not be disclosed to public.

The term "Insider information" is used to refer to information, events and incidents that is not in public domain and might affect the value and/or price of investment instruments or investment decisions of the investors. A list of those who have access to insider information, which is regularly monitored and kept up to date at all times, includes the names of all Bank employees and those of all other persons that have direct or indirect access to insider information. People whose names are in the insider information list have declared that they acknowledged their liabilities and the sanctions regarding the abuse and improper disclosure of such information in breach of law and legislation.

Acting based on a vision to become the leader bank in Turkey's sustainable economic development, TSKB strives to ensure that all the loans utilized by the Bank turn into investments that'll contribute to Turkey's economic and social development.

Accordingly, before financing the Bank evaluates all investment projects with utmost care regarding the current and potential environmental and social effects of these projects as well as those of other activities of the project owners.

Social responsibility projects have always been on the essentials of sustainable banking philosophy of TSKB. In this context, detailed information pertaining to these activities is made available in section titled "Corporate Social Responsibility at TSKB" on Page 35.

SECTION V - BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

With the exception of the CEO, the Board of Directors consists entirely of non-executive directors and positions of CEO and board chairman are held by different people.

As the Bank has no ultimate non-corporate controlling shareholders, it is thought that all the members of the Board of Directors are naturally able to act with complete independence and have the advantage of acting impartially in their decisions by holding the interests of the Bank and its stakeholders above everything else.

Board of Directors consists of 11 members, which allows the activities of the Board of Directors to be organized effectively. Information about the Board of Directors' members and the CEO are given in the following table and their detailed CVs are accessible at the Bank's website.

With the Nomination Committee's report dated 26 March 2014, Mr. Kamil Yılmaz was presented as the independent board member nominee at the Board of Directors meeting on the same date of the said report. Following the approval of the Board of Directors, Mr. Yılmaz was selected as the independent board member by the General Assembly held on 27 March 2014. At the time of being presented as the nominee, Mr. Kamil Yılmaz delivered his declaration of independence pursuant to regulations, articles of association and criteria set by the Communique to the Nomination Committee. Mr. Kamil Yılmaz's declaration is as follows:

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

Full Name	Title	Educational Background	Working Experience	Date of Appointment	Employer and Position
Adnan Bali	Board Chairman	Middle East Technical University, Economics and Administrative Sciences / Economy	29 years	April 15, 2011	T. İş Bankası A.Ş. Chief Executive Officer
Kemal Serdar Dışlı*	Board of Directors Vice Chairman / Independent Board Member	Hacettepe University / Public Administration	27 years	May 25, 2007	T. İş Bankası A.Ş. Kozyatağı Corporate Banking Branch Manager
Burhanettin Aktaş	Board of Directors' Member	Carnegie Mellon University / M.Sc. in Public Administration	28 years	October 30, 2014	TR Deputy Undersecretary of Treasury
Halil Aydoğan	Board of Directors' Member	Istanbul University Faculty of Economics / Management - Finance Department	38 years	December 16, 2013	T. Vakıflar Bankası T.A.O. Chief Executive Officer
Murat Bilgiç*	Board of Directors' Member	University of Birmingham / M.Sc. in Banking	24 years	March 23, 2005	T. İş Bankası A.Ş. Corporate Loans, Allocation Manager
E. Burhanettin Kantar	Board of Directors' Member	ODTÜ / Public Administration	26 years	March 23, 2005	T. İş Bankası A.Ş. Affiliates Manager
Uygar Şafak Öğün	Board of Directors' Member	University of Birmingham / MA in International Banking and Finance	20 years	April 2, 2010	T. İş Bankası A.Ş. Corporate Banking Sales and Marketing Manager
Ebru Özsuca	Board of Directors' Member	Southampton University / International Banking and Finance	21 years	April 17, 2014	T. İş Bankası A.Ş. Treasury Manager
Özcan Türkakın	Board of Directors' Member and CEO	Bogazici University Faculty of Economics and Administrative Sciences / M.Sc. in Economics	31 years	January 31, 2013	TSKB A.Ş. Chief Executive Officer
Durmuş Yılmaz	Board of Directors' Member	University of London / M.Sc. in Economics	35 years	March 26, 2012	The Union of Chambers and Commodity Exchanges of Turkey (TOBB) Economy and Technology University Lecturer
Kamil Yılmaz	Independent Board Member	University of Maryland / Ph.D. in Economics	23 years	March 25, 2014	Koç University Faculty of Economics and Administrative Sciences, Lecturer

* Members of the Audit Committee were accepted as Independent Members of the Board of Directors as per the provisions of Capital Market Board's Corporate Governance Communique No: İl.17.1., Article 6/(3)-a.

Corporate Governance Principles Compliance Report

Whereas I am nominated to Independent Board of Directors Member on your Company's General Assembly Meeting dated 27 March 2014, I hereby represent and warrant:

- a) that there isn't any relations between myself, my spouse, my relatives up to second degree or my in-laws, and the Company or those persons who control the management of the Company or possess significant controlling power over the Company or legal persons who have controlling power on such shareholders and there isn't anyone among my relatives and in-laws that have had significant duties or responsibilities in management positions at the aforementioned legal persons; that I do not possess, jointly or individually, greater than 5% of the capital or rights to vote or privileged shares and that I do not have a significant commercial relations with the aforementioned;
- b) that I have not taken part, in the last five years, in companies from which the Company purchases significant amounts of goods or services, especially controlling (including but not limited to tax inspection, legal audit, internal audit), rating or consultancy services, as shareholder (5% and above), Board of Directors member or in any other management position with important duties and responsibilities;
- c) that I have ample vocational education, knowledge and experience to properly perform duties I'll undertake as can be reasonably expected from an Independent Board of Directors Member;
- d) that I am not employed by public sector organizations as a fulltime employee as of the date I was nominated to Independent Board of Directors Member and that -in the event I am elected, I will not work as a fulltime employee in public sector organizations throughout the term of my office as Independent Board of Directors Member;
- e) that I am considered as a resident of Turkey in the sense of Income Tax Code (ITC) Code No: 193 dated 31 December 1960;
- f) that I possess strong ethical standards, vocational reputation and experience to contribute to the Bank's success and to remain impartial and take decisions with careful consideration of the stakeholders' rights in the event of any conflicts of interest that might arise among the stakeholders of the Company;
- g) that I will have enough time to monitor the Company's activities and fully perform my duties that I will undertake;
- h) that I did not serve as a Board Member for a term longer than 6 years for the last 10 years;
- i) that I did not serve as an Independent Board Member in more than three of the companies that have controlling power on the Company or shareholders of the Company and/or in more than five of the companies that are publicly traded in the stock market;
- l) that I wasn't registered and announced for and on behalf of a legal person that is appointed to the Board of Directors Member and therefore, I will serve as an Independent Member".

Further to the Board of Directors Decision No: 2194 dated 14 October 2014, "Woman Board of Directors Member Policy" was created in order to ensure that at least 25% of the Board Members are women. In the light of the aforementioned policy, women will be prioritized when selecting Board of Directors Members from among candidates that possess equal knowledge, experience and competency. The aim is to increase the number of women Directors, which is currently one, gradually to three in the next four years. Board of Directors will evaluate the progress made towards this target on yearly basis.

Regarding the minimum qualities to be sought in appointments to Board Member, the Bank acts in accordance with the provisions of Banking legislation, Turkish Commerce Code and the regulations of Capital Markets Board.

Board Members spend enough time to oversee the Bank's business. Although there isn't any restriction with regards to Board Members' employment out of the Bank, Board of Directors Members do not work in any positions other than their natural positions at the organization that they represent or in organizations owned by the organization that they represent.

Since they are the representatives of corporate shareholders, the law does not require the members of the Board of Directors to be shareholders in the Bank themselves. The stocks in the Bank owned by the Board of Directors are symbolic.

The Board of Directors exercises its authorities fully cognizant of all information needed to fulfill its duties, prudently, and within the framework of the rules of good faith.

As stipulated in the Articles of Association, the CEO is responsible for the day-to-day conduct of the Bank's business within the framework of the principles and limits set by the Board of Directors.

Authorities concerning the conduct of the Bank's business are delegated to executive organs within the framework of the Bank's published powers of signature.

The sanctions that are to be imposed in the event of illegal or irregular acts on the part of employees are set forth in the personnel regulations approved and put into effect by the Board.

In addition, pursuant to Banking Regulation and Supervision Agency's (BRSA) "Regulations on Internal Systems of Banks", the Board of Directors has ultimate responsibility for forming the internal audit, internal control and risk management systems which are defined as "internal control systems"; for their effective, adequate, and proper operation; for the protection of the information provided by the accounting and financial reporting system; and for the determination of authorities and responsibilities throughout the Bank.

5.2. Operating Principles of the Board of Directors

Board of Directors gathers periodically, at least once a month, or more where the Company's business so dictates. The meeting date is set so as to allow participation of all Board Members, and Board of Directors meetings are held by participation of all members, excluding the exceptional cases under unforeseen circumstances.

In principle, Board Members participate in every meeting. Moreover, Board Members may choose to participate Board Meeting on electronic environment.

The Board's first meeting is preferably held on the same day that the board is elected. At this first meeting, the chairman and deputy chairman are elected, duty assignments are made, and committees are formed.

A draft of the agenda for a board meeting is prepared by the CEO and finalized in line with the suggestions of the chairman and other directors. The information and documents pertaining to items on the board's agenda are sent out to members to be reviewed at least seven days before the meeting. In situations where this is not possible, every effort is made to ensure that all members are equally informed about the matters involved.

There is a secretariat in place for the purpose of notifying and organizing the communications with the Board of Directors. Summoning the Board of Directors meetings are made by means of phone at first, which is followed by written invitation.

Each board member is entitled to a single vote. All members' votes are equally counted and no member has a positive or negative veto power.

As stipulated in the Articles of Association, the board convenes with a simple majority of its membership and decisions are passed by a simple majority of those present.

Dissenting votes at Board of Directors meetings and the justifications for them are entered into the meeting's resolutions, and the auditors are notified of this situation. During 2014, no member of the Board cast a dissenting vote at Board meetings.

The Board of Directors convened 57 times between 1 January 2014 and 31 December 2014. In this period, there was not any significant transaction with any affiliated parties that would require approval of General Assembly.

Members of the Board of Directors do not have any transactions or operations that would fall under the scope of prohibition on operation with a company, borrowing to a company or prohibition of competition with TSKB. However, permission is given by the General Assembly as per the provisions of Turkish Commerce Code Articles 395 and 396.

5.3. Number, Structure and Independence of Committees Established by the Board of Directors

Audit Committee

According to the Banking Code Article 24, an Audit Committee established with two non-executive members of Board of Directors. Regulation regarding the assignment, authorization and liability of the Audit Committee, has been approved and entered into force.

Audit Committee has two members, which have been elected from among non-executive members of the board of directors. Current Audit Committee members are Mr. Uygur Şafak Ögün and Mr. Kemal Serdar Dişli.

Operating principles of the Audit Committee is accessible at the Bank's website.

Audit Committee has gathered 35 times in the period of 1 January - 31 December 2014.

Corporate Governance Committee

Corporate Governance Committee was formed and approved at the Board meeting on 30 September 2009, in order to accomplish the Board of Directors' activities according to CMB's Corporate Governance Principles announced published in July 2003 and revised in February 2005.

Corporate Governance Committee is formed by 2 non-executive members of the Board of Directors and the Investor Relations Department Manager. Current members of the Committee are Mr. Kemal Serdar Dişli (Chairman), Mr. Uygur Şafak Ögün (Member) and Mr. Ömer Eryılmaz (Member).

In accordance with the Board of Directors' decision dated 27 February 2013 numbered 2104, the regulations of the Corporate Governance Committee were amended and the duties of the Nomination Committee are incorporated into the duties and responsibilities of the Corporate Governance Committee. Aforementioned regulations were updated in line with the provisions of CMB's Corporate Governance Communique, published on the Official Gazette numbered 28871 dated 3 January 2014 was approved by the Board of Directors in their Decision No: 2104 dated 29 May 2014. Corporate Governance Committee's duties, powers and responsibilities and principles and procedures that apply to their office are published on the Bank's website.

Corporate Governance Committee meets minimum 4 times a year or at anytime when requested by a member, with a predetermined agenda. The Committee has conducted 6 meetings in 2014 at the Bank's head office.

Corporate Governance Principles Compliance Report

Remuneration Committee

Remuneration Committee has been established on 16 February 2011 according to the stipulations of 1st article of the Draft Amendment on Regulation on the Banks' Corporate Governance Principles issued by BRSA and published on the Official Gazette dated 1 November 2006 and has been approved by the Board of Directors meeting dated 27 December 2011. The committee is comprised of two Members of the Board, namely Mr. Uygur Şafak Öğün and Mr. Burhanettin Kantar.

Duties, authorities and responsibilities of the Remuneration Committee as well as the procedures and principles that are applicable to their office can be found at the Bank's website.

Activities of the Bank regarding remuneration are under regular inspection and evaluation with respect to adherence to relevant legislation and policy provisions.

5.4. Risk Management and Internal Control Mechanism

A risk catalogue which was prepared to define the potential risks to which the Bank may be exposed was approved by the Board of Directors and entered into force.

Risk policies that were formulated for the risk categories which are included in this catalogue and which are of the highest importance from the standpoint of the Bank's activities were approved by the Board of Directors and became effective.

In parallel to the provisions of "Risk Catalogue" that was prepared for measuring, assessing and managing the Bank's risks, the necessary structure was formed under Board of Directors to ensure that risk management and internal control activities are conducted in an organized way and within the framework of the risk catalogue.

An "Audit Committee" was set up within the Board of Directors to assist the board in the performance of its audit and monitoring functions. This committee carries out its activities under the Board of Directors through the Board of Inspectors (internal audit), Risk Management, and Internal Control Departments. The Audit Committee is responsible for ensuring on the Board of Directors' behalf, the effectiveness and adequacy of the units referred to as "internal control systems".

The duties and responsibilities of the Board of Inspectors, Internal Control Department and Risk Management Department are all in compliance with the requirements of existing laws and regulations and they are governed by internal regulations that have been approved by the Bank's Board of Directors.

5.5. The Company's Strategic Objectives

Strategic objectives are determined by management taking into account competitive conditions, the overall economic situation, general economic conjuncture, and the Bank's medium and long-term objectives; and they are presented to the approval of Board of Directors.

Recommended strategies and objectives are debated thoroughly and comprehensively by the Board. Performance with respect to approved strategies and objectives is regularly reviewed at monthly board meetings at which the Bank's activities, financial structure and related issues are reviewed and assessed.

In order to effectively and continuously carry out its supervision and control functions, the Board of Directors in principle meets every month.

At the board meetings, the Bank's activities, the performance with respect to realization budget figures and fulfillment of business targets, the Bank's position in its sector, its financial structure and performance standing and the compliance of its reporting and operations with international standards.

5.6. Financial Benefits

Members of the Board of Directors receive no financial benefits other than the monthly honorarium that is paid to them. The amount to be paid as an honorarium is determined in line with the proposals put forward by shareholders at a General Assembly.

No member of the Board of Directors is or has ever been the direct or indirect recipient of any cash loan or non-cash credit extended by the Bank.

The total amount of financial benefits paid such as bonus, dividend, wage, etc. to members of Board of Directors and senior management is TL 7,148 thousand.

Other payments with respect to travelling, accommodation and etc. paid to members of Board of Directors and senior management are equal to TL 347,253.

Profit Distribution Proposal

To the allocation and distribution of Net Profit of 2014 equivalent to TL 369,274,756.14 as follows in accordance with Article 47 of our Articles of Association;

1. in accordance with paragraph (a) of 47th article of our Articles of Association, to the allocation of TL 18,463,737.81 which is 5% of the net profit as legal reserve fund,
2. in accordance with the paragraph (b) of 47th article of our Articles of Association, to the allocation of TL 102,968,272.03 as first dividend,
3. According to article 5-(1)/e of Corporate Tax Code numbered 5520 TL 7,615,247.89 will be classified into a specific account of Equity as "property sale income",
4. Out of the TL 240,227,498.41, the remnant after the reduction of 1-3 articles above, in accordance with the paragraph (d) of 47th article of our Articles of Association,
 - a) to the distribution of gross amount of TL 1,601.52, which is 5% of the aforementioned remainder (to be limited with the part of TL 200,000 of paid-in-capital), to the founder shares to be TL 16.02 to each founder share;
 - b) to the distribution of gross amount of TL 1,201,137.49, which is the 0.5% of the aforementioned remainder to the Members of Board of Directors and to transfer the amount corresponding to the Independent Board Member and the amount remaining after the distribution to be made to Members of the Board regarding their tenure to extraordinary reserve fund,
 - c) to the distribution of gross amount of TL 7,206,824.95, which is the 3% of the aforementioned remainder, to the employees in accordance with the Resolution of Board of Directors;
5. in accordance with the paragraph (e) of 47th article of our Articles of Association, to the allocation of 150 Billion shares, paid-up and non-paid-up, with 1 Kuruş nominal value, (on account of 13.53545%) to be 0.135354 Kuruş to each of them, the total amount of TL 203,031,727.97 as second profit share,
6. in accordance with 519th article of Turkish Trade Code, to the allocation of TL 840,956.40 as statutory reserve fund,
7. to the allocation of TL 27,945,250.08, the remainder, as extraordinary reserve fund,
8. to the distribution of TL 306,000,000, in full, which is the total of first and second profit shares stated in 2nd and 5th articles above, TL 72,000,000 which is 4.8% of the paid-in capital is to be distributed to shareholders as cash dividend and remaining TL 234,000,000 which is 15.6% of the paid-in capital, shall be distributed as stock dividend in the capital increase from TL 1,500,000,000 to TL 1,750,000,000,
9. to the distribution of dividends of the year of 2014 equivalent to TL 250,000,000 as bonus shares subsequent to the registration of the said shares by the Capital Markets Board and the distribution of cash dividends equivalent to TL 72,000,000 starting 30 March 2015; to recommend to the General assembly to entitle the Board of Directors for all procedures related to all issues projected above.

Board of Directors

Assessments on the Operation of Internal Control, Internal Audit and Risk Management Systems, and Their Activities in the Reported Period 2014

General Information about TSKB Internal Systems

As required by the provisions of the Banking Act (Statute 5411) and the Banking Regulation and Supervision Agency's "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process" published in the Official Gazette dated 11 July 2014 and numbered 29057, TSKB Board of Inspectors, Internal Control Department and Risk Management Department conduct their activities subject to the Audit Committee set up to assist the Board of Directors in the fulfillment of its audit and oversight responsibilities. Information concerning internal audit, internal control and risk management activities are given to the Audit Committee through regular meetings. The duties and responsibilities of the Board of Inspectors, the Internal Control Department and the Risk Management Department are in compliance with the requirements of existing laws, regulations, and administrative provisions and have been set out in internal regulations approved by the Board of Directors.

The fundamental principles of the Bank's risk management are: risk-focused auditing; active oversight of the Board of Directors and senior management; setting and monitoring of proper policies and limits; independent, accurate, and timely measurement, assessment, and reporting of risks; and establishment of effective internal control systems.

TSKB Board of Inspectors

TSKB Board of Inspectors reports directly to the Board of Directors through the Audit Committee and is responsible for conducting audit functions concerning all activities of TSKB and its subsidiaries. In this regard, the Board's audits, investigations and inquiries are carried out at all of the Bank's units, branches and subsidiaries.

The Board of Inspectors prepares a detailed internal audit plan for the following year including the units that will be audited; and submits this plan to the Audit Committee for an approval. Internal audit and IT audit activities are carried out by bank inspectors and IT auditors within the framework of the audit plan, in an objective and independent manner, and with all due professional diligence.

