



**Türkiye Sınai Kalkınma Bankası
Anonim Şirketi and
Its Subsidiaries**

**Consolidated Financial Statements
As of and for the Three-Month Period Ended 31 March 2015
(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)
With Limited Review Report Thereon**

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

28 April 2015

*This report contains "Limited Review Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 97 pages.*



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*Convenience Translation of the Limited Review Report
Originally Prepared and Issued in Turkish (See Section 3.I)*

LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Türkiye Sınai Kalkınma Bankası AŞ;

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türkiye Sınai Kalkınma Bankası AŞ (the “Bank”) and its financial subsidiaries (together “the Group”) as at 31 March 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the three-month period then ended and summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of such interim financial information in accordance with “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published on the Official Gazette numbered 26333 on 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of limited review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Auditing Standards. Consequently, a review of interim financial information does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not presented fairly, in all material respects, the consolidated financial position of Türkiye Sınai Kalkınma Bankası AŞ and its financial subsidiaries as of 31 March 2015 and the result of its operations and consolidated cash flows for the three-month period then ended in accordance with “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published on the Official Gazette numbered 26333 on 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Accounting and Reporting Legislation.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Erdal Tıkmak
Partner, SMMM

28 April 2015
Istanbul, Turkey

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 financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

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


- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

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

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

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

28 April 2015

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

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

Prior Period				
Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	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	-

The Parent Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Parent Bank's 50% of the the Bank's shares belongs to İş Bank Group and 39,6% of these shares are traded in BIST National Market with "TSKB" ticker.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2015
(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 and responsibilities in the Parent Bank

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)	Date of Appointment	Academic Background	Experience in Banking and Management
Adnan Bali	Chairman of the Board of Directors	15 April 2011	Undergraduate	29
Kemal Serdar Dışlı	Vice Chairman of the Board of Directors and Audit Committee	25 May 2007	Undergraduate	27
Özcan Türkakın	Member of the Board of Directors and General Manager	31 January 2013	Postgraduate	31
Yavuz Canevi (2)	Member of the Board of Directors	26 March 2015	Postgraduate	55
Ertan Burhanettin Kantar	Member of the Board of Directors	23 March 2005	Undergraduate	27
Murat Bilgiç	Member of the Board of Directors	23 March 2005	Postgraduate	25
Ebru Özsuca	Member of the Board of Directors	17 April 2014	Postgraduate	21
Kamil Yılmaz	Member of the Board of Directors	25 March 2014	Doctorate	23
Uygar Şafak Ögün	Member of the Board of Directors and Audit Committee	2 April 2010	Postgraduate	20
Halil Aydoğan	Member of the Board of Directors	16 December 2013	Undergraduate	38
Burhanettin Aktaş	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	33
Burak Akgüç	Vice President – Corporate Marketing and Project Finance	29 December 2004	Undergraduate	26
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	26
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) Yavuz Canevi was elected to Board Member pursuant to General Assembly held on 26 March 2015, due to the resignation of Durmuş Yılmaz in accordance with the Board of Directors resolution on 26 March 2015. 9 April 2015 is oath date in order to start vacant position of Yavuz Canevi.

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 the independent auditor for the year 2015 in the General Assembly Meeting held on 26 March 2014.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

Prior Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	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	-

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2015
(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 Account Standards (TAS), the non-financial subsidiaries and associates, TSKB Gayrimenkul Değerleme A.Ş., Terme Metal Sanayi ve Ticaret A.Ş., Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. and Adana Hotel Project are not consolidated since they are not in scope of financial institutions according to related Communiqué.

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

Financial institutions included in the consolidation are determined in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 numbered 26340.

Yatırım Finansman Menkul Değerler A.Ş. :

Yatırım Finansman Menkul Değerler A.Ş. ("YFAŞ") was established in 15 October 1976. The Company's purpose is to perform capital market operations specified in the Company's articles of association 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/Turkey.

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/Turkey.

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/Turkey.

İş Faktoring A.Ş. :

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

- VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods (continued)**

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("İş Girişim") started its venture capital operations by the decision of Capital Market Board dated 5 September 2000. The principal activity of the Company is to perform long-term investments to venture capital companies mainly established or to be established in Turkey, have development potential and require resource. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67% in which the share of İş Yatırım Menkul Değerler A.Ş. is 29,01%. The Company's headquarters is located at Istanbul/Turkey.

