



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

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

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

29 January 2015

This report contains "Independent Auditors' Report" comprising 2 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 128 pages.



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**
Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

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

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

The Report Related to 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 1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S 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 ("TRY")**, in accordance with the Communiqué on Bank's Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank's records, and have been independently audited and presented as attached.

29 January 2015

			
Adnan BALI	Özcan TÜRKAKIN	Ömer ERYILMAZ	Mustafa GÖKTAŞ
Chairman of Board of Directors	Member of Board of Directors and General Manager	Executive Vice President In Charge of Financial Reporting	Head of Financial Control Department
			
Kemal Serdar DİŞLİ		Uygur Şafak ÖCÜN	
Member of Audit Committee		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
E-Mail Address : nazlicaa@tskb.com.tr

SECTION ONE

General Information

I.	The Bank's incorporation date, beginning statute, changes in the existing statute.....	1
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 of the Bank	1
III.	Explanations regarding the chairman and the members of board of the directors, audit committee, general manager and assistant general managers and their shares in the Bank	2
IV.	Information about the persons and institutions that have qualified shares in the Bank	3
V.	Summary on the Bank's functions and areas of activity.....	3
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	4
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	5

SECTION ONE

Unconsolidated Financial Statements

I.	Unconsolidated balance sheet (Statement of financial position)	6
II.	Unconsolidated statement of off-balance sheet items.....	8
III.	Unconsolidated income statement	9
IV.	Unconsolidated statement of comprehensive income.....	10
V.	Unconsolidated statement of changes in equity	11
VI.	Unconsolidated statement of cash flows	12
VII.	Statement of profit distribution.....	13

SECTION THREE

Accounting Policies

I.	Basis of presentation.....	14
II.	Explanations on usage strategy of financial assets and foreign currency transactions	15
III.	Explanations on forward and option contracts and derivative instruments	16
IV.	Explanations on interest income and expenses.....	16
V.	Explanations on fees and commission income and expenses	16
VI.	Explanations on financial assets	17
VII.	Explanations on impairment on financial assets.....	19
VIII.	Explanations on offsetting of financial assets and liabilities	20
IX.	Explanations on sales and repurchase agreements and lending of securities	20
X.	Explanations on assets held for sale and discontinued operations	21
XI.	Explanations on goodwill and other intangible assets	21
XII.	Explanations on tangible assets	22
XIII.	Explanations on leasing transactions	22
XIV.	Explanations on provisions and contingent liabilities	22
XV.	Explanations on liabilities regarding employee benefits	23
XVI.	Explanations on taxation	24
XVII.	Additional explanations on borrowings	25
XVIII.	Explanations on debt securities issued	25
XIX.	Explanations on acceptances	26
XX.	Explanations on government incentives.....	26
XXI.	Explanations on segment reporting.....	26
XXII.	Explanations on other matters.....	27

SECTION FOUR

Information on Unconsolidated Financial Structure and Risk Management

I.	Explanations related to the unconsolidated capital adequacy standard ratio.....	28
II.	Explanations related to the unconsolidated credit risk	36
III.	Explanations related to unconsolidated market risk	51
IV.	Explanations related to the unconsolidated operational risk.....	54
V.	Explanations related to unconsolidated currency risk	55
VI.	Explanations related to unconsolidated interest rate risk.....	57
VII.	Explanations related to unconsolidated stock position risk	63
VIII.	Explanations related to unconsolidated liquidity risk	64
IX.	Explanations related to unconsolidated securitization position risk.....	66
X.	Explanations related to unconsolidated credit risk mitigation techniques.....	67
XI.	Explanations related to unconsolidated risk management objective and policies	69
XII.	Explanations related to presentation of financial assets and liabilities by fair value.....	72
XIII.	Explanations related to transactions made on behalf of others and fiduciary transactions.....	73

SECTION FIVE

Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations and disclosures related to the unconsolidated assets	74
II.	Explanations and disclosures related to the unconsolidated liabilities.....	103
III.	Explanations and disclosures related to the unconsolidated off-balance sheet items	111
IV.	Explanations and disclosures related to the unconsolidated income statement.....	116
V.	Explanations related to the unconsolidated changes in shareholders' equity	121
VI.	Explanations related to the unconsolidated statement of cash flows	123
VII.	Explanations on the risk group of the Bank	125
VIII.	Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches.....	126