Risk assessments are being prepared by the Board of Inspectors that serve as the basis for the preparation of audit plans that take a more effective, risk-focused approach to auditing. In these risk assessments, the risks to which the Bank is exposed and the ways in which they are controlled are taken into consideration to determine priorities in the conduct of audits and how frequently audits should take place. In this way, resources can be used more efficiently and it becomes possible to intervene in potential risky issues more quickly and effectively.

Reports prepared as a result of inspection activities are submitted to the Audit Committee, which examines them and then forwards them to the general manager. The findings and recommendations in these audit reports, as well as the measures and actions taken by the headquarters units are monitored by the Board of Directors.

TSKB Board of Directors maintains a close watch over the activities of TSKB Board of Inspectors, which submits a report setting out the internal audit activities and their results to the Board of Directors through the Audit Committee at 3-month intervals.

In accordance with 7th paragraph of 19th article and 1st paragraph of 33th article of "Regulation on Bank Information Systems and Banking Processes Audit to be Performed by External Audit Institutions" published in the Official Gazette dated 13 January 2010 and numbered 27461, Banks are obliged to submit a "Management Statement", which is prepared by the Board of Directors as of the audit period concerning the internal controls of the information systems and banking processes, to the independent auditor. Related operations are executed by the Board of Inspectors which is authorized by the Board of Directors.

In addition to audit activities, the members of the TSKB Board of Inspectors undertake duties on projects being carried out in the Bank and they take an active part in all aspects of these projects from their original design to final execution.

TSKB Internal Control System

TSKB Internal Control System is structured to ensure that all financial and operational risks involved in the Bank's activities are continuously kept under a reasonable level of control.

The Internal Control Department is responsible for the presence of the internal control system that covers control activities to identify in advance and manage the risks to which the Bank may be exposed in its efforts to achieve its aims; to ensure that the Bank's operations are effective and productive; to protect the Bank's assets; to comply with current laws and regulations; and to safeguard the reliability and integrity of the accounting and financial reporting systems.

The business procedures, work flows, responsibilities, authorities, and limits are continuously reviewed and updated parallel to changing needs, risks, and conditions. Whenever internal controls embedded in the Bank's primary activities and business processes are formulated or changed; they must also be reviewed and approved by the Internal Control Department. During the development of new projects and products, the Internal Control Department plays a proactive role in addition to its regular responsibilities and helps to identify where new internal control points need to be placed.

Business activities take place in a controlled environment thanks to appropriate control mechanisms within individual business processes which respond to risks related to specific activities. Functional responsibilities on an individual activity basis as well as authorities to perform and approve transactions and their limits, system controls, post-transaction controls, and other transaction-specific controls ensure that activities and transactions are always conducted in an effective, correct, and secure manner.

Findings, opinions and recommendations resulting from the control activities of the Internal Control Department are first shared and evaluated with related process owners. In this way, additional controls are put into effect and preventive measures are taken timely; practical and effective process improvement solutions are implemented. All processes and activities are continuously and closely monitored and assessed by the Internal Control Department as well as by those who perform them.

TSKB Audit Committee periodically assesses the effectiveness of the internal control system and the results of internal control activities through activity reports prepared by the Internal Control Department.

The duties and responsibilities of the Compliance Officer as stated in the "Prevention of Laundering Proceeds of Crime" Law and other related regulations in effect have been fulfilled by Mr. Fuat Sönmez who is the Head of Internal Control Department and assigned as the legal "Compliance Officer" by the Bank on 1 December 2013. The activities and controls regarding prevention of laundering proceeds of crime and financing of terrorism are executed in compliance with related legislations and the Bank's internal policies. The results of the activities regarding compliance are also regularly evaluated by the Audit Committee through the annual reports.

The Internal Control Department and other related departments continued to follow up the announcements and regulations of legal authorities in 2014.

TSKB's Risk Management System

The risk management process, which is organized under risk management regulations and serves for the establishment of a companywide common risk culture, is of such a structure in which risks are defined in compliance with international regulations governing the performance of measurement, analysis, monitoring and reporting activities.

The Risk Management Department is responsible for the formulation of risk management strategies to be followed by the Bank, as well as of its targets and policies, implementation of risk management activities and definition, measurement, monitoring, analysis, assessment and reporting of risk exposures. Within this scope, it contributes to the studies aimed at the development and integration of systems that will facilitate the monitoring of the compliance of risks with policies and standards and Bank's limits, identification of breaches, analysis of the risk dimension through various scenarios, measurement, monitoring and reporting of risks. The Risk Management Department identifies the main risks faced by the Bank, measures the risks undertaken, determines and develops methods to be used in risk measurements and checks consistency. The Risk Management Department also conducts studies of compliance with the Basel criteria.

The Risk Management Department submits to the Board of Directors, through the Audit Committee, the detailed solo and consolidated risk management reports that are prepared on monthly and quarterly basis.

TSKB has determined in the TSKB Risk Management Policies and TSKB Capital Adequacy Policies the regulations not only for the existing risks but also for possible future risks. In this framework, the executive management prepares strategic plans which take into account the economic activities in the country, sectoral developments, competition, funding and placement opportunities and develops and projects base and alternative scenarios for one year and long term periods. With the help of these studies, possible various scenarios and the related bank's financial structure and capital adequacy levels are identified and the relevant action plans are developed.



Kemal Serdar DİŞLİ
Member of the Board of Directors
and Audit Committee



Uygur Şafak ÖĞÜN
Member of the Board of Directors
and Audit Committee

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Financial Statements As of and For the Year Ended 31 December 2014



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

The Report Related to Unconsolidated Financial Statements

We have audited the unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") as of 31 December 2014 and the related unconsolidated income statement, unconsolidated statement of cash flows and unconsolidated 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 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 unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as of 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards as per the Article 37 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 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.

Türkiye Sinai Kalkınma Bankası A.Ş.**The Unconsolidated Financial Report of Türkiye Sinai Kalkınma Bankası A.Ş.
For the year Ended 31 December 2014**

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

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

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

29 January 2015



Adnan BALI

Chairman of Board of Directors



Özcan TÜRKAKIN

Member of Board of Directors and
General Manager



Ömer ERYILMAZ

Executive Vice President in Charge
of Financial Reporting



Mustafa GÖKTAŞ

Head of
Financial Control Department



Kemal Serdar DİŞLİ

Member of Audit Committee



Uygur Şafak ÖĞÜN

Member of Audit Committee

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

Name-Surname/Title: Ayşe Nazlıca/Head of Budget Planning and Investor Relations

Telephone Number: (212) 334 51 94

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Türkiye Sınai Kalkınma Bankası A.Ş.

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

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

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

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

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

Current Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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 Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	650.001	50,00	550.001	-
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	-

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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 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 Dışlı ⁽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 Özsuca ⁽³⁾	Member of the Board of Directors	17 April 2014	Postgraduate	21
Kamil Yılmaz ⁽⁴⁾	Member of the Board of Directors	25 March 2014	Doctorate	23
Uygur Şafak Öğün ⁽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 November 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 Dışlı 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 Özsuca 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 duty was expired as the Member of the Audit Committee. In the Audit Committee meeting held on 8 December 2014, Uygur Şafak Öğün 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.

Türkiye Sınai Kalkınma Bankası A.Ş.**Notes to the 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 Bank**

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

Current Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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 Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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	-

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

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") 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 Bank is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Bank, which operates as a non-deposit accepting bank, played a major role on manufacturing and finance sectors in every phase of the economic development of Turkey. The Bank started its journey in 1950 financing the private sector investments in Turkey and today it provides loans and project finance with the goal of sustainable development to corporations in different fields. As a leader in meeting the long term finance needs of the private sector, the Bank also continues to offer solutions with respect to the newest needs and client demands.

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

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. and Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. are not consolidated since they are not in scope of financial institutions according to related communiqué.

The Bank and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş. 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 Bank has no shares on banks and financial institutions, with shareholding of more than 10% and deducted from capital.

Türkiye Sınai Kalkınma Bankası A.Ş.**Notes to the 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)****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.

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 Bank and its subsidiaries or the reimbursement of liabilities

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Balance Sheet

(Statement of Financial Position) at 31 December 2014

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

ASSETS	Note Ref.	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	31.636	476.152	507.788	42.105	302.864	344.969
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	15.440	56.491	71.931	6.655	34.032	40.687
2.1 Trading financial assets		15.440	56.491	71.931	6.655	34.032	40.687
2.1.1 Public sector debt securities		-	-	-	-	-	-
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		15.440	56.491	71.931	6.655	34.032	40.687
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	(3)	22.052	100.266	122.318	418	6.902	7.320
IV. MONEY MARKET PLACEMENTS		104.913	-	104.913	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		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.955.908	558.988	3.514.896	2.588.430	378.066	2.966.496
5.1 Share certificates		26.807	6.240	33.047	41.510	2.957	44.467
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)	2.525.172	8.455.448	10.980.620	2.318.337	6.853.905	9.172.242
6.1 Loans		2.525.172	8.455.448	10.980.620	2.318.337	6.853.905	9.172.242
6.1.1 Loans to risk group of the Bank		331.219	126.710	457.929	295.191	170.979	466.170
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2.193.953	8.328.738	10.522.691	2.023.146	6.682.926	8.706.072
6.2 Non performing loans		14.897	2.039	16.936	15.792	20.461	36.253
6.3 Specific provisions (-)		(14.897)	(2.039)	(16.936)	(15.792)	(20.461)	(36.253)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	-	-	-
8.1 Public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	161.038	-	161.038	152.328	-	152.328
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		161.038	-	161.038	152.328	-	152.328
9.2.1 Financial investments		159.483	-	159.483	150.682	-	150.682
9.2.2 Non-financial investments		1.555	-	1.555	1.646	-	1.646
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	134.204	-	134.204	134.698	-	134.698
10.1 Unconsolidated financial subsidiaries		133.825	-	133.825	134.086	-	134.086
10.2 Unconsolidated non-financial subsidiaries		379	-	379	612	-	612
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	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)	10.262	-	10.262	7.335	-	7.335
XV. INTANGIBLE ASSETS (Net)	(13)	690	-	690	645	-	645
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		690	-	690	645	-	645
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	14.920	-	14.920	15.036	-	15.036
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		14.920	-	14.920	15.036	-	15.036
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	30.337	46.796	77.133	19.212	45.621	64.833
TOTAL ASSETS		6.006.572	9.694.141	15.700.713	5.285.249	7.625.908	12.911.157

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Balance Sheet

(Statement of Financial Position) at 31 December 2014

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

LIABILITIES	Note Ref.	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		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)	5.371	59.460	64.831	7.277	33.507	40.784
III. FUNDS BORROWED	(3)	3.068	9.876.550	9.879.618	-	9.002.255	9.002.255
IV. MONEY MARKET BALANCES		1.922.659	239.835	2.162.494	1.362.794	246.231	1.609.025
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	3.893	-	3.893
4.3 Funds provided under repurchase agreements		1.922.659	239.835	2.162.494	1.358.901	246.231	1.605.132
V. MARKETABLE SECURITIES ISSUED (Net)	(3)	-	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. SUNDRY CREDITORS		70.688	13.859	84.547	72.777	4.866	77.643
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)	215.929	-	215.929	161.195	1.865	163.060
12.1 General loan loss provisions		125.194	-	125.194	104.331	-	104.331
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		7.735	-	7.735	6.614	-	6.614
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		83.000	-	83.000	50.250	1.865	52.115
XIII. TAX LIABILITY	(8)	36.239	-	36.239	20.993	-	20.993
13.1 Current tax liability		36.239	-	36.239	20.993	-	20.993
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		2.237.173	50.912	2.288.085	1.869.036	15.648	1.884.684
16.1 Paid-in capital	(11)	1.500.000	-	1.500.000	1.300.000	-	1.300.000
16.2 Capital reserves		61.408	50.912	112.320	(11.027)	15.648	4.621
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund	(11)	51.714	50.912	102.626	(20.321)	15.648	(4.673)
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 funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	374	-	374
16.3 Profit reserves		306.491	-	306.491	254.006	-	254.006
16.3.1 Legal reserves	(11)	173.329	-	173.329	156.268	-	156.268
16.3.2 Statutory reserves		75.641	-	75.641	75.641	-	75.641
16.3.3 Extraordinary reserves	(11)	54.612	-	54.612	18.597	-	18.597
16.3.4 Other profit reserves		2.909	-	2.909	3.500	-	3.500
16.4 Profit or loss		369.274	-	369.274	326.057	-	326.057
16.4.1 Prior years' income/losses		-	-	-	-	-	-
16.4.2 Current year income/loss		369.274	-	369.274	326.057	-	326.057
TOTAL LIABILITIES AND EQUITY		4.491.750	11.208.963	15.700.713	3.495.018	9.416.139	12.911.157

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Off-Balance Sheet Items at 31 December 2014

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

	Note Ref	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		2.078.989	11.413.484	13.492.473	1.611.464	6.726.766	8.338.230
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)	393.387	2.269.162	2.662.549	584.686	1.874.009	2.458.695
2.1 Irrevocable commitments		15.597	137.316	152.913	221.292	363.653	584.945
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		2.718	36.610	39.328	7.698	61.097	68.795
2.2 Revocable commitments		377.790	2.131.846	2.509.636	363.394	1.510.356	1.873.750
2.2.1 Revocable loan granting commitments		377.790	2.131.846	2.509.636	363.394	1.510.356	1.873.750
2.2.2 Other revocable commitments		-	-	-	-	-	-

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Off-Balance Sheet Items at 31 December 2014

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

	Note Ref	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.253.755	8.123.100	9.376.855	520.857	3.905.258	4.426.115
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		1.253.755	8.123.100	9.376.855	520.857	3.905.258	4.426.115
3.2.1 Forward foreign currency buy/sell transactions		20.400	28.697	49.097	19.461	140.956	160.417
3.2.1.1 Forward foreign currency transactions-buy		18.765	5.780	24.545	-	81.192	81.192
3.2.1.2 Forward foreign currency transactions-sell		1.635	22.917	24.552	19.461	59.764	79.225
3.2.2 Swap transactions related to f.c. and interest rates		549.286	7.216.864	7.766.150	130.408	3.330.530	3.460.938
3.2.2.1 Foreign currency swaps-buy		200.539	1.129.978	1.330.517	47.966	427.251	475.217
3.2.2.2 Foreign currency swaps-sell		301.371	961.302	1.262.673	33.050	442.651	475.701
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)		25.996.948	106.727.166	132.724.114	23.442.801	95.333.522	118.776.323
IV. ITEMS HELD IN CUSTODY		1.854.976	256.182	2.111.158	1.547.507	256.120	1.803.627
4.1 Customers' securities held		-	-	-	-	-	-
4.2 Investment securities held in custody		101.463	256.182	357.645	118.763	256.120	374.883
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		14.028.396	64.070.805	78.099.201	11.539.856	58.279.203	69.819.059
5.1 Marketable securities		422.936	3.759.727	4.182.663	392.936	2.677.590	3.070.526
5.2 Guarantee notes		117.157	1.571.990	1.689.147	85.396	1.587.404	1.672.800
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		353.857	21.024.939	21.378.796	416.410	21.147.243	21.563.653
5.6 Other pledged items		13.134.446	37.714.149	50.848.595	10.645.114	32.866.966	43.512.080
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)		28.075.937	118.140.650	146.216.587	25.054.265	102.060.288	127.114.553

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated 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)	801.367	637.646
1.1 Interest on loans		503.328	394.579
1.2 Interest received from reserve deposits		53	-
1.3 Interest received from banks		1.096	292
1.4 Interest received from money market placements		14.318	13.988
1.5 Interest received from marketable securities portfolio		282.468	228.348
1.5.1 Financial assets held for trading		361	346
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		39	133
II. INTEREST EXPENSES	(2)	(255.135)	(151.309)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(108.961)	(84.049)
2.3 Interest on money market borrowings		(138.095)	(67.213)
2.4 Interest on securities issued		(8.025)	-
2.5 Other interest expense		(54)	(47)
III. NET INTEREST INCOME (I - II)		546.232	486.337
IV. NET FEES AND COMMISSIONS INCOME		11.164	10.705
4.1 Fees and commissions received		12.141	11.668
4.1.1 Non-cash loans		9.712	7.407
4.1.2 Other		2.429	4.261
4.2 Fees and commissions paid		(977)	(963)
4.2.1 Non-cash loans		(4)	(3)
4.2.2 Other		(973)	(960)
V. DIVIDEND INCOME	(3)	24.568	30.315
VI. NET TRADING INCOME	(4)	14.625	(12.840)
6.1 Securities trading gains/(losses)		(1.605)	3.625
6.2 Derivative financial instruments gains/losses		(66.817)	(8.554)
6.3 Foreign exchange gains/losses (net)		83.047	(7.911)
VII. OTHER OPERATING INCOME	(5)	39.470	7.805
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		636.059	522.322
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(60.110)	(48.238)
X. OTHER OPERATING EXPENSES (-)	(7)	(114.271)	(73.190)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		461.678	400.894
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT/(LOSS) ON EQUITY METHOD		-	-
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	461.678	400.894
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(92.404)	(74.837)
16.1 Provision for current income taxes		(120.210)	(55.093)
16.2 Provision for deferred taxes		27.806	(19.744)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	369.274	326.057
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)	369.274	326.057
Earnings/(losses) per share		0,246	0,217

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated 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 Current 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	141.163	(152.615)
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	(6.532)	(6.734)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(27.922)	29.936
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	106.709	(129.413)
XI. CURRENT YEAR PROFIT/LOSS	369.274	326.057
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	369.410	319.634
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	475.983	196.644

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Changes in Equity

For the Year Ended 31 December 2014

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

	CHANGES IN SHAREHOLDER'S EQUITY	Note Ref.	Paid in Capital	Effect of Inflation on Paid in Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves
Prior Period - 31 December 2013								
I.	Opening Balance		1.100.000	374	-	-	122.876	60.277
	Changes during the period							
II.	Increase/Decrease related to merger		-	-	-	-	-	-
III.	Marketable securities value increase fund		-	-	-	-	-	-
IV.	Hedging (Effective portion)		-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-
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	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-
12.2	Internal sources		200.000	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-
XV.	Effect of inflation on paid-in capital		-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-
XVII.	Period net income		-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	33.392	15.364
18.1	Dividends distributed		-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	33.392	15.364
18.3	Other		-	-	-	-	-	-
	Closing Balance		1.300.000	374	-	-	156.268	75.641
Current Period - 31 December 2014								
I.	Opening Balance		1.300.000	374	-	-	156.268	75.641
	Changes during the period							
II.	Increase/Decrease related to merger		-	-	-	-	-	-
III.	Marketable securities value increase fund		-	-	-	-	-	-
IV.	Hedging (Effective portion)		-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-
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	(1)	200.000	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-
12.2	Internal sources		200.000	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-
XV.	Effect of inflation on paid-in capital		-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-
XVII.	Period net income		-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	17.061	-
18.1	Dividends distributed		-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	17.061	-
18.3	Other		-	-	-	-	-	-
	Closing Balance		1.500.000	374	-	-	173.329	75.641

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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
1.148	2.920	-	307.264	125.319	35.157	-	-	-	1.755.335	-	1.755.335
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	(129.992)	-	-	-	-	(129.992)	-	(129.992)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
28.379	-	-	(2.142)	-	(26.237)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	580	-	-	-	-	-	-	-	580	-	580
-	-	326.057	-	-	-	-	-	-	326.057	-	326.057
21.070	-	-	(137.122)	-	-	-	-	-	(67.296)	-	(67.296)
-	-	-	(67.296)	-	-	-	-	-	(67.296)	-	(67.296)
21.070	-	-	(69.826)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
18.597	3.500	326.057	-	(4.673)	8.920	-	-	-	1.884.684	-	1.884.684
18.597	3.500	-	326.057	(4.673)	8.920	-	-	-	1.884.684	-	1.884.684
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	107.299	-	-	-	-	107.299	-	107.299
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(400)	-	400	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(200.000)	-	-	-	-	-	-	-	-
-	-	-	(200.000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	(591)	-	-	-	-	-	-	-	(591)	-	(591)
-	-	369.274	-	-	-	-	-	-	369.274	-	369.274
36.015	-	-	(125.657)	-	-	-	-	-	(72.581)	-	(72.581)
-	-	-	(72.581)	-	-	-	-	-	(72.581)	-	(72.581)
36.015	-	-	(53.076)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
54.612	2.909	369.274	-	102.626	9.320	-	-	-	2.288.085	-	2.288.085

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Cash Flows

For the Year Ended 31 December 2014

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

	Note Ref.	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		289.917	566.364
1.1.1 Interest received		542.908	721.466
1.1.2 Interest paid		(235.955)	(148.727)
1.1.3 Dividends received		9.205	9.169
1.1.4 Fees and commissions received		12.141	11.668
1.1.5 Other income	(1)	19.538	7.555
1.1.6 Collections from previously written off loans		9.466	1.276
1.1.7 Payments to personnel and service suppliers		(57.844)	(55.486)
1.1.8 Taxes paid		(144.097)	(67.971)
1.1.9 Others	(1)	134.555	87.414
1.2 Changes in operating assets and liabilities		(534.180)	(187.889)
1.2.1 Net (increase) decrease in financial assets		-	832
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		(1.833.960)	(1.496.002)
1.2.5 Net (increase) decrease in other assets	(1)	(191.931)	(227.717)
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		869.260	1.202.057
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	622.451	332.941
I. Net cash provided by/(used in) banking operations		(244.263)	378.475
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(318.873)	(298.720)
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)	(6.689)	(662)
2.4 Fixed asset sales	(3)	2.935	1.197
2.5 Cash paid for purchase of financial assets available for sale		(1.460.647)	(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)	(343)	(290)
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)	5.105	7.536
V. Net increase/(decrease) in cash and cash equivalents		175.541	19.995
VI. Cash and cash equivalents at beginning of the period	(4)	85.561	65.566
VII. Cash and cash equivalents at end of the period	(4)	261.102	85.561

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

Türkiye Sinai Kalkınma Bankası 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.