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2015

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

ASSETS	Note Ref.	Reviewed Current Period 31 March 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	8.818	631.026	639.844	31.642	476.152	507.794
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	43.301	102.998	146.299	38.926	56.491	95.417
2.1 Trading financial assets		43.301	102.998	146.299	38.926	56.491	95.417
2.1.1 Public sector debt securities		17.744	-	17.744	7.887	-	7.887
2.1.2 Share certificates		1.218	-	1.218	2.388	-	2.388
2.1.3 Derivative financial assets held for trading		16.190	102.998	119.188	18.383	56.491	74.874
2.1.4 Other marketable securities		8.129	-	8.129	10.268	-	10.268
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)	133.307	595.049	728.356	208.217	295.764	503.981
IV. MONEY MARKET PLACEMENTS		61.367	-	61.367	105.206	-	105.206
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		60.739	-	60.739	104.913	-	104.913
4.3 Receivables from reverse repurchase agreements		628	-	628	293	-	293
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.836.672	866.893	3.703.565	2.958.629	558.988	3.517.617
5.1 Share certificates		28.058	6.240	34.298	29.528	6.240	35.768
5.2 Public sector debt securities		2.388.969	836.062	3.225.031	2.491.044	530.019	3.021.063
5.3 Other marketable securities		419.645	24.591	444.236	438.057	22.729	460.786
VI. LOANS	(5)	2.286.917	9.618.531	11.905.448	2.411.541	8.455.448	10.866.989
6.1 Loans		2.286.917	9.618.531	11.905.448	2.411.541	8.455.448	10.866.989
6.1.1 Loans to risk group of the Bank		152.965	133.247	286.212	145.148	126.710	271.858
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2.133.952	9.485.284	11.619.236	2.266.393	8.328.738	10.595.131
6.2 Non performing loans		59.830	2.043	61.873	16.395	2.043	18.438
6.3 Specific provisions (-)		(59.830)	(2.043)	(61.873)	(16.395)	(2.043)	(18.438)
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)	270.805	-	270.805	263.300	-	263.300
9.1 Accounted for under equity method		269.250	-	269.250	261.745	-	261.745
9.2 Unconsolidated associates		1.555	-	1.555	1.555	-	1.555
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		1.555	-	1.555	1.555	-	1.555
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	609	-	609	609	-	609
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		609	-	609	609	-	609
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	260	-	260	10	-	10
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		260	-	260	10	-	10
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		260	-	260	10	-	10
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	87	87	-	87	87
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(87)	(87)	-	(87)	(87)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	13.101	13.101	-	-	-
13.1 Fair value hedge		-	13.101	13.101	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	28.291	-	28.291	26.454	-	26.454
XV. INTANGIBLE ASSETS (Net)	(13)	2.111	-	2.111	2.173	-	2.173
15.1 Goodwill		1.005	-	1.005	1.005	-	1.005
15.2 Other		1.106	-	1.106	1.168	-	1.168
XVI. INVESTMENT PROPERTY (Net)	(14)	231.580	-	231.580	224.090	-	224.090
XVII. TAX ASSET	(15)	14.984	-	14.984	21.253	-	21.253
17.1 Current tax asset		3.020	-	3.020	3.320	-	3.320
17.2 Deferred tax asset		11.964	-	11.964	18.933	-	18.933
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)	72.814	92.233	165.047	43.743	47.065	90.808
TOTAL ASSETS		5.991.836	11.919.831	17.911.667	6.335.793	9.889.908	16.225.701

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2015

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

		Reviewed Current Period 31 March 2015			Audited Prior Period 31 December 2014			
LIABILITIES		Note Ref	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
11	Deposits from Risk Group of the Bank		-	-	-	-	-	-
12	Other		-	-	-	-	-	-
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	16.833	93.350	110.183	4.116	59.460	63.576
III.	FUNDS BORROWED	(3)	245.219	11.195.958	11.441.177	227.919	9.923.663	10.151.582
IV.	MONEY MARKET BALANCES		2.223.136	249.918	2.473.054	2.032.878	239.835	2.272.713
41	Interbank money market takings		-	-	-	-	-	-
42	Istanbul Stock Exchange money market takings		169.894	-	169.894	110.219	-	110.219
43	Funds provided under repurchase agreements		2.053.242	249.918	2.303.160	1.922.659	239.835	2.162.494
V.	DEBT SECURITIES ISSUED (Net)	(3)	-	934.070	934.070	-	813.824	813.824
51	Bills		-	-	-	-	-	-
52	Asset backed securities		-	-	-	-	-	-
53	Bonds		-	934.070	934.070	-	813.824	813.824
VI.	FUNDS		979	34.972	35.951	623	38.458	39.081
61	Borrower funds		979	34.972	35.951	623	38.458	39.081
62	Others		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		132.636	46.891	179.527	76.155	20.436	96.591
VIII.	OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	(5)	-	-	-	-	-	-
101	Finance lease payables		-	-	-	-	-	-
102	Operating lease payables		-	-	-	-	-	-
103	Other		-	-	-	-	-	-
104	Deferred finance lease expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
111	Fair value hedge		-	-	-	-	-	-
112	Cash flow hedge		-	-	-	-	-	-
113	Hedge of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	(7)	196.805	-	196.805	210.296	-	210.296
121	General loan loss provisions		125.331	-	125.331	117.760	-	117.760
122	Restructuring provisions		-	-	-	-	-	-
123	Reserve for employee benefits		10.817	-	10.817	9.475	-	9.475
124	Insurance technical reserves (Net)		-	-	-	-	-	-
125	Other provisions		60.657	-	60.657	83.061	-	83.061
XIII.	TAX LIABILITY	(8)	13.641	-	13.641	37.722	-	37.722
131	Current tax liability		13.641	-	13.641	37.722	-	37.722
132	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
141	Held for sale		-	-	-	-	-	-
142	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	131.393	131.393	-	116.065	116.065
XVI.	SHAREHOLDERS' EQUITY		2.352.625	43.241	2.395.866	2.373.339	50.912	2.424.251
161	Paid-in capital	(11)	1.500.000	-	1.500.000	1.500.000	-	1.500.000
162	Capital reserves		43.121	43.241	86.362	73.188	50.912	124.100
1621	Share premium		417	-	417	413	-	413
1622	Share cancellation profits		-	-	-	-	-	-
1623	Marketable securities value increase fund	(11)	25.405	43.241	68.646	63.081	50.912	113.993
1624	Tangible assets revaluation differences		16.936	-	16.936	9.320	-	9.320
1625	Intangible assets revaluation differences		-	-	-	-	-	-
1626	Investment property revaluation differences		-	-	-	-	-	-
1627	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent)		-	-	-	-	-	-
1628	Hedging reserves (Effective portion)		-	-	-	-	-	-
1629	Revaluation surplus on assets held for sale and discontinued operations		-	-	-	-	-	-
16210	Other capital reserves		363	-	363	374	-	374
163	Profit reserves		362.706	-	362.706	315.408	-	315.408
1631	Legal reserves		195.071	-	195.071	175.765	-	175.765
1632	Statutory reserves		75.641	-	75.641	75.641	-	75.641
1633	Extraordinary reserves		89.225	-	89.225	61.244	-	61.244
1634	Other profit reserves		2.769	-	2.769	2.758	-	2.758
164	Profit or loss		381.830	-	381.830	417.290	-	417.290
1641	Prior years' profit/loss		282.706	-	282.706	43.882	-	43.882
1642	Current year profit/loss		99.124	-	99.124	373.408	-	373.408
165	Non-controlling interests		64.968	-	64.968	67.453	-	67.453
TOTAL LIABILITIES AND EQUITY			5.181.874	12.729.793	17.911.667	4.963.048	11.262.653	16.225.701