SECTION SIX

Other Explanations

I.	Other explanations related to the operations of the Bank	127
II.	Other explanations related to the events after the reporting date	128

SECTION SEVEN

Independent Auditors' Report

I.	Explanations on the independent auditors' report	128
II.	Explanations and notes prepared by independent auditors	128

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

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

Current Period 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	-

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

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)	Date of Appointment	Academic Background	Experience in Banking and Management
Adnan Bali	Chairman of the Board of Directors	15 April 2011	Undergraduate	29
Kemal Serdar 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 Özşuca (3)	Member of the Board of Directors	17 April 2014	Postgraduate	21
Kamil Yılmaz (4)	Member of the Board of Directors	25 March 2014	Doctorate	23
Uygar Şafak Ögün (6)	Member of the Board of Directors and Member of the Audit Committee	2 April 2010	Postgraduate	20
Halil Aydoğan	Member of the Board of Directors	16 December 2013	Undergraduate	38
Burhanettin Aktaş (5)	Member of the Board of Directors	30 October 2014	Postgraduate	28

General Manager and Vice Presidents:

Name Surname	Title / Area of Responsibility	Date of Appointment	Academic Background	Experience in Banking and Management
Özcan Türkakın	General Manager	31 January 2013	Postgraduate	31
A.Orhan Beşkök	Senior Vice President - Technical Services and Financial Institutions	24 January 2002	Postgraduate	32
Burak Akgüç	Vice President – Corporate Marketing and Project Finance	29 December 2004	Undergraduate	25
Ömer Eryılmaz	Vice President – Financial Control, Budget Planning and Investor Relations	27 January 2006	Undergraduate	29
Çiğdem İçel	Vice President – Treasury and Human Resources	27 January 2006	Undergraduate	25
Ufuk Bala Yücel	Vice President - Loans	25 December 2007	Undergraduate	28
B. Gökhan Çanakpınar	Vice President – Information Technology and Operation	27 December 2011	Undergraduate	25
Ece Börü	Vice President – Enterprise Architecture	28 November 2013	Undergraduate	26
Hakan Aygen	Vice President – Corporate Finance and Economic Research	28 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 Özşuca was elected to vacant position in accordance with article no.363 of Turkish Commercial Code.

(4) Kamil Yılmaz was elected to Board Member because of resignation of Mehmet Şencan in accordance with article no.363 of the Turkish Commercial Code and the Bank's Articles of Association and in addition Kamil Yılmaz was elected as an Independent Member within the context of the Communiqué on Determination and Implementation of Corporate Governance Principles of CMB in the General Meeting held on 27 March 2014.

(5) Feridun Bilgin, the member of Board of Directors, has resigned from his duty on 2 May 2014. In the Board of Directors meeting held on 30 October 2014, Burhanettin Aktaş was elected to vacant position in accordance with article no.363 of the Turkish Commercial Code.

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

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

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

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") is the first private 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.

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

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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.

Yatırım Finansman Menkul Değerler A.Ş. :

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

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

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

İş Finansal Kiralama A.Ş. :

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

İş Faktoring A.Ş. :

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

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

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“İş Girişim”) started its venture capital operations by the decision of 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 the Bank’s corporate website.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2014

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

		Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
ASSETS	Note Ref.	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	31.636	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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2014

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

		Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013			
	LIABILITIES	Note Ref.	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
1.1	Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	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.

TÜRKİYE SİNAİ KALKINMA BANKASI 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		-	-	-	-	-	-
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.

TÜRKİYE SİNAİ KALKINMA BANKASI 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)		461.678	400.894
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(92.404)	(74.837)
16.1 Provision for current income taxes	(9)	(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.

TÜRKİYE SİNAİ KALKINMA BANKASI 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

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

TÜRKİYE SINAI KALKINMA BANKASI 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.)