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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 financial statements:

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

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

Additional paragraph for convenience translation to English

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

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

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

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

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

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

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

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

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

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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 (Continued)

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.

III. Explanations on forward and option contracts and derivative instruments

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

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

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

According to 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.

IV. Explanations on interest income and expenses

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

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

V. Explanations on fees and commission income and expenses

Fees and commissions received from cash loans, that are not an integral part of the effective interest rate, and fees for various banking services are recorded as income when collected. Fees and commissions paid for the funds borrowed, which are not integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. As of 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

VI. Explanations on financial assets

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

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

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

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

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

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

Cash, Banks and Other Financial Institutions:

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

Marketable Securities:

The Bank classifies its marketable securities in 3 groups:

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

VI. Explanations on financial assets (continued)

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

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

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

Explanations on investments in associates and subsidiaries:

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

Loans:

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

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

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

VII. Explanations on impairment on financial assets

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

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

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

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

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

As a consequence of the regulation published in Official Gazette No. 28789 dated 8 October 2013 amending the "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", for the banks, of which the consumer loans exceed twenty five percent of total loans, general provision ratio is four percent for consumer loans which are followed under standard loans and receivables except housing loans; and is eight percent for the loans under close monitoring except housing loans. Since the consumer loans of the Bank are composed of personnel loans as of 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 Bank has started to calculate general loan loss provision thereby using these ratios after publishment of the regulation.

VIII. Explanations on offsetting of financial assets and liabilities

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

Türkiye Sinai Kalkınma Bankası A.Ş.

Notes to the 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)

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

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

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

X. Explanations on assets held for sale and discontinued operations

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and 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.

XI. Explanations on goodwill and other intangible assets

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

XII. Explanations on tangible assets

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

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

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

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

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

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

XIII. Explanations on leasing transactions

The Bank as Lessor

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

The Bank as Lessee

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

XIV. Explanations on provisions and contingent liabilities

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

Explanations on contingent assets

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

XV. Explanations on liabilities regarding employee benefits

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

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

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

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

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

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, as of 31 December 2014, there is no technical or actual shortage requiring provision.

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

XVI. Explanations on taxation

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

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

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

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

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

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

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

Transfer pricing

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

XVII. Additional explanations on borrowings

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 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

XVIII. Explanations on share certificates issued

In the current period, in the meeting of the General Assembly held on 27 March 2014, it has been resolved that, paid-in capital of the Bank 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 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.

XIX. Explanations on acceptances

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

XX. Explanations on government incentives

The Bank does not use government incentives.

XXI. Explanations on segment reporting

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

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 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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)

XXI. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	332.850	213.382	-	546.232
Net Fees and Commission Income	9.794	1.370	-	11.164
Other Income	25.782	16.279	36.743	78.804
Other Expense	(73.457)	(12.168)	(88.897)	(174.522)
Profit Before Tax	294.969	218.863	(52.154)	461.678
Tax Provision				(92.404)
Net Profit				369.274
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	10.980.620	4.321.846	103.005	15.405.471
Investment in Associates and Subsidiaries	-	-	295.242	295.242
Total Assets	10.980.620	4.321.846	398.247	15.700.713
Segment Liabilities	10.856.683	2.219.230	336.715	13.412.628
Shareholders' Equity	-	-	2.288.085	2.288.085
Total Liabilities	10.856.683	2.219.230	2.624.800	15.700.713
Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	298.377	187.960	-	486.337
Net Fees and Commission Income	8.001	2.348	356	10.705
Other Income	7.614	-	38.135	45.749
Other Expense	(72.444)	(31.637)	(37.816)	(141.897)
Profit Before Tax	241.548	158.671	675	400.894
Tax Provision				(74.837)
Net Profit				326.057
Prior Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	9.176.760	3.359.522	87.849	12.624.131
Investment in Associates and Subsidiaries	-	-	287.026	287.026
Total Assets	9.176.760	3.359.522	374.875	12.911.157
Segment Liabilities	8.905.217	1.859.560	261.696	11.026.473
Shareholders' Equity	-	-	1.884.684	1.884.684
Total Liabilities	8.905.217	1.859.560	2.146.380	12.911.157

XXII. Explanations on other matters

None.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated capital adequacy standard ratio

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

As of 31 December 2014, the Bank's unconsolidated capital adequacy ratio in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 18,09%.

Information related to the unconsolidated capital adequacy standard ratio

Current Period	Risk Weights ^(*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	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 corporates	-	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 Bank has no credit risk related to 10%, 250% and 1250% risk weight.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

For the Year Ended 31 December 2014

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

Prior Period	Risk Weights ^(*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.334.350	633.468	2.348.062	-	8.955.146	13	35
Risk Types							
Contingent and non-contingent claims on sovereigns	2.334.314	-	368.699	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	1.500	-	-
Contingent and non-contingent claims on multilateral development banks	-	319	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	-	419.010	783.400	-	-	-	-
Contingent and non-contingent claims on corporates	-	214.139	777.505	-	8.483.099	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	418.458	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by agency	-	-	-	-	-	13	35
Securities secured by mortgage	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-
Short-term claims on banks and corporate	-	-	-	-	-	-	-
Undertakings for collective investments in transferable securities	-	-	-	-	106.009	-	-
Other claims	36	-	-	-	364.538	-	-

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

Summary information related to the capital adequacy standard ratio

	Current Period	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	982.976	820.477
Capital Requirement for Market Risk (CRMR)	27.906	15.916
Capital Requirement for Operational Risk (CROR)	65.693	56.851
Shareholders' Equity	2.434.434	2.026.807
Shareholders' Equity/((CRCR+CRMR+CROR) *12,5)*100)	18,09	18,15
Principal Capital/((CRCR+CRMR+CROR) *12,5)*100)	16,99	
Core Capital/((CRCR+CRMR+CROR) *12,5)*100)	16,99	

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity

	Current Period
TIER 1 CAPITAL	
Paid-in capital to be entitled for compensation after all creditors	1.500.374
Share premium	-
Share cancellation profits	-
Legal reserves	306.491
Other comprehensive income according to TAS	128.770
Profit	369.274
Net current period profit	369.274
Prior period profit	-
Provisions for possible losses	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-
Tier I Capital Before Deductions	2.304.909
Deductions From Tier I Capital	
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	16.824
Leasehold improvements on operational leases (-)	745
Goodwill and intangible assets and related deferred tax liabilities (-)	690
Net deferred tax assets/liabilities (-)	-
Shares obtained against article 56, paragraph 4 of the banking law (-)	-
Investments in own common equity (-)	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank does not own 10% or less of the issued share capital exceeding the 10% threshold of above tier i capital (-)	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above tier i capital (-)	-
Mortgage servicing rights exceeding the 10% threshold of tier I capital (-)	-
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of tier I 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
Tier 1 capital	2.286.650

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

	Current Period
ADDITIONAL CORE CAPITAL	
Preferred stock not included in tier I capital and the related share premiums	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained after 1.1.2014)	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained before 1.1.2014)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
Direct and indirect investments of the Bank on its own additional core capital (-)	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above tier I capital (-)	-
The total of net long position of the direct or indirect investments in additional tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital (-)	-
Other items to be defined by the BRSA (-)	-
Deductions from additional core capital in cases where there are no adequate tier II capital (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	
Goodwill and other intangible assets and related deferred taxes not deducted from tier I capital as per the temporary article 2, clause 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
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
Pledged assets of the shareholders to be used for the bank's capital increases	-
General provisions	125.194
Tier II Capital before Deductions	148.244
Deductions from Tier II Capital	
Direct and indirect investments of the Bank on its own tier II capital (-)	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above tier I capital (-)	-
The total of net long position of the direct or indirect investments in additional core capital and tier II capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of tier I capital (-)	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	148.244

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

	Current Period
CAPITAL	2.434.894
Loans granted against the articles 50 and 51 of the Banking Law (-)	-
Net book values of movables and immovable 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
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of subordinated debts or debt instruments purchased from such parties and qualified as subordinated debts (-)	-
Deductions as per the article 20, clause 2 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-
Other items to be defined by the BRSA (-)	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% Threshold of above Tier I capital not deducted from Tier I capital, additional core capital or Tier II capital as per the temporary article 2, clause 1 of the regulation (-)	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I capital not deducted from additional core capital or tier II capital as per the temporary article 2, clause 1 of the regulation (-)	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from tier I capital as per the temporary article 2, clause 2, paragraph (1) and (2) and temporary article 2, clause 1 of the regulation (-)	-
EQUITY	2.434.434
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
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
Remaining mortgage servicing rights	-
Net deferred tax assets arising from temporary differences	31.668

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

Components of items of shareholders' equity subject to temporary applications

	The Bank	
	Amount considered in the calculation of equity of current period	Total Amount
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	-	-
Net Deferred Tax Asset/Liability	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	23.050	115.250

Details on subordinated liabilities

The subordinated loan that the Bank has used from the International Finance Corporation (IFC) evaluated as subordinated debt securities due to having the conditions stated in the Article 8 of the Regulation on Equity of Banks and BRSA permission; and as of 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.

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

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

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

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

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

The evaluation of the Bank's internal capital adequacy assessment in terms of current and future activities is carried out within the framework of the principles identified at Capital Adequacy Policy approved in the Board of Directors meeting held on 28 September 2012.

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, and by this means, to ensure keeping sufficient capital to cover these risks and to ensure the application of appropriate risk management techniques.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

The Bank's internal assessment process is risk-oriented and future-oriented. Current and future capital requirements are analyzed in accordance with the 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 Bank's strategy and risk appetite.

Within the scope of the process, for the three-year period, the Bank's capital requirement and internal capital adequacy is evaluated, based on the 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 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 Bank's credit committee and the credit management. The 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to 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	Risk Amount ^(*)	Average Risk Amount ^(**)
Contingent and non-contingent claims on sovereigns	3.654.952	2.980.264
Contingent and non-contingent claims on regional governments and local authorities	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	1.086	2.469
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	3.312.714	3.028.188
Contingent and non-contingent claims on corporates	14.395.427	12.987.062
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-
Contingent and non-contingent claims secured by real estate property	439.328	341.084
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	-	71.263
Other claims	407.921	361.912

^(*) 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 UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to 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	Risk Amount ^(*)	Average Risk Amount ^(**)
Contingent and non-contingent claims on sovereigns	3.130.944	3.002.983
Contingent and non-contingent claims on regional governments and local authorities	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	7.515	9.826
Contingent and non-contingent claims on multilateral development banks	1.593	133
Contingent and non-contingent claims on international organizations	-	-
Contingent and non-contingent claims on banks and capital market intermediary	2.843.332	2.233.527
Contingent and non-contingent claims on corporates	11.639.763	10.646.962
Contingent and non-contingent claims included in the regulatory retail portfolios	-	30.973
Contingent and non-contingent claims secured by real estate property	418.458	135.809
Past due loans	-	-
Higher-risk categories defined by agency	48	26
Securities secured by mortgage	-	-
Securitization exposures	-	-
Short-term claims on banks and corporate	-	-
Undertakings for collective investments in transferable securities	106.009	571.907
Other claims	374.075	382.732

^(*) 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 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.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

If exposed to a significant degree of credit risk, the 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 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 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.

The 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 83,50% and 98,27% of the total cash loans portfolio of the Bank respectively (31 December 2013: 85,44% and 98,48%).

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

The first 100 and 200 largest cash and non cash loans constitute 81,66% and 97,58% of the total on and off balance sheet accounts of the Bank respectively (31 December 2013: 84,41% and 97,83%).

The Bank calculated the general loan loss provision of TL 125.194 (31 December 2013: TL 104.331).

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Profile of Significant Exposures in Major Regions

	Risk Types ^(*)						
	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
Current Period							
Domestic	3.555.188	-	6	-	-	879.987	11.434.898
European Union (EU)							
Countries	-	-	-	613	-	169.225	-
OECD Countries ^(**)	-	-	-	-	-	6.554	-
Off-Shore Banking Regions	-	-	-	-	-	-	1.022
USA, Canada	-	-	-	-	-	20.201	-
Other Countries	-	-	-	-	-	36.428	53.446
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	193.888
Unallocated Assets/Liabilities ^(***)	-	-	207	-	-	-	2.848
Total	3.555.188	-	213	613	-	1.112.395	11.686.102

^(*) 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

	Risk Types ^(*)						
	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
Prior Period							
Domestic	2.687.976	-	464	-	-	952.900	9.280.606
European Union (EU)							
Countries	-	-	-	319	-	164.428	-
OECD Countries ^(**)	-	-	-	-	-	1.708	-
Off-Shore Banking Regions	-	-	-	-	-	-	22.359
USA, Canada	-	-	-	-	-	49.900	-
Other Countries	-	-	-	-	-	33.473	49.145
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	122.631
Unallocated Assets/Liabilities ^(***)	15.037	-	1.036	-	-	1	2
Total	2.703.013	-	1.500	319	-	1.202.410	9.474.743

^(*) 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.

Risk Types ^(*)										
Contingent and non-contingent claims included in the regulatory real estate portfolios	Contingent and non-contingent claims secured by residential 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	
-	431.865	-	46	-	-	-	-	44.219	16.346.209	
-	-	-	-	-	-	-	-	6.240	176.078	
-	-	-	-	-	-	-	-	-	6.554	
-	-	-	-	-	-	-	-	-	1.022	
-	-	-	-	-	-	-	-	3.029	23.230	
-	-	-	-	-	-	-	-	-	89.874	
-	7.463	-	-	-	-	-	-	308.270	509.621	
-	-	-	-	-	-	-	-	38.754	41.809	
-	439.328	-	46	-	-	-	-	400.512	17.194.397	

Risk Types ^(*)										
Contingent and non-contingent claims included in the regulatory real estate portfolios	Contingent and non-contingent claims secured by residential 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	
-	315.648	-	48	-	-	-	92.332	42.721	13.372.695	
-	-	-	-	-	-	-	-	2.957	167.704	
-	-	-	-	-	-	-	-	-	1.708	
-	-	-	-	-	-	-	-	-	22.359	
-	-	-	-	-	-	-	-	-	49.900	
-	-	-	-	-	-	-	-	-	82.618	
-	102.810	-	-	-	-	-	13.677	292.975	532.093	
-	-	-	-	-	-	-	-	25.921	41.997	
-	418.458	-	48	-	-	-	106.009	364.574	14.271.074	

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Risk profile by sectors or counterparties

Current Period	Risk Types ^(*)						
	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
Agriculture	-	-	-	-	-	-	2.636
Farming and Stockbreeding	-	-	-	-	-	-	2.636
Forestry	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	2.688	7.722.377
Mining and Quarrying	-	-	-	-	-	-	92.947
Production	-	-	-	-	-	42	2.332.527
Electricity, Gas and Water	-	-	-	-	-	2.646	5.296.903
Construction	-	-	-	-	-	-	188.052
Services	519.414	-	6	613	-	1.109.707	3.662.194
Wholesale and Retail Trade	-	-	-	-	-	-	147.598
Accommodation and Dining	-	-	-	-	-	-	454.606
Transportation and Telecommunication	-	-	-	-	-	-	741.941
Financial Institutions	519.414	-	6	613	-	1.109.707	1.428.368
Real Estate and Rental Services	-	-	-	-	-	-	218.682
Professional Services	-	-	-	-	-	-	574.625
Educational Services	-	-	-	-	-	-	78.504
Health and Social Services	-	-	-	-	-	-	17.870
Others	3.035.774	-	207	-	-	-	110.843
Total	3.555.188	-	213	613	-	1.112.395	11.686.102

^(*) Risk types contained in the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" have been taken into account.