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AT 31 MARCH 2015

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

	Note Ref	Reviewed Current Period 31 March 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		3,921,649	15,615,126	19,537,775	2,855,792	11,505,338	14,361,130
I. GUARANTEES AND COLLATERALS (1)		466,135	1,175,096	1,641,231	431,847	1,021,222	1,453,069
1.1 Letters of guarantee		466,135	535,780	1,001,915	431,847	525,125	956,972
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		466,135	535,780	1,001,915	431,847	525,125	956,972
1.2 Bank acceptances		-	129,329	129,329	-	-	-
1.2.1 Import letters of acceptance		-	129,329	129,329	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	509,987	509,987	-	496,097	496,097
1.3.1 Documentary letters of credit		-	509,987	509,987	-	496,097	496,097
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	-	-
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS (1)		1,153,895	3,036,278	4,190,173	1,076,692	2,270,106	3,346,798
2.1 Irrevocable commitments		779,288	421,131	1,200,421	698,902	138,260	837,162
2.1.1 Forward asset purchase and sales commitments		100,165	360,567	460,732	12,879	40,776	53,655
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		-	41,408	41,408	-	59,930	59,930
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		679,123	19,158	698,281	686,023	37,554	723,577
2.2 Revocable commitments		374,607	2,615,145	2,989,752	377,790	2,131,846	2,509,636
2.2.1 Revocable loan granting commitments		374,607	2,615,145	2,989,752	377,790	2,131,846	2,509,636
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS (2)		2,302,619	11,403,752	13,706,371	1,347,253	8,214,010	9,561,263
3.1 Derivative financial instruments for hedging purposes		-	2,277,440	2,277,440	-	-	-
3.1.1 Fair value hedge		-	2,277,440	2,277,440	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		2,302,619	9,126,312	11,428,931	1,347,253	8,214,010	9,561,263
3.2.1 Forward foreign currency buy/sell transactions		93,406	251,262	344,668	20,732	29,014	49,746
3.2.1.1 Forward foreign currency transactions-buy		46,741	126,683	173,424	19,252	5,632	24,884
3.2.1.2 Forward foreign currency transactions-sell		46,665	124,579	171,244	1,480	23,382	24,862
3.2.2 Swap transactions related to f.c. and interest rates		1,140,789	7,419,656	8,560,445	642,452	7,307,457	7,949,909
3.2.2.1 Foreign currency swaps-buy		818,952	1,283,846	2,102,798	343,098	1,082,357	1,425,455
3.2.2.2 Foreign currency swaps-sell		274,461	1,721,026	1,995,487	251,978	1,099,516	1,351,494
3.2.2.3 Interest rate swaps-buy		23,688	2,207,392	2,231,080	23,688	2,562,792	2,586,480
3.2.2.4 Interest rate swaps-sell		23,688	2,207,392	2,231,080	23,688	2,562,792	2,586,480
3.2.3 Foreign currency, interest rate and securities options		738,024	1,014,708	1,752,732	684,069	802,862	1,486,931
3.2.3.1 Foreign currency options-buy		385,862	492,978	878,840	343,260	401,258	744,518
3.2.3.2 Foreign currency options-sell		352,162	521,730	873,892	340,809	401,604	742,413
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
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		330,400	440,686	771,086	-	74,677	74,677
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		29,590,185	119,502,697	149,092,882	29,303,512	106,015,645	135,319,157
IV. ITEMS HELD IN CUSTODY		4,537,739	295,927	4,833,666	5,160,897	280,091	5,440,988
4.1 Customers' securities held		-	-	-	-	-	-
4.2 Investment securities held in custody		2,631,107	295,927	2,927,034	3,406,584	280,091	3,686,675
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		-	-	-	-	-	-
4.8 Custodians		1,906,632	-	1,906,632	1,753,513	-	1,753,513
V. PLEDGED ITEMS		14,878,005	69,925,757	84,803,762	14,029,839	63,335,375	77,365,214
5.1 Marketable securities		437,936	4,502,975	4,940,911	422,936	3,759,727	4,182,663
5.2 Guarantee notes		90,266	1,554,128	1,644,394	118,600	1,572,972	1,691,572
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		353,857	21,432,112	21,785,969	353,857	20,766,040	21,119,897
5.6 Other pledged items		13,995,946	42,436,542	56,432,488	13,134,446	37,236,636	50,371,082
5.7 Pledged items-depositary		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10,174,441	49,281,013	59,455,454	10,113,576	42,400,179	52,513,755
TOTAL OFF BALANCE SHEET ITEMS (A+B)		33,512,834	135,117,823	168,630,657	32,159,304	117,520,983	149,680,287