	Note Ref.	Paid in Capital	Effect of Inflation on Paid in Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / Loss	Prior Period Net Profit / Loss	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates, Subs and Jointly Controlled Entities	Hedging Reserves	Revaluation Surplus on Assets Held for sale and on Disc. Operations	Shareholders' Equity Before Non-controlling Interest	Non-Controlling Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDER'S EQUITY																			
Prior Period – 31 December 2013																			
I. Opening Balance		1.100.000	374	-	-	122.876	60.277	1.148	2.920	-	307.264	125.319	35.157	-	-	-	1.755.335	-	1.755.335
Changes during the period																			
II. Increase / Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	(129.992)	-	-	-	-	(129.992)	-	(129.992)
IV. Hedging (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	28.379	-	-	(2.142)	-	(26.237)	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		200.000	-	-	-	-	-	(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		200.000	-	-	-	-	-	(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	580	-	-	-	-	-	-	-	580	-	580
XVII. Period net income		-	-	-	-	-	-	-	-	326.057	-	-	-	-	-	-	326.057	-	326.057
XVIII. Profit distribution		-	-	-	-	33.392	15.364	21.070	-	-	(137.122)	-	-	-	-	-	(67.296)	-	(67.296)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(67.296)	-	-	-	-	-	(67.296)	-	(67.296)
18.2 Transfers to reserves		-	-	-	-	33.392	15.364	21.070	-	-	(69.826)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		1.300.000	374	-	-	156.268	75.641	18.597	3.500	326.057	-	(4.673)	8.920	-	-	-	1.884.684	-	1.884.684
Current Period – 31 December 2014																			
I. Opening Balance		1.300.000	374	-	-	156.268	75.641	18.597	3.500	-	326.057	(4.673)	8.920	-	-	-	1.884.684	-	1.884.684
Changes during the period																			
II. Increase / Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	107.299	-	-	-	-	107.299	-	107.299
IV. Hedging (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	(400)	-	400	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. s	(1)	200.000	-	-	-	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		200.000	-	-	-	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(591)	-	-	-	-	-	-	-	(591)	-	(591)
XVII. Period net income		-	-	-	-	-	-	-	-	369.274	-	-	-	-	-	-	369.274	-	369.274
XVIII. Profit distribution		-	-	-	-	17.061	-	36.015	-	-	(125.657)	-	-	-	-	-	(72.581)	-	(72.581)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(72.581)	-	-	-	-	-	(72.581)	-	(72.581)
18.2 Transfers to reserves		-	-	-	-	17.061	-	36.015	-	-	(53.076)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		1.500.000	374	-	-	173.329	75.641	54.612	2.909	369.274	-	102.626	9.320	-	-	-	2.288.085	-	2.288.085

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

TÜRKİYE SINAI KALKINMA BANKASI 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.

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

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

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

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

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

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

(Currency: 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.

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

The main sources of the funds of the 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 indebttness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

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

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

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward and option contracts and derivative instruments

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

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

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

According to 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.

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

(Currency: 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.

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

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

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

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

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

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

Explanations on investments in associates and subsidiaries:

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

Loans:

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

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

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

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

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

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

VII. Explanations on impairment on financial assets

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

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

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment on financial assets (continued)

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

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

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.

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (continued)

X. Explanations on assets held for sale and discontinued operations

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

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

(Currency: 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.

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on provisions and contingent liabilities (continued)

Explanations on contingent assets

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

XV. Explanations on liabilities regarding employee benefits

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

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

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

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee benefits (continued)

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28277 dated 8 March 2012. It has been resolved that the transfer process has been extended two year with Council of Ministers' Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with 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.

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.

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on taxation (continued)

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

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

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

Transfer pricing

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

XVII. Additional explanations on borrowings

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.

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.

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on acceptances

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

XX. Explanations on government incentives

The Bank does not use government incentives.

XXI. Explanations on segment reporting

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

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.

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

(Currency: 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.

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

(Currency: 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.

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

(Currency: 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	

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

(Currency: 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 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

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

(Currency: 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 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

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

(Currency: 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 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 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
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.

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

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

SECTION FOUR (Continued)

**INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND
RISKMANAGEMENT(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.

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

(Currency: 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 shareholders' equity (continued)

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

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

(Currency: 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 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.

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

(Currency: 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)

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 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 Banks 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.

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

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

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.

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

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

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.

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.

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

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

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).