Risk Types ^(*)													
Contingent and non-contingent claims included in the regulatory real estate portfolios	Contingent and non-contingent claims secured by residential 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	TL	FC	Total		
-	-	-	-	-	-	-	-	399	3.035	-	3.035		
-	-	-	-	-	-	-	-	-	2.636	-	2.636		
-	-	-	-	-	-	-	-	399	399	-	399		
-	-	-	-	-	-	-	-	-	-	-	-		
-	19.270	-	-	-	-	-	-	20.217	835.656	6.928.896	7.764.552		
-	693	-	-	-	-	-	-	-	-	93.640	93.640		
-	18.577	-	-	-	-	-	-	11.036	298.762	2.063.420	2.362.182		
-	-	-	-	-	-	-	-	9.181	536.894	4.771.836	5.308.730		
-	-	-	-	-	-	-	-	1	45.620	142.433	188.053		
-	420.058	-	-	-	-	-	-	336.797	1.558.962	4.489.827	6.048.789		
-	680	-	-	-	-	-	-	-	5.823	142.455	148.278		
-	93.638	-	-	-	-	-	-	-	-	548.244	548.244		
-	-	-	-	-	-	-	-	1.555	1.555	741.941	743.496		
-	19.988	-	-	-	-	-	-	334.863	1.473.157	1.939.802	3.412.959		
-	235.393	-	-	-	-	-	-	-	203	453.872	454.075		
-	17.290	-	-	-	-	-	-	379	68.155	524.139	592.294		
-	7.138	-	-	-	-	-	-	-	7.020	78.622	85.642		
-	45.931	-	-	-	-	-	-	-	3.049	60.752	63.801		
-	-	-	46	-	-	-	-	43.098	2.550.332	639.636	3.189.968		
-	439.328	-	46	-	-	-	-	400.512	4.993.605	12.200.792	17.194.397		

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Risk profile by sectors or counterparties (continued)

Prior Period	Risk Types ^(*)						
	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
Agriculture	-	-	-	-	-	-	5.324
Farming and Stockbreeding	-	-	-	-	-	-	5.324
Forestry	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	9.218	6.575.103
Mining and Quarrying	-	-	-	-	-	-	79.834
Production	-	-	-	-	-	1.255	2.240.058
Electricity, Gas and Water	-	-	-	-	-	7.963	4.255.211
Construction	-	-	-	-	-	-	121.744
Services	358.870	-	6	319	-	1.193.191	2.664.061
Wholesale and Retail Trade	-	-	-	-	-	-	28.714
Accommodation and Dining	-	-	-	-	-	-	282.532
Transportation and Telecommunication	-	-	-	-	-	1.950	588.683
Financial Institutions	358.870	-	6	319	-	1.191.241	1.016.657
Real Estate and Rental Services	-	-	-	-	-	-	354.683
Professional Services	-	-	-	-	-	-	315.618
Educational Services	-	-	-	-	-	-	7.775
Health and Social Services	-	-	-	-	-	-	69.399
Others	2.344.143	-	1.494	-	-	1	108.511
Total	2.703.013	-	1.500	319	-	1.202.410	9.474.743

^(*) Risk types contained in the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" have been taken into account.

Risk Types (*)												
Contingent and non-contingent claims included in the regulatory real estate portfolios	Contingent and non-contingent claims secured by residential 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	TL	FC	Total	
-	-	-	-	-	-	-	-	606	3.276	2.654	5.930	
-	-	-	-	-	-	-	-	262	2.932	2.654	5.586	
-	-	-	-	-	-	-	-	344	344	-	344	
-	-	-	-	-	-	-	-	-	-	-	-	
-	1.745	-	-	-	-	-	-	1.017	561.334	6.025.749	6.587.083	
-	-	-	-	-	-	-	-	-	-	79.834	79.834	
-	1.745	-	-	-	-	-	-	1.017	321.756	1.922.319	2.244.075	
-	-	-	-	-	-	-	-	-	239.578	4.023.596	4.263.174	
-	2.130	-	-	-	-	-	-	-	29.246	94.628	123.874	
-	454.583	-	-	-	-	-	106.009	330.390	1.310.877	3.756.552	5.067.429	
-	-	-	-	-	-	-	-	-	9.600	19.114	28.714	
-	3.532	-	-	-	-	-	-	-	-	286.064	286.064	
-	-	-	-	-	-	-	-	1.355	1.355	590.633	591.988	
-	102.810	-	-	-	-	-	106.009	328.423	1.257.755	1.846.580	3.104.335	
-	302.197	-	-	-	-	-	-	-	11.768	645.112	656.880	
-	-	-	-	-	-	-	-	612	30.399	285.831	316.230	
-	6.044	-	-	-	-	-	-	-	-	13.819	13.819	
-	-	-	-	-	-	-	-	-	-	69.399	69.399	
-	-	-	48	-	-	-	-	32.561	2.046.832	439.926	2.486.758	
-	418.458	-	48	-	-	-	106.009	364.574	3.951.565	10.319.509	14.271.074	

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to 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
Current Period					
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	382.268	18.011	85.762	82.418	362.227
Contingent and Non-Contingent Claims on Corporates	516.163	373.384	258.321	747.134	9.671.369
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	693	-	438.635
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	1.505.063	404.712	378.170	920.142	13.264.234

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

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

Risk Types Prior Period	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	348.473	15.614	87.541	168.521	494.938
Contingent and Non-Contingent Claims on Corporates	345.561	47.103	152.993	546.069	8.369.630
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	89	2.498	415.871
Past Due Loans	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	12	-	35
Securities Secured by Mortgage	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Claims on Banks and Corporate Undertakings for Collective Investments in Transferable Securities	-	-	-	-	105.663
Other Claims	7.745	-	-	-	-
Total	994.819	334.186	384.628	1.054.563	10.939.830

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 including 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.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Information on risk types (continued)

In determination of risk weights for exposures used in the capital adequacy calculation of the Bank, ratings given by Fitch Ratings Rating Agency are used. Fitch Ratings' as per the credit quality grades and the risk weights according to exposure categories are presented below:

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				
Unrated	Unrated	100%	20% ^(*)	50% ^(*)	100%

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Information on risk types (continued)

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 Bank's country is not higher.

Exposures by risk weights

Current Period										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deducted from Equity
Exposures Before Credit Risk Mitigation ^(*)	3.108.607	-	2.864.119	2.016.567	-	11.413.793	41	5	-	18.719
Exposures After Credit Risk Mitigation	3.013.478	-	896.971	2.352.327	-	10.931.576	41	5	-	18.719

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Exposures by risk weights (continued)

Prior Period										Deducted from Equity
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	
Exposures Before Credit Risk Mitigation ^(*)	2.553.773	-	1.894.400	1.961.615	-	9.432.919	13	35	-	1.112
Exposures After Credit Risk Mitigation	2.334.350	-	633.468	2.348.062	-	8.955.146	13	35	-	1.112

(*) 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		-	-	-	-
Wholesale and Retail Trade		-	-	-	-
Accommodation and Dining		-	-	-	-
Transportation and Telecommunication		-	-	-	-
Financial Institutions		-	-	-	-
Real Estate and Rental Services		-	-	-	-
Professional Services		-	-	-	-
Educational Services		-	-	-	-
Health and Social Services		-	-	-	-
Others		-	-	-	-
Total		16.936	56.602	-	(16.936)

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Information of major sectors or type of counterparties (continued)

Prior Period	Loans			
	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
Major Sectors/Counterparties				
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	5.364	-	-	(5.364)
Wholesale and Retail Trade	-	-	-	-
Accommodation and Dining	-	-	-	-
Transportation and Telecommunication	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	5.364	-	-	(5.364)
Others	-	-	-	-
Total	36.253	-	-	(36.253)

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	36.253	10.082	29.399	-	16.936
General Loan Loss Provision	104.331	20.863	-	-	125.194
Prior Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Specific Provisions	13.775	23.754	1.276	-	36.253
General Loan Loss Provision	83.714	20.617	-	-	104.331

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to 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	10.924.018	56.602	10.980.620
Corporate Loans	9.192.534	11.913	9.204.447
Loans to SME	1.731.353	44.689	1.776.042
Consumer Loans	131	-	131
Other	-	-	-
Receivables from Leasing Transactions	-	-	-
Total	10.924.018	56.602	10.980.620

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	9.172.242	-	9.172.242
Corporate Loans	7.488.057	-	7.488.057
Loans to SME	1.684.011	-	1.684.011
Consumer Loans	174	-	174
Other	-	-	-
Receivables from Leasing Transactions	4.518	-	4.518
Total	9.176.760	-	9.176.760

Credit risk is evaluated according to the Bank's internal rating. Non financial services customers included in credit portfolio are rated with respect to Bank's internal rating and ratings of the financial services customers, which are rated by external rating firms, are matched to the 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	3.639.660
Average Grade	6.280.936	4.551.900
Below Average Grade	2.899.642	1.681.207
Impaired	16.936	40.483
Total	11.923.544	10.238.300

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 Bank's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TL 12.450.625; and TL 527.081 of these customers have not been rated (31 December 2013: TL 10.666.433; TL 428.133).

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to 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	278.313	222.718
Corporate Loans	120.550	132.731
Loans to SME	157.763	89.987
Consumer Loans	-	-
Other	-	-
Total	278.313	222.718

III. Explanations related to the market risk

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

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

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

The market risk table is as follows:

1.a Information related to the market risk

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	14.030	7.213
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	3	3
Capital Requirement for Specific Risk Relating to Securitization Positions - Standard Method	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	7.328	4.589
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options - Standard Method	2	-
(VII) Counterparty credit risk capital requirement - Standard method	6.543	4.111
(VIII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-	-
(IX) Total Capital Requirement to be Employed for Market	27.906	15.916
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	348.825	198.950

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to the market risk (continued)

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	9.289	14.033	6.033	6.000	7.484	4.697
Common Stock Risk	-	2	-	77	195	-
Currency Risk	5.155	7.328	2.376	5.174	8.019	1.714
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	148	898	-	353	857	-
Counterparty Credit Risk	5.265	6.543	3.984	2.414	4.111	1.894
Total Value At Risk	19.857	28.804	12.393	14.018	20.666	8.305

2. Explanation related to counter party risk

The 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	94.474	45.296
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Values	124.069	63.736
Net-off Benefits	-	-
Net-off Current Risk Amount	124.069	63.736
Collaterals Received	7.607	1.166
Net Derivative Position	116.462	62.570

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to the market risk (continued)

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

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

Other price risks

The Bank is exposed to equity price risks arising from equity investments. Equity investments are mostly held for trading purposes. The 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 Bank 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 Bank does not sell its equity investments classified as available for sale investments. According to the analysis results under these assumptions; profit/loss will increase/decrease by TL 4.556 (2013: TL 3.003 increase/decrease). In current period, there is no stock classified in trading book of the Bank (2013: None).

IV. Explanations related to operational risk

Operational risk amount of the Bank 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 Bank'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 income, 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	373.412	449.943	490.507	437.954	15	65.693
Value at Operational Risk (Total*12,5)						821.164

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk

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

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

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

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

	1 US Dollar	1 Euro
A. Bank "Foreign Exchange Valuation Rate"		
31 December 2014	2,3050	2,8013
Prior Five Workdays:		
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 Bank before the reporting date are TL 2,2708 and 2,7970; respectively.

Türkiye Sinai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

For the Year Ended 31 December 2014

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

Information on the Bank's foreign currency risk:

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	71.995	329.480	74.677	476.152
Banks	4.080	94.990	1.196	100.266
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 ^(**)	3.652.415	6.239.771	-	9.892.186
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 ^(***)	-	46.541	-	46.541
Total Assets	3.761.872	7.251.694	75.873	11.089.439
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	10.883	228.952	-	239.835
Funds Provided From Other Financial Institutions	4.229.443	5.763.172	-	9.992.615
Marketable Securities Issued	-	813.824	-	813.824
Miscellaneous Payables ^(****)	3.586	10.269	-	13.855
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities ^(*****)	16.629	34.113	-	50.742
Total Liabilities	4.260.541	6.850.330	-	11.110.871
Net Balance Sheet Position	(498.669)	401.364	75.873	(21.432)
Net Off-Balance Sheet Position	497.907	(344.066)	(74.677)	79.164
Financial Derivative Assets	793.853	699.758	63.998	1.557.609
Financial Derivative Liabilities	(295.946)	(1.043.824)	(138.675)	(1.478.445)
Non-Cash Loans ^(*****)	370.142	640.324	10.756	1.021.222
Prior Period				
Total Assets	3.833.334	5.523.962	1.247	9.358.543
Total Liabilities	4.159.432	5.239.898	3	9.399.333
Net Balance Sheet Position	(326.098)	284.064	1.244	(40.790)
Net Off -Balance Sheet Position	301.868	(287.450)	2	14.420
Financial Derivative Assets	505.645	308.449	14.559	828.653
Financial Derivative Liabilities	(203.777)	(595.899)	(14.557)	(814.233)
Non-Cash Loans ^(*****)	223.885	722.887	727	947.499

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

(**) Loans extended include TL 1.436.738 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 50.912 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

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

The following tables detail the Bank'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	879	(1.757)	4.851	1.419
Euro	10	(317)	(2.569)	241	146
Other	10	120	125	-	-

	Decrease in Currency Rate	Effect on Profit/Loss ^(*)		Effect on Equity ^(**)	
	%	Current Period	Prior Period	Current Period	Prior Period
US Dollar	10	(879)	1.757	(4.851)	(1.419)
Euro	10	317	2.569	(241)	(146)
Other	10	(120)	(125)	-	-

^(*) Values expressed are before the tax effect.

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

Forward foreign exchange contracts

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

VI. Explanations related to interest rate risk

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

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario 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 Bank. As the Bank is a development and investment bank, it obtains most of the funding from abroad.

The fluctuations in interest rates are controlled with interest rate risk tables, gap analysis, scenario analysis and stress tests, its effect in assets and liabilities and the probable changes in cash flows are being screened. The Bank screens many risk control 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

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

SECTION FOUR (Continued)**INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****VI. Explanations related to interest rate risk (continued)***Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates)*

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	31.628	-	-	-	-	476.160	507.788
Banks	94.854	20.201	-	-	-	7.263	122.318
Financial Assets at Fair Value Through Profit and Loss	4.985	13.620	53.326	-	-	-	71.931
Money Market Placements	65.831	39.082	-	-	-	-	104.913
Available-for-Sale Financial Assets	701.993	733.138	918.699	606.103	521.916	33.047	3.514.896
Loans	2.109.855	3.596.176	3.911.384	1.163.684	199.521	-	10.980.620
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets ^(**)	-	-	-	-	-	398.247	398.247
Total Assets	3.009.146	4.402.217	4.883.409	1.769.787	721.437	914.717	15.700.713
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.071.750	90.744	-	-	-	-	2.162.494
Miscellaneous Payables	-	-	-	-	-	84.547	84.547
Marketable Securities Issued	-	-	-	813.824	-	-	813.824
Funds Provided from Other Financial Institutions	2.873.602	3.509.832	2.226.483	466.065	919.701	-	9.995.683
Other Liabilities ^(***)	53.463	4.577	43.289	-	2.583	2.540.253	2.644.165
Total Liabilities	4.998.815	3.605.153	2.269.772	1.279.889	922.284	2.624.800	15.700.713
Balance Sheet Long Position	-	797.064	2.613.637	489.898	-	-	3.900.599
Balance Sheet Short Position	(1.989.669)	-	-	-	(200.847)	(1.710.083)	(3.900.599)
Off-Balance Sheet Long Position	56.347	11.103	-	504.062	-	-	571.512
Off-Balance Sheet Short Position	-	-	(562.581)	-	(165.518)	-	(728.099)
Total Position	(1.933.322)	808.167	2.051.056	993.960	(366.365)	(1.710.083)	(156.587)

^(*) 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 87 are presented in "Other Assets" on the basis of related maturities.

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	1,44
Banks	-	0,46	-	9,96
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	9,00
Available-for-Sale Financial Assets	5,60	5,88	-	9,72
Loans	3,85	4,33	-	10,06
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,50	0,68	-	9,95
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,38	-	-
Funds	0,50	0,50	-	6,00
Funds Provided From Other Financial Institutions	0,92	1,24	-	7,29

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

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

The interest rate risk of the banking book items

Interest rate risk caused by banking book accounts includes, Receivables from Central Bank, Receivables from Money Markets, Receivable from Banks, Available for Sale Financial Assets, Receivables from Reverse Repurchase Agreement, Receivables from Loans, Held to Maturity Investments and Other Receivables, which are monitored in banking book, in assets and includes Payables to Central Bank in banking accounts, Payables to Money Markets, Payables to Banks, Funds Provided from Repurchase Agreement, Securities Issued by the Bank, Payables to Loans, Subordinated Debts, 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 Bank arising from fluctuations on interest rates, in different currencies are presented in the table below.

Current Period	Applied Shock	Revenue/Loss	Revenue/Shareholders' Equity -
Currency	(+/- x basis point)		Loss/Shareholders' Equity
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%)

Prior Period	Applied Shock	Revenue/Loss	Revenue/Shareholders' Equity -
Currency	(+/- x basis point)		Loss/Shareholders' Equity
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%)

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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 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 Bank'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 5.897 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 (1.512).

The Bank'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 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.

VII. Explanations related to stock position risk

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

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

Equity shares risk due from banking book

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

Current Period		Comparison	
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	239.212	-	239.212
Quoted	239.212	-	239.212
Prior Period		Comparison	
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	225.301	-	225.301
Quoted	225.301	-	225.301

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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

Equity shares risk due from banking book (continued)

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Portfolio						
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	-	-	(18.055)	-	(18.055)
Other Share Certificates	9.922	-	-	-	-	-
Total	9.922	-	-	(18.055)	-	(18.055)

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

VIII. Explanations related to the liquidity risk

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FOUR (Continued)**INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****VIII. Explanations related to the liquidity risk (continued)**

The Bank meets its short term liquidity requirements with repurchase agreements and inter-bank money market operations. The Bank may also use its available for sale portfolio for urgent liquidity requirement. The Bank meets its long term liquidity needs from the international institutions through borrowings. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. For the purposes of monitoring and assessing the liquidity position of the Bank's assets and liabilities, the liquidity rate is weekly calculated. The ratio during the year 2014 and 2013 are as follows:

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

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	34.620	473.168	-	-	-	-	-	507.788
Banks	7.263	94.854	20.201	-	-	-	-	122.318
Financial Assets at Fair Value Through Profit and Loss	-	4.685	10.501	23.686	8.045	25.014	-	71.931
Money Market Placements	-	65.831	39.082	-	-	-	-	104.913
Financial Assets Available-for-Sale	-	141.939	78.566	265.668	1.066.343	1.929.333	33.047	3.514.896
Loans	-	625.223	477.600	1.758.830	5.943.211	2.175.756	-	10.980.620
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets ^(**)	-	-	-	-	-	-	398.247	398.247
Total Assets	41.883	1.405.700	625.950	2.048.184	7.017.599	4.130.103	431.294	15.700.713
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	268.691	191.016	941.381	4.016.369	4.578.226	-	9.995.683
Money Market Borrowings	-	2.071.750	90.744	-	-	-	-	2.162.494
Securities Issued	-	-	-	-	813.824	-	-	813.824
Miscellaneous Payables	-	-	-	-	-	-	84.547	84.547
Other Liabilities ^(**)	-	50.370	1.873	21.356	8.628	21.685	2.540.253	2.644.165
Total Liabilities	-	2.390.811	283.633	962.737	4.838.821	4.599.911	2.624.800	15.700.713
Liquidity Gap	41.883	(985.111)	342.317	1.085.447	2.178.778	(469.808)	(2.193.506)	-
Prior Period								
Total Assets	85.510	879.858	528.516	2.274.227	5.900.152	2.823.552	419.342	12.911.157
Total Liabilities	-	1.901.872	146.506	904.238	3.451.243	4.360.918	2.146.380	12.911.157
Liquidity Gap	85.510	(1.022.014)	382.010	1.369.989	2.448.909	(1.537.366)	(1.727.038)	-

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the 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 Bank'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	275.505	198.713	1.015.290	4.315.172	4.836.835	(645.832)	9.995.683
Money Market Borrowings	2.072.951	90.822	-	-	-	(1.279)	2.162.494
Marketable Securities Issued	-	-	43.724	980.201	-	(210.101)	813.824
Funds	39.081	-	-	-	-	-	39.081
Total	2.387.537	289.535	1.059.014	5.295.373	4.836.835	(857.212)	13.011.082

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	339.467	150.817	908.751	3.671.326	4.578.239	(539.586)	9.109.014
Money Market Borrowings	1.563.661	-	46.665	-	-	(1.301)	1.609.025
Funds	5.954	-	-	-	-	-	5.954
Total	1.909.082	150.817	955.416	3.671.326	4.578.239	(540.887)	10.723.993

Analysis of contractual expiry by maturity of the Bank'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	1.435.438	542.240	615.593	3.436.171	1.873.930	(62.545)	7.840.827
Forward Contracts	5.761	43.336	-	-	-	-	49.097
Futures Transactions	-	-	-	-	-	-	-
Options	542.833	65.876	878.222	-	-	-	1.486.931
Other	-	-	-	-	-	-	-
Total	1.984.032	651.452	1.493.815	3.436.171	1.873.930	(62.545)	9.376.855

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contracts	629.600	86.005	194.122	2.074.156	473.557	3.498	3.460.938
Forward Contracts	7.968	13.308	139.141	-	-	-	160.417
Futures Transactions	-	-	-	-	-	-	-
Options	135.566	130.116	301.372	237.706	-	-	804.760
Other	-	-	-	-	-	-	-
Total	773.134	229.429	634.635	2.311.862	473.557	3.498	4.426.115

IX. Explanations related to securitization positions

None.