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

	Note Ref.	Reviewed Current Period 1 January 2015– 31 March 2015	Reviewed Prior Period 1 January 2014– 31 March 2014
I. INTEREST INCOME	(1)	231.366	195.865
1.1 Interest on loans		153.806	118.421
1.2 Interest received from reserve deposits		60	-
1.3 Interest received from banks		5.038	3.236
1.4 Interest received from money market placements		6.188	418
1.5 Interest received from marketable securities portfolio		66.228	73.695
1.5.1 Financial assets held for trading		414	606
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		65.814	73.089
1.5.4 Investments held-to-maturity		-	-
1.6 Finance lease income		1	40
1.7 Other interest income		45	55
II. INTEREST EXPENSES	(2)	(103.902)	(60.962)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(42.091)	(26.242)
2.3 Interest on money market borrowings		(48.290)	(34.715)
2.4 Interest on securities issued		(13.502)	-
2.5 Other interest expense		(19)	(5)
III. NET INTEREST INCOME (I - II)		127.464	134.903
IV. NET FEES AND COMMISSIONS INCOME		6.780	6.390
4.1 Fees and commissions received		8.003	7.577
4.1.1 Non-cash loans		1.994	2.184
4.1.2 Other		6.009	5.393
4.2 Fees and commissions paid		(1.223)	(1.187)
4.2.1 Non-cash loans		(222)	(230)
4.2.2 Other		(1.001)	(957)
V. DIVIDEND INCOME	(3)	10.015	9.572
VI. NET TRADING INCOME	(4)	9.040	5.023
6.1 Securities trading gains/ (losses)		8.133	215
6.2 Derivative financial instruments gains/losses		(46.044)	1.837
6.3 Foreign exchange gains/losses (net)		46.951	2.971
VII. OTHER OPERATING INCOME	(5)	42.052	33.811
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		195.351	189.699
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(56.127)	(41.523)
X. OTHER OPERATING EXPENSES (-)	(7)	(35.802)	(31.961)
XI. NET OPERATING INCOME(LOSS) (VIII-IX-X)		103.422	116.215
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		13.813	6.370
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
PROFIT(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES		-	-
(XI+XII+XIII+XIV)	(8)	117.235	122.585
XV. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(19.243)	(23.766)
16.1 Provision for current income taxes		(2.879)	(19.752)
16.2 Provision for deferred taxes		(16.364)	(4.014)
XVII. NET PROFIT(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	97.992	98.819
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		-	-
PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES		-	-
(XVIII-XIX)		-	-
XX. 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)	97.992	98.819
23.1 Group's profit / loss		99.124	99.033
23.2 Minority shares		(1.132)	(214)
Earnings / (losses) per share (Full TL)		0.065	0.066

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

	Reviewed Current Period 1 January 2015 – 31 March 2015	Reviewed Prior Period 1 January 2014 – 31 March 2014
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(48,435)	(13,784)
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	(6,307)	(6,756)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	9,395	2,535
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(45,347)	(18,005)
XI. CURRENT YEAR PROFIT/LOSS	97,992	98,819
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	7 650	(73)
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	90 342	98 892
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	52,645	80,814