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

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

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 (*)																
Current Period	Contingent and non-contingent claims on sovereigns	Contingent and non-contingent claims on regional governments and local authorities	Contingent and non-contingent claims on administrative units and non-commercial enterprises	Contingent and non-contingent claims on multilateral development banks	Contingent and non-contingent claims on international organizations	Contingent and non-contingent claims on banks and capital market intermediary	Contingent and non-contingent claims on corporates	Contingent and non-contingent claims included in the regulatory 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
Domestic	3.555.188	-	6	-	-	879.987	11.434.898	-	431.865	-	46	-	-	-	-	44.219	16.346.209
European Union (EU) Countries	-	-	-	613	-	169.225	-	-	-	-	-	-	-	-	-	6.240	176.078
OECD Countries (**)	-	-	-	-	-	6.554	-	-	-	-	-	-	-	-	-	-	6.554
Off-Shore Banking Regions	-	-	-	-	-	-	1.022	-	-	-	-	-	-	-	-	-	1.022
USA, Canada	-	-	-	-	-	20.201	-	-	-	-	-	-	-	-	-	3.029	23.230
Other Countries	-	-	-	-	-	36.428	53.446	-	-	-	-	-	-	-	-	-	89.874
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	193.888	-	7.463	-	-	-	-	-	-	308.270	509.621
Unallocated Assets/Liabilities(***)	-	-	207	-	-	-	2.848	-	-	-	-	-	-	-	-	38.754	41.809
Total	3.555.188	-	213	613	-	1.112.395	11.686.102	-	439.328	-	46	-	-	-	-	400.512	17.194.397

(*) 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

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

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

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 (continued)

	Risk Types (*)																
Prior Period	Contingent and non-contingent claims on sovereigns	Contingent and non-contingent claims on regional governments and local authorities	Contingent and non-contingent claims on administrative units and non-commercial enterprises	Contingent and non-contingent claims on multilateral development banks	Contingent and non-contingent claims on international organizations	Contingent and non-contingent claims on banks and capital market intermediary	Contingent and non-contingent claims on corporates	Contingent and non-contingent claims included in the regulatory 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
Domestic	2.687.976	-	464	-	-	952.900	9.280.606	-	315.648	-	48	-	-	-	92.332	42.721	13.372.695
European Union (EU) Countries	-	-	-	319	-	164.428	-	-	-	-	-	-	-	-	-	2.957	167.704
OECD Countries (**)	-	-	-	-	-	1.708	-	-	-	-	-	-	-	-	-	-	1.708
Off-Shore Banking Regions	-	-	-	-	-	-	22.359	-	-	-	-	-	-	-	-	-	22.359
USA, Canada	-	-	-	-	-	49.900	-	-	-	-	-	-	-	-	-	-	49.900
Other Countries	-	-	-	-	-	33.473	49.145	-	-	-	-	-	-	-	-	-	82.618
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	122.631	-	102.810	-	-	-	-	-	13.677	292.975	532.093
Unallocated Assets/Liabilities(***)	15.037	-	1.036	-	-	1	2	-	-	-	-	-	-	-	-	25.921	41.997
Total	2.703.013	-	1.500	319	-	1.202.410	9.474.743	-	418.458	-	48	-	-	-	106.009	364.574	14.271.074

(*) 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.

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

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

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 (*)																TL	FC	Total
	Contingent and non-contingent claims on sovereigns	Contingent and non-contingent claims on regional governments and local authorities	Contingent and non-contingent claims on administrative units and non-commercial enterprises	Contingent and non-contingent claims on multilateral development banks	Contingent and non-contingent claims on international organizations	Contingent and non-contingent claims on banks and capital market intermediary	Contingent and non-contingent claims on corporates	Contingent and non-contingent claims included in the regulatory 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			
Agriculture	-	-	-	-	-	-	2.636	-	-	-	-	-	-	-	-	399	3.035	-	3.035
Farming and Stockbreeding	-	-	-	-	-	-	2.636	-	-	-	-	-	-	-	-	-	2.636	-	2.636
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	399	399	-	399
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	2.688	7.722.377	-	19.270	-	-	-	-	-	-	20.217	835.656	6.928.896	7.764.552
Mining and Quarrying	-	-	-	-	-	-	92.947	-	693	-	-	-	-	-	-	-	-	93.640	93.640
Production	-	-	-	-	-	42	2.332.527	-	18.577	-	-	-	-	-	-	11.036	298.762	2.063.420	2.362.182
Electricity, Gas and Water	-	-	-	-	-	2.646	5.296.903	-	-	-	-	-	-	-	-	9.181	536.894	4.771.836	5.308.730
Construction	-	-	-	-	-	-	188.052	-	-	-	-	-	-	-	-	1	45.620	142.433	188.053
Services	519.414	-	6	613	-	1.109.707	3.662.194	-	420.058	-	-	-	-	-	-	336.797	1.558.962	4.489.827	6.048.789
Wholesale and Retail Trade	-	-	-	-	-	-	147.598	-	680	-	-	-	-	-	-	-	5.823	142.455	148.278
Accommodation and Dining	-	-	-	-	-	-	454.606	-	93.638	-	-	-	-	-	-	-	-	548.244	548.244
Transportation and Telecommunication	-	-	-	-	-	-	741.941	-	-	-	-	-	-	-	-	1.555	1.555	741.941	743.496
Financial Institutions	519.414	-	6	613	-	1.109.707	1.428.368	-	19.988	-	-	-	-	-	-	334.863	1.473.157	1.939.802	3.412.959
Real Estate and Rental Services	-	-	-	-	-	-	218.682	-	235.393	-	-	-	-	-	-	-	203	453.872	454.075
Professional Services	-	-	-	-	-	-	574.625	-	17.290	-	-	-	-	-	-	379	68.155	524.139	592.294
Educational Services	-	-	-	-	-	-	78.504	-	7.138	-	-	-	-	-	-	-	7.020	78.622	85.642
Health and Social Services	-	-	-	-	-	-	17.870	-	45.931	-	-	-	-	-	-	-	3.049	60.752	63.801
Others	3.035.774	-	207	-	-	-	110.843	-	-	-	46	-	-	-	-	43.098	2.550.332	639.636	3.189.968
Total	3.555.188	-	213	613	-	1.112.395	11.686.102	-	439.328	-	46	-	-	-	-	400.512	4.993.605	12.200.792	17.194.397