Türkiye Sinai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations related to credit risk mitigation techniques

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

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	3.654.952	97.878	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	1.086	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	3.312.714	2.130.644	-	-
Contingent and non-contingent claims on corporates	14.395.427	35.623	-	2.688
Contingent and non-contingent claims included in the regulatory real estate portfolios	-	-	-	-
Contingent and non-contingent claims secured by residential property	439.328	-	-	-
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	-	-	-	-
Other claims	407.921	6.638	-	-
Total	22.214.537	2.270.830	-	2.688

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Collaterals which are grouped according to risk types (continued)

Prior Period Risk Types	Amount ^(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and non-contingent claims on sovereigns	3.130.944	221.426	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	7.515	40	-	-
Contingent and non-contingent claims on multilateral development banks	1.593	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	2.843.332	1.330.327	-	-
Contingent and non-contingent claims on corporates	11.639.763	40.185	-	11.168
Contingent and non-contingent claims included in the regulatory real estate portfolios	-	-	-	-
Contingent and non-contingent claims secured by residential property	418.458	-	-	-
Past due loans	-	-	-	-
Higher-risk categories defined by agency	48	-	-	-
Securities secured by mortgage	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims on banks and corporate	-	-	-	-
Undertakings for collective investments in transferable securities	106.009	-	-	-
Other claims	374.075	9.899	-	-
Total	18.521.737	1.601.877	-	11.168

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

Main Guarantors and credit worthiness of the main guarantors

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 that used of risk mitigation effect within capital adequacy calculation at 31 December 2014 period.

Türkiye Sinai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XI. Explanations related to risk management objective and policies

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

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

Risk management process organized within the framework of risk management regulations and served to create a common risk culture throughout the Bank, is in a structure that these risks are described in line with the international regulations and are measuring, analyzing, following, monitoring and reporting within this framework. Within the framework of the mentioned structure, the Bank's Risk Management, continues to activities depending on the Audit Committee, which is established to help the audit and monitoring activities of the Board of Directors in accordance with Banking Law No: 5411 and "Regulation on Internal Systems 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 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. At the Bank, the purpose of credit risk management is to maximize the risk adjusted return of the Bank by managing the risks that the Bank may expose in line with the right parameters in a proactive approach. Although the largest and most visible source for credit risk is the loans that the Bank grants, other banking services regarding the counterparty risk also bear credit risk. In this context, all of the banking activities are assessed within the scope of credit risk.

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

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

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

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Market risk management policy and currency risk management policy

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

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

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

Operational risk management policy

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

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

Structural interest rate risk management policy

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Liquidity risk management policy

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	14.722.747	12.150.626	14.776.277	12.298.041
Money Market Placements	104.913	50	104.913	50
Banks	122.318	7.320	122.318	7.320
Available-For-Sale Financial Assets	3.514.896	2.966.496	3.514.896	2.966.496
Held-To-Maturity Investments	-	-	-	-
Loans ^(*)	10.980.620	9.176.760	11.034.150	9.324.175
Financial Liabilities	13.095.629	10.801.636	13.114.532	10.801.636
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Provided From Other Financial Institutions	12.197.258	10.723.993	12.197.258	10.723.993
Marketable Securities Issued	813.824	-	832.727	-
Miscellaneous Payables	84.547	77.643	84.547	77.643

^(*) 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.

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);

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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	-	71.931	-
Financial Assets Available For Sale	2.580.866	923.763	10.267
Associates and Subsidiaries	216.432	-	78.810
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	64.831	-
Prior Period	Level I	Level II	Level III
Financial Assets			
Financial Assets held for Trading	-	40.687	-
Financial Assets Available For Sale	2.129.210	807.834	29.452
Associates and Subsidiaries	210.286	-	76.740
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	40.784	-

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

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	8	-	36	-
Balances with the Central Bank of Turkey	31.628	476.152	42.069	302.864
Other	-	-	-	-
Total	31.636	476.152	42.105	302.864

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	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.

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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:

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

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

2.a.1 Trading securities:

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

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

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

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

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

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

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

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

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

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

Held for trading financial derivative instruments	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	74	28	2.678	118
Swap Transactions	15.366	35.307	3.977	11.712
Futures Transactions	-	-	-	-
Options	-	21.156	-	22.202
Other	-	-	-	-
Total	15.440	56.491	6.655	34.032

3. Information on banks and foreign banks account

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	22.052	94.555	418	1.339
Foreign	-	5.711	-	5.563
Branches and head office abroad	-	-	-	-
Total	22.052	100.266	418	6.902

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

3.b Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3.857	1.912	-	-
USA and 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 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 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 70,87%, Eurobonds 15,08% and shares and other securities 14,05% (31 December 2013 government bonds 67,30%, Eurobonds 11,22% and shares and other securities 21,48%).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period	Prior Period
Debt securities	3.482.152	2.930.864
Quoted on a stock exchange	2.929.125	2.553.421
Unquoted	553.027	377.443
Share certificates	43.553	59.734
Quoted on a stock exchange	24.884	17.245
Unquoted	18.669	42.489
Other Impairment provision (-)	(10.809)	(24.102)
Total	3.514.896	2.966.496

Net book value of unquoted available for sale share certificates is TL 10.267 (31 December 2013: TL 29.452).

5. Information on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	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

Türkiye Sinai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

Current Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Cash Loans						
Non-specialized loans	10.817.052	143.563	-	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	1.383.797	-	-	-	-	-
Consumer loans	131	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	5.627.627	143.563	-	153.100	93.569	35.849
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	10.817.052	143.563	-	163.568	98.901	35.849

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

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For the Year Ended 31 December 2014

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

Current Period		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	143.563	98.901
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-
Prior Period		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	116.143	106.575
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-
Current Period		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	-
1-2 Years	-	84.237
2-5 Years	69.889	-
5 Years	73.674	14.664
Prior Period		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	89.987
1-2 Years	-	-
2-5 Years	36.896	-
5 Years	79.247	16.588

In relation to the disclosure of changing the conditions of the payment plans of loans, which are followed under standard loans and other receivables and loans and receivables under close monitoring subsequent to the change in the regulation on "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 27947 dated 28 May 2011; the Bank has provided general loan loss provision at a rate of 5% for two 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and disclosures related to the assets (continued)****5. Information on loans (continued)****5.c Loans according to their maturity structure:**

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Restructured or Rescheduled	Loans and Other Receivables (Total)	Restructured or Rescheduled
Current Period				
Short-term loans and other receivables	1.327.792	-	-	-
Non-specialized loans	1.327.792	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	9.489.260	143.563	163.568	134.750
Non-specialized loans	9.489.260	143.563	163.568	134.750
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Restructured or Rescheduled	Loans and Other Receivables (Total)	Restructured or Rescheduled
Prior Period				
Short-term loans and other receivables	646.817	-	-	-
Non-specialized loans	646.817	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	8.391.874	116.143	133.551	106.575
Non-specialized loans	8.391.874	116.143	133.551	106.575
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and disclosures related to the assets (continued)****5. Information on loans (continued)****5.e Information on commercial loans with instalments and corporate credit cards:**

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

5.f Loans according to borrowers:

	Current Period	Prior Period
Public	52.621	5.366
Private	10.927.999	9.166.876
Total	10.980.620	9.172.242

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	10.927.175	9.123.098
Foreign loans	53.445	49.144
Total	10.980.620	9.172.242

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	305.972	261.703
Indirect loans granted to subsidiaries and associates	-	-
Total	305.972	261.703

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	12.480	12.548
Total	16.936	36.253

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period			
Prior period end balance	17.327	6.378	12.548
Additions (+)	9.891	102	89
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)	(6.534)
Write-offs (-)	-	-	(1)
Corporate and Commercial Loans	-	-	(1)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	4.456	-	12.480
Specific provision (-)	(4.456)	-	(12.480)
Net Balances 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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

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

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

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period			
Period End Balance	1.991	-	48
Specific Provision (-)	(1.991)	-	(48)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	15.099	-	5.362
Specific Provision (-)	(15.099)	-	(5.362)
Net Balance on Balance Sheet	-	-	-

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	4.456	-	12.480
Specific Provision Amount (-)	(4.456)	-	(12.480)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	17.327	6.378	12.548
Specific Provision Amount (-)	(17.327)	(6.378)	(12.548)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

5.k Main principles of liquidating loans and receivables:

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 Bank management makes investigations on the financial data of the debtor companies. As a result of these investigations, if the Bank management agrees that the companies show any indication of operating on an ongoing basis and probably are going to have contributions in the economic environment in the future; the Bank management tries to make the collection through rescheduling the payment terms.

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

5.I 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.

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	9.192.534	1.731.353	131	-	10.924.018
Past due not impaired	11.913	44.689	-	-	56.602
Individually impaired	14.448	2.488	-	-	16.936
Total	9.218.895	1.778.530	131	-	10.997.556
Less: allowance for individually impaired loans	(14.448)	(2.488)	-	-	(16.936)
Total allowance for impairment	(14.448)	(2.488)	-	-	(16.936)
Net Loan Amount	9.204.447	1.776.042	131	-	10.980.620
Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	7.488.057	1.684.011	174	-	9.172.242
Past due not impaired	-	-	-	-	-
Individually impaired	12.352	23.901	-	-	36.253
Total	7.500.409	1.707.912	174	-	9.208.495
Less: allowance for individually impaired loans	(12.352)	(23.901)	-	-	(36.253)
Total allowance for impairment	(12.352)	(23.901)	-	-	(36.253)
Net Loan Amount	7.488.057	1.684.011	174	-	9.172.242

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

	Corporate	SME	Consumer	Other	Total
At 1 January 2014	(12.352)	(23.901)	-	-	(36.253)
Charge for the year	(2.473)	(7.609)	-	-	(10.082)
Recoveries	377	29.021	-	-	29.398
Amounts written off	-	1	-	-	1
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2014	(14.448)	(2.488)	-	-	(16.936)

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

	Corporate	SME	Consumer	Other	Total
At 1 January 2013	(6.875)	(6.900)	-	-	(13.775)
Charge for the year	(6.453)	(17.301)	-	-	(23.754)
Recoveries	976	300	-	-	1.276
Amounts written off	-	-	-	-	-
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2013	(12.352)	(23.901)	-	-	(36.253)

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

Current Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(14.448)	(2.488)	-	-	(16.936)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	14.448	2.488	-	-	16.936
Prior Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(12.352)	(23.901)	-	-	(36.253)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	12.352	23.901	-	-	36.253

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

	Current Period	Prior Period
At 1 January	36.253	13.775
Charge for the year	10.082	23.754
Recoveries	(29.398)	(1.276)
Amounts written off	(1)	-
Interest accrued on impaired loans and other receivables	-	-
At 31 December	16.936	36.253
Individual impairment	(16.936)	(36.253)
Gross amount of loans, individually determined to be impaired, (before deducting any individually assessed impairment allowance)	16.936	36.253

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

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

Current Period	Less than 30 days	31- 60 Days	61- 90 Days	More than 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	More than 91 days	Total
Loans and Receivables					
Corporate Loans	-	-	-	-	-
SME Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-

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, is as follows:

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

Loans and other receivables amounting to TL 8.446.614 have floating interest rates (31 December 2013: TL 7.915.323) and the remaining TL 2.534.006 have fixed interest rates (31 December 2013: TL 1.256.919).

6. Information on held-to-maturity investments

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

7. Information on associates (net)

7.a.1 Information on associates:

	Title	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	58,01
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	68,78
4	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
5	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/Turkey	11,48	22,95

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on associates (net) (continued)

7.a.1 Information on 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
İş Faktoring	1.454.609	76.177	883	82.239	-	7.938	11.759	-
İş Finansal	3.161.195	626.023	17.829	192.410	-	72.421	49.019	125.215
İş Girişim	269.124	264.412	432	18.289	13.822	14.598	73.768	27.497
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 30 September 2013 financial statements.

7.a.2 Information on associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	152.328	141.127
Movements During the Period	8.710	11.201
Purchases	200	120
Bonus Shares Obtained	11.940	16.769
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(3.430)	(5.688)
Balance at the End of the Period	161.038	152.328
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

Information on associates sold in the current period

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

Information on associates purchased in the current period

In the current period, the 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 7.988.

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 Bank has made a capital commitment with the shares of 10% amounting to TL 200, as of 31 December 2014 The Bank paid the committed amount on its subsidiary.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	6.771	6.771
Leasing Companies	125.215	115.139
Financial Service Companies	-	-
Other Financial Associates	27.497	28.772

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	152.712	143.911
Associates quoted on foreign stock exchanges	-	-

8. Information on subsidiaries (net)

8.a.1 Information on subsidiaries:

Current Period		
	YFAŞ ^(*)	TSKB GYO ^(*)
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Inflation Adjustment to Share Capital	-	593
Share Premium	4.730	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.

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and disclosures related to the assets (continued)****8. Information on subsidiaries (net) (continued)****8.a.2 As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated subsidiaries and reason of unconsolidating and needed capital if they are subject to capital requirement:**

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

8.b.1 Information on subsidiaries:

	Title	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul/Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YFAŞ)	Istanbul/Turkey	95,78	98,28
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	71,00

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	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	YFAŞ. ^(*)	502.926	74.218	3.862	26.212	1.462	2.450	4.538	-
3	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.

8.b.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	134.698	136.468
Movements in period	(494)	(1.770)
Purchases	-	-
Bonus shares obtained	2.394	-
Current year share of profit	-	-
Sales	(233)	-
Revaluation increase	-	-
Provision for impairment	(2.655)	(1.770)
Balance at the end of the period	134.204	134.698
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Subsidiaries disposed in the current period

In the meeting of the General Assembly of TSKB Gayrimenkul Danışmanlık A.Ş. held on 4 January 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 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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on subsidiaries (net) (continued)

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

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

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

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	63.720	66.375
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information on entities under common control

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

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 Financial Leasing, Factoring and Financing Companies Law No 6361. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on derivative financial assets for hedging purposes

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. Explanations on tangible assets (net)

Current Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and buildings ^(*)	7.485	16	-	(1.041)	6.460
Assets held under finance leases	1.593	-	(191)	1.041	2.443
Vehicles	968	761	(739)	-	990
Assets held for resale	1.203	2.744	(2.161)	-	1.786
Other	8.937	3.168	(1.149)	-	10.956
Total Cost	20.186	6.689	(4.240)	-	22.635
Accumulated depreciation					
Land and buildings ^(*)	(2.688)	(132)	-	543	(2.277)
Assets held under finance leases	(1.432)	(142)	180	(543)	(1.937)
Vehicles	(841)	(146)	696	-	(291)
Assets held for resale	(17)	(29)	28	-	(18)
Other	(7.407)	(669)	403	-	(7.673)
Total accumulated depreciation	(12.385)	(1.118)	1.307	-	(12.196)
Impairment provision					
Land and buildings ^(*)	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(466)	(848)	1.137	-	(177)
Other	-	-	-	-	-
Total impairment provision	(466)	(848)	1.137	-	(177)
Net book value	7.335	4.723	(1.796)	-	10.262

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

Prior Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and buildings ^(*)	7.485	-	-	-	7.485
Assets held under finance leases	2.259	-	(666)	-	1.593
Vehicles	1.124	-	(156)	-	968
Assets held for resale	1.380	170	(347)	-	1.203
Other	8.525	492	(80)	-	8.937
Total Cost	20.773	662	(1.249)	-	20.186
Accumulated depreciation					
Land and buildings ^(*)	(2.447)	(241)	-	-	(2.688)
Assets held under finance leases	(2.040)	(58)	666	-	(1.432)
Vehicles	(833)	(164)	156	-	(841)
Assets held for resale	(14)	(7)	4	-	(17)
Other	(6.780)	(707)	80	-	(7.407)
Total accumulated depreciation	(12.114)	(1.177)	906	-	(12.385)
Impairment provision					
Land and buildings ^(*)	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(447)	(19)	-	-	(466)
Other	-	-	-	-	-
Total impairment provision	(447)	(19)	-	-	(466)
Net book value	8.212	(534)	(343)	-	7.335

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. Explanations on tangible assets (net) (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 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 TL reversal of impairment of TL 819 (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:

	Beginning of Period		End of Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Current Period				
Software	3.994	(3.349)	4.315	(3.625)
Prior Period				
Software	3.704	(3.086)	3.994	(3.349)

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SECTION FIVE (Continued)**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and disclosures related to the 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	3.994	343	(22)	4.315
Total Cost	3.994	343	(22)	4.315
Accumulated amortization:				
Software	(3.349)	(298)	22	(3.625)
Total Accumulated Amortization	(3.349)	(298)	22	(3.625)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	645	45	-	690

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	3.704	290	-	3.994
Total Cost	3.704	290	-	3.994
Accumulated amortization:				
Software	(3.086)	(263)	-	(3.349)
Total Accumulated Amortization	(3.086)	(263)	-	(3.349)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	618	27	-	645

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on intangible assets (continued)

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

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

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

As at the reporting date, there are no intangible assets with restricted use or pledged (31 December 2013: None).

13.i Amount of purchase commitments for intangible assets:

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

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

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

13.l Information on goodwill:

As at the reporting date, the Bank has no goodwill (31 December 2013: None).

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

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

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

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

14. Information on investment property

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on deferred tax assets

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

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

Deferred tax asset:	Current Period	Prior Period
Loan commissions accrual adjustment	12.365	11.771
Other provisions	16.600	10.000
Marketable securities	-	96
Employee benefit provision	1.547	1.323
Valuation of derivative instruments	587	182
Other	569	320
Total Deferred Tax Asset	31.668	23.692
Deferred tax liability:		
Marketable securities	(11.252)	(5.510)
Loan commissions accrual adjustment	(5.340)	(3.111)
Useful life difference of fixed assets	(133)	(35)
Other	(23)	
Total Deferred Tax Liability	(16.748)	(8.656)
Net Deferred Tax Asset	14.920	15.036

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

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

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

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

16. Information on assets held for sale

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

17. Information about other assets

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative financial liabilities held for trading				
Forward Transactions	310	26	-	99
Swap Transactions	5.061	38.499	7.277	10.560
Futures Transactions	-	-	-	-
Options	-	20.935	-	22.848
Other	-	-	-	-
Total	5.371	59.460	7.277	33.507

3. Information on funds borrowed

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	3.068	189.459	-	222.690
From Foreign Banks, Institutions and Funds	-	9.687.091	-	8.779.565
Total	3.068	9.876.550	-	9.002.255

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	3.068	367.148	-	565.123
Medium and long-term	-	9.509.402	-	8.437.132
Total	3.068	9.876.550	-	9.002.255

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on funds borrowed (continued)

3.c 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).

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

Under normal banking operations, the Bank provided funds under repurchase agreements and funds borrowed. Fund resources of the 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	1.358.005	22.356
Financial institutions and organizations	1.877.343	-	1.332.460	-
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	1.358.901	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 Bank has no financial lease payables (31 December 2013: None).