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

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

Current Period - 31 March 2015

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period 31 March 2015	Reviewed Prior Period 31 March 2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		177.443	56.357
1.1.1 Interest received		187.571	165.707
1.1.2 Interest paid		(65.050)	(56.628)
1.1.3 Dividends received		7.813	6.940
1.1.4 Fees and commissions received		8.003	7.577
1.1.5 Other income		22.095	30.037
1.1.6 Collections from previously written off loans		12	2.198
1.1.7 Payments to personnel and service suppliers		(29.961)	(26.972)
1.1.8 Taxes paid		(35.410)	(18.654)
1.1.9 Others	(1)	82.370	(53.848)
1.2 Changes in operating assets and liabilities		386.487	(429.240)
1.2.1 Net (increase) decrease in financial assets		9.404	(223)
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		(428.988)	(475.860)
1.2.5 Net (increase) decrease in other assets		(207.198)	(92.106)
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		755.366	136.594
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	257.903	2.355
I. Net cash provided by/(used in) banking operations		563.930	(372.883)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(380.464)	286.844
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed asset purchases		(11.209)	(8.462)
2.4 Fixed asset sales		3.782	1.121
2.5 Cash paid for purchase of financial assets available for sale		(931.016)	(154.815)
2.6 Cash obtained from sale of financial assets available for sale		558.072	449.147
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(1)	(93)	(147)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		(33.054)	(29.845)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(33.054)	(29.845)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	8.249	908
V. Net increase / (decrease) in cash and cash equivalents		158.661	(114.976)
VI. Cash and cash equivalents at beginning of the period		642.972	498.267
VII. Cash and cash equivalents at end of the period		801.633	383.291

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 1 JANUARY-31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

As prescribed in the Article 37 and Article 38 of the Banking Act No. 5411, the Parent Bank prepares its financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standards (“TAS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) except for BRSA regulations. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

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

Additional paragraph for convenience translation to English

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

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

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

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
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FOR THE INTERIM PERIOD ENDED 1 JANUARY-31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)
SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

The fixed rate Eurobond issued by the Bank and a portion of fixed rate funds borrowed are subject to fair value hedge accounting. The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest rate swaps are recognised under the statement of profit/loss. At the beginning and later period of the hedging transaction, the aforementioned hedging transactions are expected to offset changes occurred in the relevant period of the hedging transaction and hedged risk (attributable to hedging risk) and effectiveness tests are performed in this regard.

The Bank performs effectiveness test at the beginning of the hedge accounting and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised and recognized in income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

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

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)
SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Interest rate risk is mitigated by constituting a balanced asset composition in compliance with the structure of fixed and floating rate of funding resources.

The hedging strategies for other foreign exchange risk exposures:

A stable foreign exchange position strategy is implemented and to be secured from cross currency risk, the current foreign exchange position is monitored by considering a currency basket in specific foreign currencies.

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

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

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

Financial institutions included in the consolidation are determined in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated 8 November 2006 numbered 26340. The Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted taking the principle of materiality into consideration. The financial statements of the subsidiaries are prepared as of 31 March 2015. The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

Yatırım Finansman Menkul Değerler A.Ş. :

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

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/Turkey.

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

ACCOUNTING POLICIES (Continued)

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

İş 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/Turkey.

İş Faktoring A.Ş. :

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

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("İş Girişim") started its venture capital operations by the decision of Capital Market Board dated 5 September 2000. The principal activity of the Company is to perform long-term investments to venture capital companies mainly established or to be established in Turkey, have development potential and require resource. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67% in which the share of İş Yatırım Menkul Değerler A.Ş. is 29,01%. The company's headquarters is located at Istanbul/Türkiye.

IV. Explanations on forward and option contracts and derivative instruments

The Parent Bank is exposed to financial risk which depend on changes in foreign exchange rates and interest rates due to activities and as part of banking activities uses derivative instruments to manage financial risk that especially associated with fluctuations in foreign exchange and interest rate. Mainly derivative instruments used by the Group are foreign currency forwards, swaps, and option agreements.

The derivative financial instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. The Derivatives instruments including both economic hedges and derivatives specified as hedging items are classified as either "trading purposes" or "hedging purposes" as per the Turkish Accounting Standart ("TAS 39") "Financial Instruments: Recognition and Measurement".

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on forward and option contracts and derivative instruments (continued)

When a derivative financial instrument, the originally designed as a hedge by the Bank, the relationship between the Bank's financial risk from hedged item and the hedging instrument, the risk management objectives and strategy of hedging transaction and the methods that will be used in the measurement of effectiveness, describe in written. The bank, at the beginning of the aforementioned engagement and during the ongoing process, evaluates whether the hedging instruments are effective on changes in the fair values or actual results of hedging are within the range of 80% - 125%.

V. Explanations on interest income and expenses

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method (the rate that equalizes the future cash flows of financial assets and liabilities to the current net book value). In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

VI. Explanations on fees and commission income and expenses

Fees and commissions received from cash loans, that are not an integral part of the effective interest rate, and fees for various banking services are recorded as income when collected. Fees and commissions paid for the funds borrowed, which are not integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. The fees and commission income and expenses obtained from loans are recorded under income and expense accounts in the related period by discounting with effective interest method according to matching principle. The commissions income of non-cash loans are reflected in accounts by accrual basis.

VII. Explanations on financial assets

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

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

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Group. Settlement date accounting requires (a) accounting of the asset when acquired by the institution, and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal.