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

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

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

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 (*)																TL	FC	Total
	Contingent and non-contingent claims on sovereigns	Contingent and non-contingent claims on regional governments and local authorities	Contingent and non-contingent claims on administrative units and non-commercial enterprises	Contingent and non-contingent claims on multilateral development banks	Contingent and non-contingent claims on international organizations	Contingent and non-contingent claims on banks and capital market intermediary	Contingent and non-contingent claims on corporates	Contingent and non-contingent claims included in the regulatory 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			
Agriculture	-	-	-	-	-	-	5.324	-	-	-	-	-	-	-	-	606	3.276	2.654	5.930
Farming and Stockbreeding	-	-	-	-	-	-	5.324	-	-	-	-	-	-	-	-	262	2.932	2.654	5.586
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	344	344	-	344
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	9.218	6.575.103	-	1.745	-	-	-	-	-	-	1.017	561.334	6.025.749	6.587.083
Mining and Quarrying	-	-	-	-	-	-	79.834	-	-	-	-	-	-	-	-	-	-	79.834	79.834
Production	-	-	-	-	-	1.255	2.240.058	-	1.745	-	-	-	-	-	-	1.017	321.756	1.922.319	2.244.075
Electricity, Gas and Water	-	-	-	-	-	7.963	4.255.211	-	-	-	-	-	-	-	-	-	239.578	4.023.596	4.263.174
Construction	-	-	-	-	-	-	121.744	-	2.130	-	-	-	-	-	-	-	29.246	94.628	123.874
Services	358.870	-	6	319	-	1.193.191	2.664.061	-	454.583	-	-	-	-	-	106.009	330.390	1.310.877	3.756.552	5.067.429
Wholesale and Retail Trade	-	-	-	-	-	-	28.714	-	-	-	-	-	-	-	-	-	9.600	19.114	28.714
Accommodation and Dining	-	-	-	-	-	-	282.532	-	3.532	-	-	-	-	-	-	-	-	286.064	286.064
Transportation and Telecommunication	-	-	-	-	-	1.950	588.683	-	-	-	-	-	-	-	-	1.355	1.355	590.633	591.988
Financial Institutions	358.870	-	6	319	-	1.191.241	1.016.657	-	102.810	-	-	-	-	-	106.009	328.423	1.257.755	1.846.580	3.104.335
Real Estate and Rental Services	-	-	-	-	-	-	354.683	-	302.197	-	-	-	-	-	-	-	11.768	645.112	656.880
Professional Services	-	-	-	-	-	-	315.618	-	-	-	-	-	-	-	-	612	30.399	285.831	316.230
Educational Services	-	-	-	-	-	-	7.775	-	6.044	-	-	-	-	-	-	-	-	13.819	13.819
Health and Social Services	-	-	-	-	-	-	69.399	-	-	-	-	-	-	-	-	-	-	69.399	69.399
Others	2.344.143	-	1.494	-	-	1	108.511	-	-	-	48	-	-	-	-	32.561	2.046.832	439.926	2.486.758
Total	2.703.013	-	1.500	319	-	1.202.410	9.474.743	-	418.458	-	48	-	-	-	106.009	364.574	3.951.565	10.319.509	14.271.074

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

TÜRKİYE SİNAİ KALKINMA BANKASI 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)

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
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

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

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

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	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	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.