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings and 1 branch and 11 cars are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2013: 2 head office buildings, 1 branch under operational leasing).

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

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

6. Information on derivative financial liabilities for hedging purposes

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

7. Information on provisions

7.a Information on general provisions:

	Current Period	Prior Period
General Provisions	125.194	104.331
I. Provisions for First Group Loans and Receivables	105.337	85.701
- <i>Additional provisions for the loans with extended payment plan</i>	7.178	5.807
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	10.900	9.964

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

The foreign exchange losses on the foreign currency indexed loans amount to TL 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 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 Provision for possible losses:

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

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

The Bank 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.

Türkiye Sinai Kalkınma Bankası A.Ş.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on provisions (continued)

7.d Information related to other provisions (continued):

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

As of 31 December 2014, employee termination benefits amounting TL 6.716 is reflected in financial statements (31 December 2013: TL 5.746). As of 31 December 2014, the Bank provided a reserve of TL 1.019 (31 December 2013: TL 868) for the unused vacations. This balance is classified under reserve for employee benefits in the financial statements.

Actuarial gains and losses amounting TL 591 are recognised under shareholder's equity since 1 January 2014 in accordance with the Revised TAS 19 (31 December 2013: TL 580).

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 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 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 exceed 10% of total provisions, the name and amount of sub-accounts:

	Current Period	Prior Period
Other ^(*)	83.000	50.000
Total	83.000	50.000

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

8. Information on taxes payable

8.a Information current taxes payable:

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	32.390	-	18.009	-
Deferred tax liability	-	-	-	-
Total	32.390	-	18.009	-

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	32.390	18.009
Taxation of securities	500	453
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	2.101	1.770
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	161	85
Other	1.027	626
Total	36.179	20.943

8.a.3 Information on premiums:

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

8.b Information on deferred taxes liabilities:

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

9. Information on liabilities regarding assets held for sale:

None (31 December 2013: None).

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

The 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 3,32% (0,32+3,00 spread). Principal of the loan will be repaid on 15 October 2016 as a whole.

Explanations of subordinated loans

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on shareholders' equity

11.a Presentation of paid-in capital:

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

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

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

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

In the current period, in the meeting of the General Assembly held on 27 March 2014, it has been resolved that, paid-in capital of the Bank 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 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 period, the general purpose of these commitments and projected resources required to meet these commitments:

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

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

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

11.g Information on preferred shares:

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	(16.824)	-	(11.030)	-
Valuation Differences	68.538	50.912	(9.291)	15.648
Foreign Exchange Difference	-	-	-	-
Total	51.714	50.912	(20.321)	15.648

11.i Informations on legal reserves:

	Current Period	Prior Period
First legal reserve	91.943	75.641
Second legal reserve	81.386	80.627
Other legal reserves appropriated in accordance with special legislation	-	-
Total	173.329	156.268

11.j Informations on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	54.612	18.597
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	54.612	18.597

11.k Explanations related to equity:

Movement of equity reserves during the 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
Current Period					
As at 1 January	6.357	(11.030)	8.920	374	4.621
Value increase/decrease of available for sale investments recognized directly under equity	141.299	(5.794)	-	-	135.505
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 at 31 December	119.450	(16.824)	9.320	374	112.320

^(*) 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 Bank has transferred such gains to the "Tangible Assets Revaluation Differences" account.

Türkiye Sınai Kalkınma Bankası A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11.k Explanations related to equity: (continued)

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	128.891	(3.572)	35.157	374	160.850
Value increase/decrease of available for sale investments recognized directly under equity	(159.038)	(7.458)	-	-	(166.496)
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	30.081	-	-	-	30.081
Other ^(*)	-	-	(26.237)	-	(26.237)
As at 31 December	6.357	(11.030)	8.920	374	4.621

^(*) 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 2012, 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 Bank has transferred such gains to the "Tangible Assets Revaluation Differences" account.

III. Explanations related to the off-balance sheet items

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Year	Prior Year
Commitments for Forward Purchase and Sales of Assets	53.655	511.345
Commitments for Use Guaranteed Credit Allocation	59.930	4.805
Commitments for Stock Brokerage Purchase and Sales	1.316	5.184
Commitments for Letter of Credit	15.275	15.278
Commitments from Forward Short Term Borrowing and Transfers	19.674	46.740
Other	3.063	1.593
Total	152.913	584.945

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

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

As at the reporting date, total letters of credit are TL 496.097 (31 December 2013: TL 438.033).

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

For the Year Ended 31 December 2014

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	-	-
With maturity of one year or less than one year	-	-
With maturity of more than one year	-	-
Other non-cash loans	1.453.069	1.453.420
Total	1.453.069	1.453.420

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 Asset 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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	I st Group				II nd 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	-	-	-	-	-	-	-	-

2. Information related to derivative financial instruments

	Current Period	Prior Period
Foreign currency related derivative transactions (I)	4.129.218	1.897.605
Forward transactions	49.097	160.417
Swap transactions	2.593.190	950.918
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)	9.376.855	4.426.115
Types of hedging transactions	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	9.376.855	4.426.115

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information related to derivative financial instruments (continued):

As of 31 December 2014, the breakdown of the Bank'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	18.765	1.635	224.227	325.059	343.260	340.809	-	-	-	-
US Dollar	2.130	19.416	2.323.839	2.650.279	266.378	266.725	-	-	-	-
Euro	3.650	3.501	1.304.933	809.817	134.880	134.879	-	-	-	-
Other	-	-	63.998	138.675	-	-	-	-	-	-
Total	24.545	24.552	3.916.997	3.923.830	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	-	19.461	72.662	57.746	187.344	183.644	-	-	-	-
US Dollar	29.902	29.750	911.530	1.214.686	125.176	117.884	-	-	-	-
Euro	39.032	17.756	743.735	455.981	89.511	101.201	-	-	-	-
Other	12.258	12.258	2.300	2.298	-	-	-	-	-	-
Total	81.192	79.225	1.730.227	1.730.711	402.031	402.729	-	-	-	-

	Current Period			Prior Period		
Derivative Financial Liabilities Held For Trading	Fair Value Assets	Fair Value Liabilities	Notional Amount in Turkish Lira Equivalent	Fair Value Liabilities	Fair Value Assets	Notional Amount in Turkish Lira Equivalent
Swap Transactions	36.054	(31.421)	2.593.190	6.230	(7.482)	950.918
Interest Rate Swap Transactions	14.619	(12.139)	5.172.960	9.459	(10.355)	2.510.020
Forward Transactions	102	(336)	49.097	2.796	(99)	160.417
Futures Transactions	-	-	-	-	-	-
Option Transactions	21.156	(20.935)	1.486.931	22.202	(22.848)	804.760
Other	-	-	74.677	-	-	-
Total	71.931	(64.831)	9.376.855	40.687	(40.784)	4.426.115

Fair value hedge

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

Cash flow hedge

For the year ended 31 December 2014, the Bank does not have any items related to cash flow hedges (31 December 2013: None).

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Explanations on loan derivatives and risk exposures:

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

4. Explanations on contingent liabilities and assets

There are 25 legal cases against the Bank which are amounting to TL 1.067 as of the reporting date (31 December 2013: TL 855 - 18 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Bank and employees to "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" (Foundation) established in accordance with the decisions of Turkish Commercial Law and Civil Law as made to all Foundations in the sector. According to this investigation it has been communicated that the amount Bank is obliged to pay is a benefit in the nature of fee for the members of Foundation worked at the time of payment, the amount Foundation members are obliged to pay should not been deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge/penalized stamp duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Bank relying on this report. The Bank assesses that the Bank's practice is in compliance with the legislation and there is no legal basis for the has opened the tax administration's suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir. Some of the lawsuits are decided favourable, remaining of lawsuits are decided unfavourable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Bank against the decision of the Court with respect to the Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. The tax and penalty notices related to the decision of the tax court of first instance against the Bank are accrued by administration depending on legal process and as of 31 July 2014 the Bank has made total payments amounting to TL 22.091.

5. Custodian and intermediary services:

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

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	26.852	21.049	11.995	8.975
Medium and long term loans	118.076	334.068	87.265	285.266
Interest on non-performing loans	2.082	1.201	1.078	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	147.010	356.318	100.338	294.241

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

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey ^(*)	53	-	-	-
Domestic banks	779	39	276	16
Foreign banks	278	-	-	-
Branches and head office abroad	-	-	-	-
Total	1.110	39	276	16

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the income statement

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	342	19	339	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	259.088	23.380	204.396	23.952

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	11.116	8.735

2. Information on interest expenses

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	948	8.031	693	5.743
The Central Bank of Turkey	-	-	-	-
Domestic banks	819	722	595	665
Foreign banks	129	7.309	98	5.078
Branches and head office abroad	-	-	-	-
Other financial institutions	-	99.982	-	77.613
Total ^(*)	948	108.013	693	83.356

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

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

The Bank has no interest expense to its associates and subsidiaries (31 December 2013: None).

2.c Information on interest expense to securities issued:

	Current period		Prior period	
	TL	FC	TL	FC
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
Financial Assets held for Trading	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Financial Assets Available For Sale	3.000	6.841
Other	21.568	23.474
Total	24.568	30.315

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Information on net trading income (net)

	Current Period	Prior Period
Profit	523.582	573.891
Gains on capital market operations	2.279	6.962
Gains on derivative financial instruments ^(*)	197.334	154.036
Foreign exchange gains	323.969	412.893
Losses (-)	(508.957)	(586.731)
Losses on capital market operations	(3.884)	(3.337)
Losses on derivative financial instruments ^(*)	(264.151)	(162.590)
Foreign exchange losses	(240.922)	(420.804)

^(*) Foreign exchange gain from derivative transactions amounting to TL 112.859 is presented in "Profit on derivative financial instruments" (31 December 2013: TL 104.174), foreign exchange loss from derivative transactions amounting to TL (191.327) is presented in "Losses on derivative financial instruments" (31 December 2013: TL (108.049)).

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	25.782	5.151
Gains on Sale of Assets	11.094	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	-	-
Other	2.594	1.800
Total	39.470	7.805

^(*) As of 31 January 2014, the 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.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	4.455	25.765
III. Group	4.366	25.653
IV. Group	-	46
V. Group	89	66
General provision expenses	20.863	20.617
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	60.110	48.238

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information related to other operating expenses

	Current Period	Prior Period
Personnel expenses	55.990	46.608
Reserve for employee termination benefits	232	204
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1.056	1.170
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	298	263
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	29	19
Depreciation expenses of assets for resale	19	7
Impairment expenses of assets held for sale	-	-
Other operating expenses	17.393	16.178
Rent expenses	7.390	7.014
Maintenance expenses	509	454
Advertisement expenses	355	603
Other expenses	9.139	8.107
Loss on sale of assets	563	20
Other ^(*)	38.691	8.721
Total	114.271	73.190

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

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

As of 31 December 2014, net profit of the Bank has increased by 15,16% compared to prior year (31 December 2013: 4,73%). Net interest income of the Bank has increased by 12,32% compared to prior year (31 December 2013: 12,96%).

9. Information on tax provision for continued and discontinued operations

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

The Bank's current tax charge for the period is TL 120.210 (31 December 2013: TL 55.093). Deferred tax benefit is TL 27.806 (31 December 2013: TL 19.744 tax charge).

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

Deferred tax benefit calculated on temporary differences is TL 27.806 (31 December 2013: TL 19.744 deferred tax charge).

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 27.806 (31 December 2013: TL 19.744 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 30.253 (31 December 2013: TL 2.183), 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 3 (31 December 2013: TL (145)), which is calculation over actuarial difference on employee benefit is offset against the "other profit reserves" item under equity.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As of 31 December 2014, net profit of the Bank has increased by 13,25% compared to prior net profit (31 December 2013: 6,12%).

11. Information on net profit/loss

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

The Bank has generated TL 801.367 interest income, TL 255.135 interest expenses and TL 11.164 net fee and commission income from banking operations (31 December 2013: TL 637.646 interest income, TL 151.309 interest expense, TL 10.705 net fee and commission income).

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

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

11.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (31 December 2013: None).

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

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

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

1. Informations related to capital

As of 31 December 2013, the shareholders and capital structure of the Bank are as follows:

Current Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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 Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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	-

Türkiye Sinai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Informations related to capital (continued)

In the current period, in the meeting of the General Assembly held on 27 March 2014, it has been resolved that, paid-in capital of the Bank 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 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 securities available-for-sale

As of 31 December 2014, TL 149.703 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 30.253 deferred tax is offset against value increase related to these investments and as a result, TL 119.450 net value increase is disclosed under the securities value increase fund in the statement of changes in the equity.

In the prior period 8.540 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 2.183 deferred tax is offset against value increase related to these investments and as a result, TL 6.357 net value increase is disclosed under the securities value increase fund in the statement of changes in the equity.

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.

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

The 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. 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 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 date:

As noted above as of the date of this report, the Bank has not yet computed its distributable profit and earnings per share for the approval in the General Assembly.

7. Amounts transferred to legal reserves

In the current year, TL 17.061 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements For the Year Ended 31 December 2014

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations related to statement of cash flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents

In the current period, other income amounting to TL 19.538, consists of gain on sale of assets and non-interest income (31 December 2013: TL 7.555 gain on sale of assets, capital market transaction income and non-interest income).

Other caption in changes in assets and liabilities from banking operations amounting to TL 134.555 consists of derivative financial transaction losses, taxes paid except employee termination benefits provision and depreciation expense, other operating expenses and fees and commissions paid. (31 December 2013: TL 87.414 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 item in other assets amounting to TL (191.931) (31 December 2013: TL (227.717)), consists of change in miscellaneous receivables, reserve requirement and other assets items.

In the current period, other payables amounting to TL 622.451 (31 December 2013: TL 332.941), consists of change in borrower funds, miscellaneous payables and funds from repo transactions.

In the current period, the effect of changes in foreign currency exchange rates on cash and cash equivalents has realized amounting to TL 5.105 (31 December 2013: TL 7.536).

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

In the current period, the Bank invested TL 6.689 in tangible fixed assets and properties and invested TL 343 in intangible fixed assets. There is TL 200 investment in associates and subsidiaries.

In the prior period, the Bank invested TL 662 in tangible fixed assets and properties and invested TL 290 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 equivalents;

In the current period, the Bank has generated a cash inflow of TL 2.935 on sale of fixed assets and properties. In the current period, the Bank disposed a subsidiary amounting to TL 233, which was accounted at cost due to the liquidation.

In the prior period, the Bank has generated a cash inflow of TL 1.197 on sale of fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

4. Information on cash and cash equivalents at the end of the period

Information on cash and cash equivalents at the beginning of the period:

	Beginning of the Current Period	Beginning of the Prior Period
Cash	36	27.995
Cash Equivalents	85.525	37.571
Total	85.561	65.566

Information on cash and cash equivalents at the end of the period:

	End of the Current Period	End of the Prior Period
Cash	8	36
Cash Equivalents	261.094	85.525
Total	261.102	85.561

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

For the Year Ended 31 December 2014

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

6. Additional information related to financial position and liquidity of the Bank

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.

VII. Explanations on the risk group of the bank

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

1.a Current period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	261.703	262	112.840	117.413	91.627	-
Balance at End of Period	305.972	264	72.954	117.412	79.003	-
Interest and Commission Income	11.110	6	2.140	294	4.199	-

1.b Prior period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	185.532	412	107.017	117.413	44.671	4.225
Balance at End of Period	261.703	262	112.840	117.413	91.627	-
Interest and Commission Income	8.730	5	2.616	294	3.318	-

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

The Bank is not authorized to accept deposits.

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

The Bank has foreign currency swaps buy amounting to TL 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).

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

Benefits provided to the key management personnel in the current period amount to TL 7.148 (31 December 2013: TL 7.168).

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements

For the Year Ended 31 December 2014

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Number	Number of Employees			
Domestic branches	2	334			
			Country of Incorporation		
Foreign Rep-offices	-	-			
				Total Asset	Capital
Foreign Branches	-	-		-	-
Off-shore Banking					
Region Branches	-	-		-	-

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

In the current year, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches.

In the prior period, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches.

SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank

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

FITCH RATINGS

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.**Notes to the Financial Statements
For the Year Ended 31 December 2014**

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SECTION SIX (Continued)**OTHER EXPLANATIONS (Continued)****I. Other explanations related to operations of the Bank (continued)****1.a Brief information related to rating carried out by international rating firms: (continued)****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.

1.b Informations on corporate governance rating of the 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 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' review report**

Unconsolidated 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 Cooperative, a Swiss entity"). The independent auditors' report dated 29 January 2015 is presented at the beginning of the financial statements and related notes.

II. Explanations and notes prepared by independent auditor

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

Assessment of Financial Standing, Profitability and Solvency

2014 was a year of success where the equity structure of the Bank grew stronger and the targets were fulfilled despite volatilities in the global markets and geopolitical risks. The total size of assets in TL terms surged up by 21.6% year-on-year to TL 15,701 million. The total asset size in USD terms reached USD 6,812 million.

In 2014, the total amount of medium and long-term loan agreements signed was USD 1.8 billion. As a result of the successful performance of the marketing efforts, the amount of new loan disbursements was around USD 1.5 billion. The Bank's loan book reached TL 10,981 with an annual growth of 19.7% in TL terms in 2014. The FX-adjusted annual growth was 15.9%.

The ratio of loan to total assets as of the end of 2014 was around 69.9% (2013: 71.1%).

The breakdown of the loan portfolio by currency type (including FX-indexed loans) was in line with the composition of funds borrowed: 33% EUR, 57% USD. The weight of TL loans reached 10% of the loan portfolio. 90% of our loan portfolio consists of foreign currency medium and long term investment and working capital loans.

The energy production, tourism, electricity distribution and food sectors made up a significant concentration in the loan disbursements in 2014. In the sectoral breakdown of the loan portfolio, the energy production sector constitutes 33%, which is followed by finance sector with 13% and electricity/gas distribution with 9% share. The ratio of the energy and resource efficiency loans in the total portfolio reached 8% as of 2014 year end.

The ratio of non-performing loans -100% provisioned- to total gross loan book was 0.2% (2013: 0.4%) as of 2014. The nominal amount of non-performing loans equaled to TL 16.9 million.

Remaining constant compared to last year, non-cash loans amounted to TL 1,453 million (2013: TL 1,453 million). The weight of non-cash loans within the Bank's commission income which continued to stagnate around high levels due to conjunctural reasons equaled to 86% in 2014 (2013: 63%).

Securities book, which makes up the second biggest asset category after loans with a ratio of 22.2%, reached TL 3,482 million with 19.2% increase compared to previous year. 100% of the securities portfolio consists of securities available for sale, and 84% of it is composed of Turkish Lira instruments. The composition of the security book has changed as a result of redemptions and security purchases realized in accordance with the global conjuncture and Central Bank's policies in 2014. While the weight of CPI-linkers in the TL portfolio as of the year-end increased significantly to 35% from 24% of the previous year-end, the weight of the all floating rate notes including CPI-linkers fell back to 68% from 71%. Accordingly, the weight of fixed rate notes eased up to 32% from 29%. Since the funding costs stayed at high levels during the year due to tightening policy of Central Bank of Turkey, there was an increase in the average funding cost of the Bank compared to previous year. The yield of TL securities on the other hand was 10.8%. 25% of TL securities was funded by repo funding and costed 9.2%.