In case of application of settlement date accounting, the entity accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the entity settles. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

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

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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 to their fair values.

Marketable Securities:

The Group classifies its marketable securities in 3 groups:

Financial assets at fair value through profit and loss: These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale or buying back in a near future. (ii) The financial assets classified at inception as financial assets at fair value through profit or loss by the Group. The Group uses such classification above when permitted or for the purposes of providing a more proper disclosure. In this category, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of securities that are traded in an active market are determined based on quoted prices or current market prices.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 1 JANUARY-31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)
SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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 internal rate of return less impairment losses, if any. Interest income earned from held-to-maturity investments is recognized as interest income on income statement.

The Bank considered expected inflation index of future cash flows prevailing at the reporting date while calculating internal rate of return of the CPI indexed marketable securities. The effect of this application is accounted as interest received from marketable securities in the consolidated financial statements.

Explanations on investments in associates and subsidiaries:

Investments in associates and subsidiaries are recorded within the scope of the “Turkish Accounting Standard No.39 Financial Instruments: Recognition and Measurement” (TAS 39). Investments in subsidiaries, whose fair value cannot be measured reliably are followed at their cost of acquisition and these assets are shown in the financial statements with their cost of values after deducting impairment provisions, if any.

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 part of transaction costs and reflected to customers.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

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

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

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

VIII. Explanations on impairment on financial assets

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

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment on financial assets (continued)

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

As a consequence of the regulation published in Official Gazette No. 28789 dated 8 October 2013 amending the “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, for the banks, of which the consumer loans exceed twenty five percent of total loans, general provision ratio is four percent for consumer loans which are followed under standard loans and receivables except housing loans; and is eight percent for the loans under close monitoring except housing loans. Since the consumer loans of the Parent Bank are composed of personnel loans as of 31 March 2015 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, the banks could apply general loan loss provision ratios of zero percent for cash and non-cash export loans which are followed as standard loans; and of five per mille and one per mille for cash and non-cash loans, respectively, for small and medium size enterprises. The Parent Bank has started to calculate general loan loss provision thereby using the ratios after publishment date of the regulations.

IX. Explanations on offsetting of financial assets and liabilities

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

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

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

The repurchase agreements of the Group are based on the Eurobonds and government bonds issued by Republic of Turkey Undersecretariat of Treasury and government bonds. Marketable securities subject to repurchase agreements are classified under fair value profit or loss available for sale or held to maturity financial asset with parallel to classifications of financial instruments. The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement. Receivables from reverse repurchase agreements are recorded in “Receivables from Reverse Repurchase Agreements” account in the balance sheet.

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ACCOUNTING POLICIES (Continued)

XI. Explanations on assets held for sale and discontinued operations

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

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

XII. Explanations on goodwill and other intangible assets

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

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ACCOUNTING POLICIES (Continued)

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

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

XIII. Explanations on tangible assets

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

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

Normal maintenance and repair expenditures are recognized as expense.

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

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

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

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

Investment Property

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

XIV. Explanations on leasing transactions

The Group as Lessor

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions (continued)

The Group as Lessee

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

XV. Explanations on provisions and contingent liabilities

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

Explanations on contingent assets

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

XVI. Explanations on liabilities regarding employee benefits

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

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

Paragraph 1 of the provisional Article 23 of the Banking Act ("Banking Act") No: 5411 published in the Official Gazette No: 25983 on 1 November 2005 requires the transfer of banking funds to the Social Security Institution within 3 years as of the enactment date of the Banking Act.

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ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits (continued)

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

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

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

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28277 dated 8 March 2012. It has been resolved that the transfer process has been extended two year with Council of Ministers' Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Minister Decree No:2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No:28636 and transfer need to be completed until 8 May 2014. However, it has been decided to extend the time related to transfer by the decision of Council of Minister published in the Official Gazette No. 28987 dated 30 April 2014 for one more year due to not to realize the transfer process. In accordance with the Health and Safety Law which became effective on 4 April 2015 and published in the Official Gazette No: 29335 and dated 23 April 2015 and together with some amendments and statutory decree, Council of Ministers authorized for the determination of transfer date to the Social Security institution and there is no decision taken by the Cabinet with regards to issue date of financial statements.

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.

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ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits (continued)

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2014 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 22 January 2015. There is no need for technical or actual deficit to book provision as of 31 December 2014.

In addition, the Parent Bank's management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Parent Bank. The income tax charge is composed of the sum of current tax and deferred tax.

XVII. Explanations on taxation

The current tax liability is calculated over taxable profit for the year.

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

Deferred tax asset or liability is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and currently enacted tax rates are used to determine deferred tax on income.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax asset is not allocated over the amount of general provisions and provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

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

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

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

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

Transfer pricing

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

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ACCOUNTING POLICIES (Continued)

XVIII. Additional explanations on borrowings

The Bank borrows funds from domestic and foreign institutions borrowing from money market and issues marketable securities in domestic and foreign markets when needed.