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

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

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

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

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

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

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.

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

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

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										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deducted from Equity
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	
Major Sectors / Counterparties	Impaired Loans	Past Due Loans	Adjustments	Provisions
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)

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

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

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			
Major Sectors / Counterparties	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
Agriculture	3.432	-	-	(3.432)
Farming and Stockbreeding	3.432	-	-	(3.432)
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	26.941	-	-	(26.941)
Mining and Quarrying	191	-	-	(191)
Production	9.512	-	-	(9.512)
Electricity, Gas and Water	17.238	-	-	(17.238)
Construction	516	-	-	(516)
Services	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

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

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

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).

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

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

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.

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

(Currency: 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)

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

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

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

(Currency: 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)

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

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

(Currency: 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

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

(Currency: 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
<u>Prior Five Workdays:</u>		
30 December 2014	2,3000	2,7890
29 December 2014	2,2970	2,7996
26 December 2014	2,3000	2,8081
25 December 2014	2,3085	2,8198
24 December 2014	2,3000	2,8000

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

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

(Currency: 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 (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.

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

(Currency: 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 (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.

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

(Currency: 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.

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

(Currency: 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)

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

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

(Currency: 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 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.

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

(Currency: 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)

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 (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
Currency			
TL	+500 / (400) basis point	(138.136) / 134.135	(5,67%) / 5,51%
Euro	+200 / (200) basis point	14.765 / (6.743)	0,61% / (0,28%)
US Dollar	+200 / (200) basis point	26.818 / (43.013)	1,10% / (1,77%)
Total (for Negative Shocks)		84.379	3,46%
Total (for Positive Shocks)		(96.553)	(3,96%)

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

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to interest rate risk (continued)

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

Prior Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Sharehold- ers' Equity
Currency			
TL	+500 / (400) basis point	(60.344) / 54.394	(3,0%) / 2,7%
Euro	+200 / (200) basis point	13.280 / (20.955)	0,7% / (1,0%)
US Dollar	+200 / (200) basis point	(9.590) / 4.765	(0,5%) / 0,2%
Total (for Negative Shocks)		38.204	1,9%
Total (for Positive Shocks)		(56.654)	(2,8%)

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.

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

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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.

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	-	-	(18.055)	-	(18.055)
Other Share Certificates	9.922	-	-	-	-	-
Total	9.922	-	-	(18.055)	-	(18.055)

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

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to stock position risk (continued)

Equity shares risk due from banking book (continued)

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

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:

	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

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

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	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.

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

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

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.

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

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

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	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Risk Types				
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.

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

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

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	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Risk Types				
Contingent and non-contingent claims on sovereigns	3.130.944	221.426	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	7.515	40	-	-
Contingent and non-contingent claims on multilateral development banks	1.593	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	2.843.332	1.330.327	-	-
Contingent and non-contingent claims on corporates	11.639.763	40.185	-	11.168
Contingent and non-contingent claims included in the regulatory real estate portfolios	-	-	-	-
Contingent and non-contingent claims secured by residential property	418.458	-	-	-
Past due loans	-	-	-	-
Higher-risk categories defined by agency	48	-	-	-
Securities secured by mortgage	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims on banks and corporate	-	-	-	-
Undertakings for collective investments in transferable securities	106.009	-	-	-
Other claims	374.075	9.899	-	-
Total	18.521.737	1.601.877	-	11.168

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

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.

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

(Currency: 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.

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

(Currency: 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)

Credit risk management policy

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

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

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

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

Market risk management policy and currency risk management policy

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

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

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

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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

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

Operational risk management policy

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

The Bank applies the principles of separation of duties and distribution of functions in order to reduce the risk of deliberate actions, manipulations or errors. The minimum functions that have to be separated are identified as (i) starting the process (ii) 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.

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

(Currency: 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)

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.

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

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

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)

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);
- 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.

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

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

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.

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

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

(Currency: 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)

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

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

(Currency: 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)

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%).