Surging up by 9.7% compared to previous year, the funds borrowed reached TL 9,996 million. Approximately all of the funds borrowed consist of foreign currency resources secured from supranational institutions. 95% of our funds consist of medium and long-term loans. These long-term funds are used to finance the asset side lending. 91% of the long term funding is secured by the guarantee of the Undersecretariat of Turkish Treasury. Our Bank has continued building successful relationships with supranational financial institutions in 2014, as well. Throughout the whole year, TSKB signed funding agreements equaling in total to nearly USD 1 billion which composes of USD 220 million from IDB, USD 250 million from IBRD, USD 40 million from Citi/Opic, EUR 60 million from AFD, EUR 50 million from EBRD, EUR 150 million from KfW, EUR 20 million from OeEB and EUR 100 million from EIB. Moreover, the Bank secured a syndication loan amounting to USD 135 million with the participation of 13 banks from 8 countries. Besides, the Bank issued USD 350 million worth of Eurobond in the international markets.

Due to the fact that the borrowing and lending interest rate structures on the assets and liabilities sides are variable and the term structures of funds borrowed are longer than those of loans, the Bank does not incur interest rate or liquidity mismatch. Furthermore, since the currencies of loans are in line with those of funds borrowed, the Bank's exposure to exchange rate risk is close to zero.

Increasing its shareholders' equity by 21.4%, compared to previous year, to TL 2,888 million, the Bank recorded a capital adequacy ratio of 18.1% which is considerably above legal requirements (Capital Adequacy Ratio in 2013: 18.2%). The Bank has TL 1.9 billion in free capital, which corresponds to 12.3% of its total assets (2013: 11.9%). The free capital consists entirely of liquid assets.

The pretax profit reached TL 461.7 million with a 15.2% expansion, while net profit amounted to TL 369.3 million which was up by 13.3% year-on-year basis. In parallel, the average return on equity for the year was recorded as 17.7% while the Bank's return on assets ratio was 2.6%.

The net interest income in 2014 picked up by 12.3% year-on-year basis and reached TL 546.2 million. Net interest margin was 4.2%. (2013: 4.3%)

The dividend income of the Bank fell by 19% compared to the previous year. On the other hand, there was a one-off increase in the other operating income which resulted from an asset sale amounting to TL 9.9 million and provision reversals reaching TL 25.8 million.

Other operating expenses which include the personnel and other operating expenses in 2014 amounted to TL 114.3 million with a 56.1% leap due to TL 22.1 million tax penalty which was a one-off and paid within the year. The cost to income ratio was recorded as 18% which falls to 14% when tax penalty is excluded (2013: 14%).

The total amount of donations and grants equaled to TL 31,803 in 2014. The expenses incurred for the social responsibility projects amounted to TL 84,000.

At the end of 2014, the ratio of TSKB's interest-bearing assets to total assets was 94%. Such a high level is another factor that enhances the Bank's solvency. Moreover, 100% of the loans are financed through long term funds. Consequently, the active role of the Bank in capital markets and the fact that Bank's funding structure is long-term and sustainable as a result of close and long-term relationships with supranational organizations are expected to have a continued positive impact on both profitability and solvency of the Bank.

Information on Risk Policies Based on Risk Types

TSKB's Risk Management Policies and application principles of these policies consist of written standards established by the Board of Directors and implemented by the Bank's executive management.

According to TSKB's Risk Management Policies, the main risks exposed by the Bank are identified as the credit risk, asset-liability management risk (market risk, structural interest rate risk, liquidity risk) and operational risk. A Risk Management Department is formed within the Bank in order to manage the risks the Bank is exposed to in parallel to the risk policies ensuring compliance with those policies and related application principles.

TSKB's Risk Management Department actively participates in all processes regarding the management of risks and submits regular reports to the Board of Directors, Audit Committee, senior management and related units of the Bank. Its duties, responsibilities and structure have been established by the Regulation of Risk Management Department.

Credit Risk Management Policy

Credit risk is the possibility that the credit customer or a counterparty of an agreement being unable to fulfill the obligations pursuant to the conditions of the agreement. Whilst the most common and apparent source of credit risk is the loans granted by the Bank, other banking services carrying counterparty risk also carry credit risk. In this regard, all related banking activities are evaluated within the scope of credit risk.

Credit risk is measured and managed by taking into account the structure and characteristics of the credit, the terms and conditions of the credit agreement and financial conditions, the structure of the risk profile until the end of the maturity in parallel with possible market movements, guarantees and collaterals, internal risk ratings, possible changes in ratings during the risk exposure period, concentrations (one single company, group of affiliated companies, sector, country, etc.) and compliance with limits established by the Board of Directors to prevent such concentrations.

In measuring credit risk, the Internal Rating Based Model is used for the purposes of monitoring and controlling the credit risk and providing early warning.

Maximum effort is taken to ensure that limits and policies in agreements with foreign and domestic sources do not diverge to a significant degree from the policies and limits set by the Bank. Despite the clauses in the agreements deviate from the existing policies, they are still accepted to be in force.

Asset-Liability Management Risk Policies

All financial risks arising from the Bank's assets and liabilities other than credit risk are defined as asset-liability management risks. The market risk of the trading portfolio, structural interest rate risk and liquidity risk fall into this category.

i - Market Risk Management Policy

Market risk is the possibility of portfolio or position loss in the scope of trading portfolio resulting from fluctuations in interest rates, stock prices, commodity prices or exchange rates on the financial markets. The purpose of market risk management is to manage, within the appropriate parameters, the risks which the Bank might be exposed to with a proactive approach and thus maximize the Bank's risk adjusted return.

Market risk is managed by using consistent risk measurement and criteria such as fluctuation level of interest and/or prices and Value at Risk calculations, establishing appropriate procedures regarding the performance of control and observing compliance with the identified risk limits.

Interest rate risk, exchange rate risk, stock and commodity price risk and exchange risks constitute the major elements of market risk. In order to control these risks in a healthy manner the core principal is to manage transactions carried out in money and capital markets such that they do not form concentration in terms of instrument, maturity, currency, interest type and other similar parameters, and in a "well diversified" manner in accordance with their risk levels. Moreover, the creditworthiness of issuers of financial instruments causing market risk is evaluated and monitored carefully.

In calculating market risk, the Bank uses two major approaches, namely BRSA Standard Method and Value at Risk (VaR). Accuracy of the VaR model is ensured by backtesting which is the comparison between the calculated Value at Risk and realized losses. In addition; stress tests are applied in order to determine the impacts of events, with low possibility of realization but substantial losses, on Value at Risk.

ii -Structural Interest Rate Risk Management Policy

Structural interest rate risk is the risk of change in the Bank's capital due to possible changes in interest rates through differences in the repricing period and the interest structures of interest-sensitive assets and liabilities monitored in banking book.

Structural interest rate risk is managed through the provision of consistent information on structural interest rate risk to all organizational levels by using risk measurement and criteria such as the level of fluctuation of interests, interest shock and stress test calculations.

The inconsistencies of the asset-liability structure are monitored and measured on currency basis and at determined maturity intervals taking into account their re-pricing.

TSKB manages interest risk by acknowledging that it threatens the Bank's income, capital, liquidity and reputation and consists of factors such as re-pricing risk, yield curve risk, base risk, spread risk and option risk.

iii - Liquidity Risk Management Policy

Liquidity risk is defined as the risk of failure to meet the on and off balance sheet liabilities when due. This includes the case when the Bank does not have enough cash or cash inflows in order to fulfill the cash outflows completely and on time and thus incurs a loss.

There are two kinds of liquidity risk, one is related to funding for capital markets and trading activities, the other one is related to market. Liquidity risk related to funding is the risk which occurs when investment and funding needs are not fulfilled timely or with a reasonable cost because of inconsistency in the cash flows. Liquidity risk related to market occurs when the Bank cannot close its positions on time or with reasonable costs because the markets are not deep, have problems, or the Bank cannot enter the markets.

It is essential to have maximum diversification regarding to funding sources, markets, instruments and maturities in order to have an effective and sustainable liquidity management.

In liquidity management, the portfolio structure is formed in line with the functions of revenue generating from the portfolio and management of the market risk. Risk return balance is constantly monitored whereas the liquidity needs are followed up at all times.

Operational Risk Policy

Operational risk is defined as the loss occurring from processes, humans and systems because of deficiencies or faults or mistakes or outside events. Compliance to the laws and ethic standards are also included in this definition.

Operational risks are managed by applying special controls and precautionary measures to the fundamental operational areas of the Bank, by forming an appropriate internal control system and distributing the authorities throughout the Bank, by testing and controlling in detail all the Bank's operational systems, by obtaining a consistency between the internal and external systems and having an independent data backup system.

The Bank respects the principle of segregation of duties in order to reduce the risk of fraud, manipulation or mistakes. The functions which should be separated are determined as (i) starting a transaction, (ii) giving authority and approval, (iii) recording the transaction, (iv) confirming the transaction, (v) reliable custody services, (vi) monitoring and auditing, (vii) upgrading of IT systems and activities of Daily operations. It is essential that the transaction data will be recorded in the system by using the IT applications right after the transaction has been made.

Operational risks are measured by applying the "Basic Indicator Approach" method.

Risk Management Policy for Subsidiaries

The Bank pays attention that the fundamental principles and standards related to the risk management systems and processes are also applied in the subsidiaries. Consolidated Risk Policies are determined and approved by the Board of Directors. It is essential for the subsidiaries that these policies are adopted, specified risk management systems and processes are applied in order to have consolidated risk management and to act in consistency with the risk limits set in the group level.

Policies Regarding Other Risks

Other risks are Model Risk, defined as the risk of loss due to erroneous design or implementation failures of the models used for pricing, credit facilities and risk measurement, Strategy Risk, occurring because of false or ill timed decisions; and Reputation Risk, defined as the reputation loss of the Bank in the eyes of the customers and markets. These risks are mentioned in the Bank's Risk Policies in order to increase the awareness throughout the Bank.

Ratings

Fitch Ratings:

On 24 October 2014, TSKB's rating has been affirmed by Fitch Ratings.

Foreign Currency	
Long Term	BBB-
Outlook	Stable
Short Term	F3
Local Currency	
Long-term	BBB
Outlook	Stable
Short-term	F3
Support Rating	2
Support Rating Floor	BBB-
National	
Long Term	AAA(tur)
Outlook	Stable

Moody's Investors Service

Moody's has affirmed TSKB's "Bank Financial Strength Rating" at D+, Long-term foreign and local currency Issuer Default Ratings (IDRs) at Baa3 on 5 June 2014. The outlook has been assigned as negative.

BFSR - Outlook	D+ (Stable)
LT Bank Issuer Rating (Foreign Currency)	Baa3
LT Bank Issuer Rating (Domestic Currency)	Baa3
Outlook	Negative
ST Bank Issuer Rating (Foreign Currency)	P-3
ST Bank Issuer Rating (Domestic Currency)	P-3

Main Indicators and Financial Information for the Most Recent 5 Years

(TL Million)	2010	2011	2012	2013	2014
Assets	7,912	9,456	10,290	12,911	15,701
Loan Book	4,843	6,395	6,895	9,177	10,981
Shareholders' Equity	1,264	1,366	1,755	1,885	2,288
Net Profit	212	255	307	326	369
(%)					
Average Return on Equity	18.4	19.4	19.7	17.9	17.7
Average Return on Assets	2.9	2.9	3.1	2.8	2.6
Capital Adequacy Ratio	22.7	19.1	20.4	18.2	18.1

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Financial Statements

As of and For the Year Ended 31 December 2014



Akis Bağımsız Denetim ve Serbest
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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 Articles 37 and Articles 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.

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries**The Consolidated Financial Report of Türkiye Sinai Kalkınma Bankası A.Ş.
For the year Ended 31 December 2014**

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The consolidated financial report designed for the year end includes the following sections in accordance with "Communiqué on 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 AUDITORS' REPORT

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

Subsidiaries

Yatırım Finansman Menkul Değerler A.Ş.
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.

Associates

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 ("TL")**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, and have been independently audited and presented as attached.

29 January 2015


Adnan BALI

Chairman of Board of Directors


Özcan TÜRKAKINMember of Board of Directors and
General Manager

Ömer ERYILMAZExecutive Vice President in Charge
of Financial Reporting

Mustafa GÖKTAŞHead of
Financial Control Department

Kemal Serdar DİŞLİ

Member of Audit Committee


Uygur Şafak ÖĞÜN

Member of Audit Committee

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

Name-Surname/Title: Mustafa Göktaş/Head of Financial Control Department

Telephone Number: (212) 334 51 92

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

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Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

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Türkiye Sınai Kalkınma Bankası 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 statue, changes in the existing statue

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 Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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 Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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	-

Türkiye Sınai Kalkınma Bankası 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 Dışlı ⁽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 Özsuca ⁽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 Öğün ⁽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 November 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 Dışlı 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 Özsuca 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 Öğün 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.

Türkiye Sınai Kalkınma Bankası 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 Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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 Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid 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	-

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 İzmir and Ankara in April 2006 to enhance marketing and valuation operations.

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.

Türkiye Sınai Kalkınma Bankası 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)

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.

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.

Türkiye Sınai Kalkınma Bankası 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.)

ASSETS	Note Ref.	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		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
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (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.

Türkiye Sınai Kalkınma Bankası 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.)

LIABILITIES	Note Ref	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		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.

Türkiye Sınai Kalkınma Bankası 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.)

	Note Ref	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		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		-	-	-	-	-	-

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

Türkiye Sinai Kalkınma Bankası 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
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	32.390.130	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.

Türkiye Sınai Kalkınma Bankası 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.

Türkiye Sınai Kalkınma Bankası 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

Türkiye Sınai Kalkınma Bankası 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.)

	CHANGES IN SHAREHOLDER'S EQUITY	Note Ref	Paid in Capital	Effect of Inflation on Paid in Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves
Prior Period - 31 December 2013								
I.	Opening Balance		1.100.000	374	388	-	125.052	60.277
II.	Increase/Decrease related to merger		-	-	-	-	-	-
III.	Marketable securities value increase fund		-	-	-	-	-	-
IV.	Hedging (Effective portion)		-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-
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	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-
12.2	Internal sources		200.000	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-
XV.	Effect of inflation on paid-in capital		-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-
XVII.	Period net income		-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	33.392	15.364
18.1	Dividends distributed		-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	33.392	15.364
18.3	Other		-	-	-	-	-	-
	Closing Balance		1.300.000	374	388	-	158.444	75.641
Current Period - 31 December 2014								
I.	Opening Balance		1.300.000	374	388	-	158.444	75.641
II.	Increase/Decrease related to merger		-	-	-	-	-	-
III.	Marketable securities value increase fund		-	-	-	-	-	-
IV.	Hedging (Effective portion)		-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-
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	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-
12.2	Internal sources		200.000	-	-	-	-	-
XIII.	Share issuance		-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-
XV.	Effect of inflation on paid-in capital		-	-	-	-	-	-
XVI.	Other		-	-	25	-	2	-
XVII.	Period net income		-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	17.319	-
18.1	Dividends distributed		-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	17.319	-
18.3	Other		-	-	-	-	-	-
	Closing Balance		1.500.000	374	413	-	175.765	75.641

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

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

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
7.544	2.920	-	369.263	133.754	35.157	-	-	-	1.834.729	84.273	1.919.002
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	(129.713)	-	-	-	-	(129.713)	(13)	(129.726)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
28.379	-	-	(2.142)	-	(26.237)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	402	-	-	-	-	-	-	-	402	(2)	400
-	-	303.890	-	-	-	-	-	-	303.890	(8.736)	295.154
21.070	-	-	(137.122)	-	-	-	-	-	(67.296)	-	(67.296)
-	-	-	(67.296)	-	-	-	-	-	(67.296)	-	(67.296)
21.070	-	-	(69.826)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
24.993	3.322	303.890	61.999	4.041	8.920	-	-	-	1.942.012	75.522	2.017.534
24.993	3.322	-	365.889	4.041	8.920	-	-	-	1.942.012	75.522	2.017.534
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	109.952	-	-	-	-	109.952	5	109.957
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(400)	-	400	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(200.000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(200.000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
236	(564)	-	4.308	-	-	-	-	-	4.007	(8.788)	(4.781)
-	-	373.408	-	-	-	-	-	-	373.408	703	374.111
36.015	-	-	(125.915)	-	-	-	-	-	(72.581)	11	(72.570)
-	-	-	(72.581)	-	-	-	-	-	(72.581)	-	(72.581)
36.015	-	-	(53.334)	-	-	-	-	-	-	11	11
-	-	-	-	-	-	-	-	-	-	-	-
61.244	2.758	373.408	43.882	113.993	9.320	-	-	-	2.356.798	67.453	2.424.251

Türkiye Sınai Kalkınma Bankası 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.)

	Note Ref.	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.

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

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.

Türkiye Sınai Kalkınma Bankası 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.

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 indebtedness 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.

Türkiye Sınai Kalkınma Bankası 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 (Continued)**

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.

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.

Türkiye Sınai Kalkınma Bankası 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 (continued)

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.

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.

Türkiye Sınai Kalkınma Bankası 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)

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.

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.

Türkiye Sınai Kalkınma Bankası 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)

VII. Explanations on financial assets (continued)

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.

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.

Türkiye Sınai Kalkınma Bankası 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)

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.

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 publication 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.

Türkiye Sınai Kalkınma Bankası 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)

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.

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on tangible assets (continued)

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.

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.

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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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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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 ^(*)						
	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 Current Period	Consolidated Current Period	Parent Bank Prior Period	Consolidated 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 (CRMAR)	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+CRMAR+CROR) *12,5)*100	18,09	18,33	18,15	16,57
Principal Capital/((CRCR+CRMAR+CROR) *12,5)*100	16,99	17,47		
Core Capital/((CRCR+CRMAR+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 Current Period	Consolidated 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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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)*

	Parent Bank Current Period	Consolidated 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 Capital (-)	-	-
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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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)*

	Parent Bank Current Period	Consolidated 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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SECTION FOUR (Continued)**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 Deferred Tax Liabilities (-)	-	-	-	-
Net Deferred Tax Asset/Liability	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-	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 Premiums 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, 3 rd 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
	Prior Period	Prior Period
SUPPLEMENTARY CAPITAL		
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 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.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated credit risk (continued)

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.

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*

Current Period	Risk Types ^(*)						
	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
Domestic	3.570.297	614	426	-	-	1.326.372	11.441.752
European Union (EU) Countries	-	-	-	613	-	169.494	-
OECD Countries ^(**)	-	-	-	-	-	6.554	-
Off-Shore Banking Regions	-	-	-	-	-	-	1.022
USA, Canada	-	-	-	-	-	20.201	-
Other Countries	-	-	-	-	-	36.428	53.446
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	95.464
Unallocated Assets/Liabilities ^(***)	-	-	207	-	-	-	2.848
Total	3.570.297	614	633	613	-	1.559.049	11.594.532

^(*) 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.

Prior Period	Risk Types ^(*)						
	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
Domestic	2.702.378	600	893	-	-	1.459.755	9.284.119
European Union (EU) Countries	-	-	-	319	-	164.866	-
OECD Countries ^(**)	-	-	-	-	-	1.708	-
Off-Shore Banking Regions	-	-	-	-	-	-	22.359
USA, Canada	-	-	-	-	-	49.900	-
Other Countries	-	-	-	-	-	33.473	49.145
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	122.631
Unallocated Assets/Liabilities ^(***)	15.037	-	1.036	-	-	1	2
Total	2.717.415	600	1.929	319	-	1.709.703	9.478.256

^(*) 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.