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

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

XIX. Explanations on share certificates issued

In the meeting of the General Assembly held on 26 March 2015, it has been resolved that, paid-in capital of the Bank will be increased from TL 1.500.000 to TL 1.750.000 by adding TL 250.000. In respect of the resolution of the General Assembly, TL 234.000 of this increase will be incorporated from the profit of the year 2014, TL 16.000 of this increase will be incorporated from extraordinary reserves provided for gain on subsidiary and real estate based on article of CTL-5(1)/e. The applications to BRSA and CMB related to increase has been performed, and the process is not finalised as of reporting date.

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

XX. Explanations on acceptances

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

XXI. Explanations on government incentives

The Parent Bank does not use government incentives.

XXII. Explanations on segment reporting

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

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

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

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ACCOUNTING POLICIES (Continued)

XXII. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	87.936	43.375	(3.847)	127.464
Net Fees and Commission Income	2.010	(32)	4.802	6.780
Other Income	-	9.104	133.445	142.549
Other Expense	(56.287)	(6.660)	(96.611)	(159.558)
Profit Before Tax	33.659	45.786	37.790	117.235
Tax Provision				(19.243)
Net Profit				97.992
Group's profit / loss				99.124
Non-controlling interest				(1.132)
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	11.822.763	4.805.239	1.011.991	17.639.993
Investment in Associates and Subsidiaries	-	-	271.674	271.674
Total Assets	11.822.763	4.805.239	1.283.665	17.911.667
Segment Liabilities	12.126.009	2.520.777	869.015	15.515.801
Shareholders' Equity	-	-	2.395.866	2.395.866
Total Liabilities	12.126.009	2.520.777	3.264.881	17.911.667

Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	82.573	55.301	(2.971)	134.903
Net Fees and Commission Income	2.248	(99)	4.241	6.390
Other Income	20.041	-	96.197	116.238
Other Expense	(20.931)	(10.623)	(103.392)	(134.946)
Profit Before Tax	83.931	44.579	(5.925)	122.585
Tax Provision				(23.766)
Net Profit				98.819
Group's profit / loss				99.033
Non-controlling interest				(214)
Prior Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	10.794.549	4.308.787	858.446	15.961.782
Investment in Associates and Subsidiaries	-	-	263.919	263.919
Total Assets	10.794.549	4.308.787	1.122.365	16.225.701
Segment Liabilities	10.856.683	2.219.230	725.537	13.801.450
Shareholders' Equity	-	-	2.424.251	2.424.251
Total Liabilities	10.856.683	2.219.230	3.149.788	16.225.701

XXIII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

1. Explanations related to the consolidated capital adequacy standard ratio

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

As of 31 March 2015, the Parent Bank’s capital adequacy ratio in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 15,86%.

Information related to the consolidated capital adequacy standard ratio

Current Period	Risk Weights (*)						
	Parent Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	3.051.890	1.002.599	2.772.828	-	12.196.017	25	14
Risk Types							
Contingent and non-contingent claims on sovereigns	3.051.264	-	838.949	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	220	-	-
Contingent and non-contingent claims on multilateral development banks	611	-	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	-	552.605	822.003	-	-	-	-
Contingent and non-contingent claims on Corporate	-	449.994	786.768	-	11.744.061	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	325.108	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by the board	-	-	-	-	-	25	14
Securities secured by mortgage	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-
Short-term claims on banks and intermediary institutions	-	-	-	-	-	-	-
Undertakings for collective investments in transferable securities	-	-	-	-	-	-	-
Other claims	15	-	-	-	451.736	-	-

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

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(Continued)

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

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

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

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

Current Period	Risk Weights (*)						
	Consolidated						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	3.067.266	1.006.117	3.394.663	-	12.292.041	25	14
Risk Types							
Contingent and non-contingent claims on sovereigns	3.066.634	-	838.949	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	614	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	641	-	-
Contingent and non-contingent claims on multilateral development banks	611	-	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	-	556.123	1.351.487	-	-	-	-
Contingent and non-contingent claims on Corporate	-	449.994	786.768	-	11.656.448	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	316.815	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by the board	-	-	-	-	-	25	14
Securities secured by mortgage	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-
Short-term claims on banks and intermediary institutions	-	-	-	-	-	-	-
Undertakings for collective investments in transferable securities	-	-	-	-	1.780	-	-
Other claims	21	-	-	-	633.171	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

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

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

Summary information related to the consolidated capital adequacy standard ratio

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	1.102.641	1.131.252	982.976	1.002.834
Capital Requirement for Market Risk (CRMV)	38.478	50.193	27.906	32.164
Capital Requirement for Operational Risk (CROR)	75.964	81.280	65.693	70.605
Shareholders' Equity	2.402.155	2.503.162	2.434.434	2.533.742
Shareholders' Equity /((CRCR+CRMV+CROR)*12,5)*100)	15,79	15,86	18,09	18,33
Principal Capital /((CRCR+CRMV+CROR)*12,5)*100)	14,76	15,05	16,99	17,47
Core Capital/((CRCR+CRMV+CROR)*12,5)*100)	14,76	15,05	16,99	17,47

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Information related to the components of consolidated shareholders' equity