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

(Currency: 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)

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

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

(Currency: 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)

5. Information on loans (continued)

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

Current Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
Cash Loans		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Non-specialized loans	10.817.052	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

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

(Currency: 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)

5. Information on loans (continued)

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

Prior Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
Cash Loans		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Non-specialized loans	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	-

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

(Currency: 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)

5. Information on loans (continued)

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

Current Period		
Number of amendments related to the extension of the payment plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended for 1 or 2 times	143.563	98.901
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-

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

Current Period		
The time extended via the amendment on payment plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	-	-
6 Months -12 Months	-	-
1-2 Years	-	84.237
2-5 Years	69.889	-
5 Years	73.674	14.664

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

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

(Currency: 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)

5. Information on loans (continued)

5.c Loans according to their maturity structure:

Current Period	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
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	-	-	-	-

Prior Period	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
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	-	-	-	-

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

(Currency: 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)

5. Information on loans (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	75	56	131
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	75	56	131
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	75	56	131

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

(Currency: 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)

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

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

(Currency: 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)

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.

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

(Currency: 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)

5. Information on loans (continued)

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Prior period end balance	17.327	6.378	12.548
Additions (+)	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".

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

(Currency: 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)

5. Information on loans (continued)

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	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	-	-	-

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

(Currency: 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)

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	4.456	-	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.

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

(Currency: 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)

5. Information on loans (continued)

5.1 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)

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

(Currency: 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)

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

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

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

(Currency: 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)

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

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).

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

(Currency: 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)

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

	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.

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

(Currency: 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)

7. Information on associates (net) (continued)

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

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	-	-

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

(Currency: 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)

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.

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

(Currency: 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)

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
TSKB GMD	13.414	10.473	1.278	290	-	2.972	2.182	-
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.

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

(Currency: 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)

8. Information on subsidiaries (net) (continued)

8.b.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	134.698	136.468
Movements in period	(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.

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).

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

(Currency: 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)

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).

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

(Currency: 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)

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.

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

(Currency: 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)

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.

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

(Currency: 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)

13. Information on intangible assets (continued)

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

Current Period	Beginning of Period		End of Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	3.994	(3.349)	4.315	(3.625)

Prior Period	Beginning of Period		End of Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	3.704	(3.086)	3.994	(3.349)

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

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

(Currency: 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)

13. Information on intangible assets (continued)

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).

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).

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

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations related to the assets (continued)

13 Information on intangible assets (continued)

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).

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).

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

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations related to the assets (continued)

15. Information on deferred tax assets (continued)

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

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

16. Information on assets held for sale

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

17. Information about other assets

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

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

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

(Currency: 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

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	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

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

(Currency: 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 articularly 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).

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

(Currency: 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
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
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.

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

(Currency: 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).

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

(Currency: 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. 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	-

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.

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

(Currency: 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)

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 (continued)

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

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).

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

(Currency: 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 (continued)

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).

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

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

(Currency: 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.k Explanations related to equity:

Movement of equity reserves during the period

Current Period	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As 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.

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.

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

(Currency: 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

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).

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

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

(Currency: 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)

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 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

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	-	-	-	-	-	-	-	-

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

(Currency: 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)

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

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	-	-	-	-

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

(Currency: 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)

2. Information related to derivative financial instruments (continued):

Derivative Financial Liabilities Held For Trading	Current Period			Prior Period		
	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).

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

(Currency: 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 be deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge / penalized stamp duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to 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.

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

(Currency: 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

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.

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

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

(Currency: 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)

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:

	Cari Dönem		Önceki Dönem	
	TP	YP	TP	YP
İhraç Edilen Menkul Kıymetlere Verilen Faizler (*)	-	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

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)).

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

(Currency: 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)

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.

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

(Currency: 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).

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

(Currency: 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)

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 27.806 (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.

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.

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

(Currency: 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

1. Informations related to capital

As of 31 December 2013, the shareholders and capital structure of the Bank are as follows :

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

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

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.

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

(Currency: 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)

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.

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

(Currency: 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.

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

(Currency: 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 (continued)

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

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.

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

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

VII. Explanations on the risk group of the bank

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

1.a Current period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	261.703	262	112.840	117.413	91.627	-
Balance at End of Period	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).

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

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

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.

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

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

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.

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.

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

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

SECTION SIX (Continued)

OTHER EXPLANATIONS (Continued)

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.