Risk Types (*)										
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	
-	431.865	-	46	-	-	-	2.071	520.915	17.294.358	
-	-	-	-	-	-	-	-	6.240	176.347	
-	-	-	-	-	-	-	-	-	6.554	
-	-	-	-	-	-	-	-	-	1.022	
-	-	-	-	-	-	-	-	3.029	23.230	
-	-	-	-	-	-	-	-	-	89.874	
-	-	-	-	-	-	-	-	1.935	97.399	
-	-	-	-	-	-	-	-	38.754	41.809	
-	431.865	-	46	-	-	-	2.071	570.873	17.730.593	

Risk Types (*)										
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	
-	315.648	-	48	-	-	-	92.487	313.467	14.169.395	
-	-	-	-	-	-	-	-	2.957	168.142	
-	-	-	-	-	-	-	-	-	1.708	
-	-	-	-	-	-	-	-	-	22.359	
-	-	-	-	-	-	-	-	-	49.900	
-	-	-	-	-	-	-	-	-	82.618	
-	-	-	-	-	-	-	346	2.258	125.235	
-	-	-	-	-	-	-	-	25.921	41.997	
-	315.648	-	48	-	-	-	92.833	344.603	14.661.354	

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SECTION FOUR (Continued)**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 ^(*)						
	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
Agriculture	-	-	-	-	-	-	2.636
Farming and Stockbreeding	-	-	-	-	-	-	2.636
Forestry	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	2.688	7.722.514
Mining and Quarrying	-	-	-	-	-	-	92.947
Production	-	-	-	-	-	42	2.332.527
Electricity, Gas and Water	-	-	-	-	-	2.646	5.297.040
Construction	-	-	-	-	-	-	188.052
Services	519.414	-	426	613	-	1.556.361	3.570.181
Wholesale and Retail Trade	-	-	-	-	-	-	148.541
Accommodation and Dining	-	-	-	-	-	-	454.606
Transportation and Telecommunication	-	-	-	-	-	-	741.951
Financial Institutions	519.414	-	426	613	-	1.556.361	1.335.401
Real Estate and Rental Services	-	-	-	-	-	-	218.682
Professional Services	-	-	-	-	-	-	574.626
Educational Services	-	-	-	-	-	-	78.504
Health and Social Services	-	-	-	-	-	-	17.870
Others	3.050.883	614	207	-	-	-	111.149
Total	3.570.297	614	633	613	-	1.559.049	11.594.532

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

Risk Types ^(*)												
	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	TL	FC	Total
	-	-	-	-	-	-	-	-	399	3.035	-	3.035
	-	-	-	-	-	-	-	-	-	2.636	-	2.636
	-	-	-	-	-	-	-	-	399	399	-	399
	-	-	-	-	-	-	-	-	-	-	-	-
	-	19.270	-	-	-	-	-	-	20.217	835.792	6.928.897	7.764.689
	-	693	-	-	-	-	-	-	-	-	93.640	93.640
	-	18.577	-	-	-	-	-	-	11.037	298.762	2.063.421	2.362.183
	-	-	-	-	-	-	-	-	9.180	537.030	4.771.836	5.308.866
	-	-	-	-	-	-	-	-	1	45.620	142.433	188.053
	-	412.595	-	-	-	-	-	2.071	266.123	1.747.879	4.579.905	6.327.784
	-	680	-	-	-	-	-	-	178	6.944	142.455	149.399
	-	93.638	-	-	-	-	-	-	10	10	548.244	548.254
	-	-	-	-	-	-	-	-	1.555	1.565	741.941	743.506
	-	12.525	-	-	-	-	-	2.071	263.770	1.660.702	2.029.879	3.690.581
	-	235.393	-	-	-	-	-	-	-	203	453.872	454.075
	-	17.290	-	-	-	-	-	-	610	68.386	524.140	592.526
	-	7.138	-	-	-	-	-	-	-	7.020	78.622	85.642
	-	45.931	-	-	-	-	-	-	-	3.049	60.752	63.801
	-	-	-	46	-	-	-	-	284.133	2.807.395	639.637	3.447.032
	-	431.865	-	46	-	-	-	2.071	570.873	5.439.721	12.290.872	17.730.593

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SECTION FOUR (Continued)**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 ^(*)						
	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
Agriculture	-	-	-	-	-	-	5.324
Farming and Stockbreeding	-	-	-	-	-	-	5.324
Forestry	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	9.218	6.575.239
Mining and Quarrying	-	-	-	-	-	-	79.834
Production	-	-	-	-	-	1.255	2.240.058
Electricity, Gas and Water	-	-	-	-	-	7.963	4.255.347
Construction	-	-	-	-	-	-	121.744
Services	358.870	-	426	319	-	1.700.485	2.667.183
Wholesale and Retail Trade	-	-	-	-	-	-	29.521
Accommodation and Dining	-	-	-	-	-	-	282.542
Transportation and Telecommunication	-	-	-	-	-	1.950	588.695
Financial Institutions	358.870	-	426	319	-	1.698.535	1.018.950
Real Estate and Rental Services	-	-	-	-	-	-	354.683
Professional Services	-	-	-	-	-	-	315.618
Educational Services	-	-	-	-	-	-	7.775
Health and Social Services	-	-	-	-	-	-	69.399
Others	2.358.545	600	1.503	-	-	-	108.766
Total	2.717.415	600	1.929	319	-	1.709.703	9.478.256

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

Risk Types ^(*)												
	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	TL	FC	Total
	-	-	-	-	-	-	-	-	606	3.276	2.654	5.930
	-	-	-	-	-	-	-	-	262	2.932	2.654	5.586
	-	-	-	-	-	-	-	-	344	344	-	344
	-	-	-	-	-	-	-	-	-	-	-	-
	-	1.745	-	-	-	-	-	-	1.017	561.470	6.025.749	6.587.219
	-	-	-	-	-	-	-	-	-	-	79.834	79.834
	-	1.745	-	-	-	-	-	-	1.017	321.756	1.922.319	2.244.075
	-	-	-	-	-	-	-	-	-	239.714	4.023.596	4.263.310
	-	2.130	-	-	-	-	-	-	-	29.246	94.628	123.874
	-	311.773	-	-	-	-	-	92.833	52.510	1.138.993	4.045.406	5.184.399
	-	-	-	-	-	-	-	-	92	10.499	19.114	29.613
	-	3.532	-	-	-	-	-	-	-	10	286.064	286.074
	-	-	-	-	-	-	-	-	1.355	1.367	590.633	592.000
	-	-	-	-	-	-	-	92.833	50.216	1.084.715	2.135.434	3.220.149
	-	302.197	-	-	-	-	-	-	-	11.768	645.112	656.880
	-	-	-	-	-	-	-	-	847	30.634	285.831	316.465
	-	6.044	-	-	-	-	-	-	-	-	13.819	13.819
	-	-	-	-	-	-	-	-	-	-	69.399	69.399
	-	-	-	48	-	-	-	-	290.470	2.320.006	439.926	2.759.932
	-	315.648	-	48	-	-	-	92.833	344.603	4.052.991	10.608.363	14.661.354

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SECTION FOUR (Continued)**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
Current Period					
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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SECTION FOUR (Continued)**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				
Prior Period	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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SECTION FOUR (Continued)**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				
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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SECTION FOUR (Continued)**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.

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	Unrated	100%	20% ^(*)	50% ^(*)	100%

^(*) 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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SECTION FOUR (Continued)**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
	Impaired Loans	Past Due Loans		
Major Sectors/Counterparties				
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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SECTION FOUR (Continued)**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			
	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
Major Sectors/Counterparties				
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

	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Current Period					
Specific Provisions	37.386	10.808	29.756	-	18.438
General Loan Loss Provision	96.583	21.177	-	-	117.760
Prior Period					
Specific Provisions	15.624	24.027	2.265	-	37.386
General Loan Loss Provision	77.247	19.336	-	-	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)**

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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SECTION FOUR (Continued)**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.

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 Method	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

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SECTION FOUR (Continued)**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****III. Explanations related to the consolidated market risk****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

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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SECTION FOUR (Continued)**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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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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
Prior Five Workdays:		
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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SECTION FOUR (Continued)**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****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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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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SECTION FOUR (Continued)**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****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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	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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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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	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		Revenue/Shareholders' Equity -
Currency	(+/- x basis point)	Revenue/Loss	Loss/Shareholders' Equity
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%)

Prior Period	Applied Shock		Revenue/Shareholders' Equity -
Currency	(+/- x basis point)	Revenue/Loss	Loss/Shareholders' Equity
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%)

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SECTION FOUR (Continued)**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****VI. Explanations related to consolidated interest rate risk (continued)***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.

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.

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SECTION FOUR (Continued)**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****VII. Explanations related to consolidated stock position risk (continued)**

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Portfolio						
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

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Portfolio						
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.

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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)**

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

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	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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SECTION FOUR (Continued)**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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SECTION FOUR (Continued)**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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SECTION FOUR (Continued)**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				
Risk Types	Amount ^(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
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.

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.

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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)

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.

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.

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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*

Liquidity risk is the risk of not meeting the balance sheet and off-balance sheet liabilities on time. Liquidity risk is also the possibility of loss that the Bank may face, when there is not sufficient cash or cash inflow to meet the cash outflow in full and in time. There are two risks as funding liquidity risk in capital markets and purchase/sales operations and market liquidity risk in which funding liquidity risk is the risk that investment and funding requirements cannot be met on time or at a reasonable cost due to the incompatibilities in cash flows.

The market liquidity risk is that no long position can be taken on time or at a reasonable cost due to the markets are not so deep, disruption and the bank cannot enter the markets easily.

It is essential to evaluate the diversification of opportunities on the basis of maturities with maximum extent in order to ensure the efficiency of liquidity management and maintain a sustainable situation. In liquidity risk management, a portfolio structure matched with the functions of generating profit from portfolio and market risk management and risk-return trade-off is constantly monitored without compromising of liquidity requirements.

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.

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.

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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 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.

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.

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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)**

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

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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative instruments held for trading				
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

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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****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

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	-

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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.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%).

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	
		Amendments Related to the Extension of the Payment Plan	Other		Amendments Related to the Extension of the Payment Plan	Other
Cash Loans						
Non-specialized loans	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

Prior Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other Receivables (Total)	Amendments on Conditions of Contract	
		Amendments Related to the Extension of the Payment Plan	Other		Amendments Related to the Extension of the Payment Plan	Other
Cash Loans						
Non-specialized loans	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		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	37.676	98.901
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-
Prior Period		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	-	106.575
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-
Current Period		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months - 12 Months	-	84.237
1-2 Years	-	-
2-5 Years	37.676	-
5 Years and Over	-	14.664
Prior Period		
	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months - 12 Months	-	89.987
1-2 Years	-	-
2-5 Years	-	-
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.

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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:**

	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
Current Period				
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				
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

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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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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 (-) ⁽⁹⁾	(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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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	-	-	-

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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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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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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.I 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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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.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

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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.m Other explanations and disclosures (continued):**

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	-	-	-	-	-

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

		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

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

	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

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	-	-

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	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.

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.

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

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.

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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 ⁽¹⁾	-	-
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:

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

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	-	-

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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)****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.

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).

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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)****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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SECTION FIVE (Continued)**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:

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

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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.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).

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).

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.

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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)**

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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SECTION FIVE (Continued)**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).

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
- Additional provisions for the loans with extended payment plan	1.884	-
II. Provisions for Second Group Loans and Receivables	6.238	5.868
- Additional provisions for the loans with extended payment plan	4.945	5.329
Provisions for Non-Cash Loans	2.719	2.798
Other	9.562	8.623

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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)

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 non 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.

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).

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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)****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

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).

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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)****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

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 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.

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).

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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.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).

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:

	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
Current Period					
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.

	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
Prior Period					
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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SECTION FIVE (Continued)**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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SECTION FIVE (Continued)**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	-	-	-	-
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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SECTION FIVE (Continued)**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 (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 been deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge/penalized 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 tax administration's suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir.

Some of the lawsuits are decided favourable, remaining of lawsuits are decided unfavourable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the 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.

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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)

4. Explanations on contingent liabilities and assets (continued)

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.

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 ("İBB"), 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 İBB 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 İBB.

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 İBB 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. İBB 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.

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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)****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.

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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SECTION FIVE (Continued)**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (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:

	Current period		Prior period	
	TL	FC	TL	FC
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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SECTION FIVE (Continued)**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.

Türkiye Sınai Kalkınma Bankası 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 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).

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements

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

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

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

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For the Year Ended 31 December 2014

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

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.

Türkiye Sınai Kalkınma Bankası 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 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.

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2014

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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

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements

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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.

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	-

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements

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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 (continued)****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).

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	Country of Incorporation	Total Asset	Statutory Share Capital
Domestic branches	15	483			
Foreign representations	-	-			
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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Notes to the Consolidated Financial Statements

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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.

Türkiye Sınai Kalkınma Bankası 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 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.

TSKB Stock Performance in 2014

Strategies to exit from expansionary policies which have been implemented and effective in global markets in the aftermath of 2008 crisis have been disputed since 2013. Following its signal to implement exit strategies in May 2013, Fed began reducing bond purchases in December 2013. Having continued gradual reduction throughout the year, it finally ended its bond purchase program. In the first quarter of the year, reappointment process of Fed Chairman created concerns about Fed's potential move towards a hawkish stance. Having suffered a loss by the end of the year partially due to domestic developments in 2013, domestic markets continued to decline in the first quarter of 2014. Tightening its policies since June 2013 against the increase in foreign exchange rates, Central Bank has taken a decision to sharply raise interest rates in January, bringing the policy interest rate from 4.5% up to 10.0%. In this process, the yield of the benchmark bond picked up from 10.0% to 11.75% in the first quarter of the year, while the decline in the stock market continued from 67,800 point level to 60,700 level. As of the second quarter of the year, Fed's announcement that it will continue its expansionary policies for a longer term and declining long term interest rate expectations of the board members, coupled with European Central Bank's cutting down its policy interest rates and announcing a new quantitative expansion program resulted in a positive sentiment in global markets. With the improvement in the global economic situation, Central Bank of Turkey also cut the policy interest rate from 10% to 8.75% in three steps starting as of May. In addition, declining oil prices had positive impact on domestic markets in the second quarter of the year, due to its favorable effect on current account deficit and inflation rate. While benchmark bond yield was 8% by the end of the year, the stock market gained an upward momentum since the second quarter, closing the year at 85,700 points level.

While the annual yield of BIST 100 index which mainly resulted from a jump in the value of the banking stocks was 26% in 2014, the yield of the banking index was recorded as 30%. In line with the banking index, TSKB's market capitalization went up by 31% in 2014.

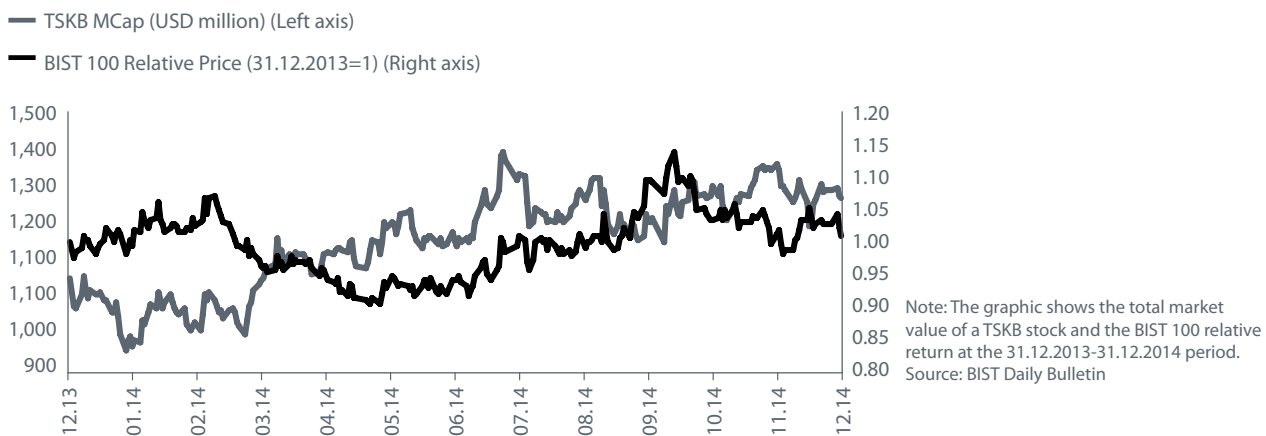
While the total market capitalization of the Bank was USD 1.12 billion by the end of 2013, it rised up to USD 1.4 billion levels during 2014. As of 31 December 2014, the Bank's total market capitalization was USD 1.3 billion.

	31/12/2012	31/12/2013	31/12/2014
Closing price of TSKB stock (TL)*	1.60	1.54	2.02
Change (%)**	76.2	-3.4	30.9
BIST Bank Index, relative (%)	7.1	28.7	0.4
BIST 100, relative (%)	15.5	11.4	3.6
BIST Bank Index	162.505	121.924	158.940
Change (%)**	64.6	-25.0	30.4
BIST 100 Index	78.208	67.802	85.721
Change (%)**	52.6	-13.3	26.4

Source: BIST Daily Bulletin

* Retroactive closing prices are adjusted on the basis of cash dividends and bonus issues after the dates given.

** Year-to-date change



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SWIFT Code: TSKBTRIS
EFT Code : 0014

Trade Registration No: 42527

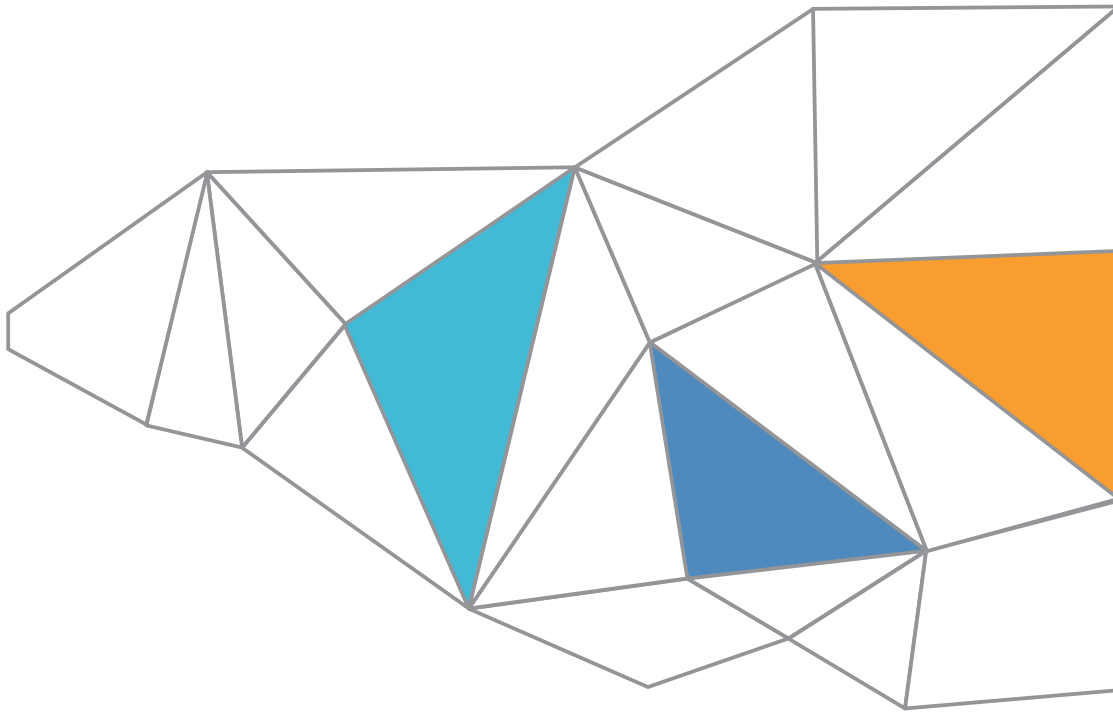
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