	Parent Bank	Consolidated
	Current Period	Current Period
TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	1.500.374	1.500.374
Share premium	-	417
Share cancellation profits	-	-
Legal reserves	353.752	362.706
Other comprehensive income according to TAS	96.167	99.566
Profit	328.176	381.830
Net current period profit	94.176	99.124
Prior period profit	234.000	282.706
Provisions for possible losses	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Minority shareholder	-	64.968
Tier I Capital Before Deductions	2.278.469	2.409.861
Deductions From Tier I Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	29.169	13.995
Leasehold improvements on operational leases (-)	3.190	4.543
Goodwill and intangible assets and related deferred tax liabilities (-)	652	2.111
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 (-)	-	14.731
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 1 capital in cases where there are no adequate additional Tier I or Tier II capitals (-)	-	-
Total regulatory adjustments to Tier 1 capital	33.011	35.380
Tier 1 capital	2.245.458	2.374.481

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

	Parent Bank	Consolidated
	Current Period	Current Period
ADDITIONAL CORE CAPITAL		
Preferred stock not included in Tier I capital and the related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained after 1.1.2014)	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained before 1.1.2014)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and indirect investments of the bank on its own additional core capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Deductions from additional core capital in cases where there are no adequate Tier II capital (-)	-	-
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital		
Goodwill and other intangible assets and related deferred taxes not deducted from Tier I capital as per the temporary article 2, clause 1 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Net deferred tax asset/liability not deducted from Tier I capital as per the temporary article 2, clause 1 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Total Core Capital	2.245.458	2.374.481
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)	25 880	25 880
Pledged assets of the shareholders to be used for the bank's capital increases	-	-
General provisions	131.251	125.331
Tier II Capital before Deductions	157.131	151.211
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	157.131	151.211

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

	Parent Bank	Consolidated
	Current Period	Current Period
CAPITAL	2.402.589	2.525.692
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 (-)	434	434
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 (-)	-	22.096
EQUITY	2.402.155	2.503.162
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	18.148	33.673
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	164.091	232.424
Remaining mortgage servicing rights	-	-
Net deferred tax assets arising from temporary differences	29.139	33.394

The tables of "Summary information related to the consolidated capital adequacy standard ratio", "Information related to the shareholders' equity" and "Information related to the consolidated shareholders' equity" stated in second paragraph of the article no.7 of the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures published in Official Gazette No 28337 dated 28 June 2012 have been amended by the communiqué published in Official Gazette No. 28983 dated 26 April 2014.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Components of items of shareholders' equity subject to temporary applications

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

	The Bank		Consolidated	
	Amount considered in the calculation of equity of current period	Total Amount	Amount considered in the calculation of equity of current period	Total Amount
Goodwill and intangible assets and related deferred tax liabilities (-)	-	-	-	2.111
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 (-)	-	-	36.827	269.250
Minority shares in Tier I capital	-	-	-	-
Third parties' shares in additional core capital	-	-	-	-
Third parties' shares in Tier II capital	-	-	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued before 1.1.2014)	25.880	129.400	25.880	129.400

Details on Subordinated Liabilities

The subordinated loan that the Parent Bank has used from the International Finance Corporation ("IFC") was considered as subordinated debt securities due to having the conditions stated in the Article 8. of Regulation on Equity of Banks and BRSA permission; and as of 31 March 2015, 20% of the subordinated loan in the amount of TL 129.400 (50 million US Dollar) is taken into consideration for the calculation of TIER II Capital.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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I. Explanations related to the consolidated capital adequacy standard ratio (continued)

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

	Parent Bank	Consolidated
	Prior Period	Prior Period
TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	1.500.374	1.500.374
Share premium	-	413
Share cancellation profits	-	-
Legal reserves	306.491	315.408
Other comprehensive income according to TAS	128.770	131.001
Profit	369.274	417.290
Net current period profit	369.274	373.408
Prior period profit	-	43.882
Provisions for possible losses	-	-
Bonus shares from associates, subsidiaries and joint-ventures not Accounted in current period's profit	-	-
Minority shareholder	-	67.453
Tier I Capital Before Deductions	2.304.909	2.431.939
Deductions From Tier I Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	16.824	7.688
Leasehold improvements on operational leases (-)	745	2.184
Goodwill and intangible assets and related deferred tax liabilities (-)	690	2.173
Net deferred tax assets / liabilities (-)	-	-
Shares obtained against article 56, paragraph 4 of the banking law (-)	-	-
Investments in own common equity (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank does not own 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	5.300
Mortgage servicing rights exceeding the 10% threshold of Tier I capital (-)	-	-
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I capital (-)	-	-
Amount exceeding the 15% threshold of Tier I capital as per the article 2, clause 2 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital not deducted from Tier I capital (-)	-	-
Mortgage servicing rights not deducted (-)	-	-
Excess amount arising from deferred tax assets from temporary differences (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Deductions from Tier I capital in cases where there are no adequate additional Tier I or Tier II capitals (-)	-	-
Total regulatory adjustments to Tier I capital	18.259	17.345
Tier 1 capital	2.286.650	2.414.594

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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I. Explanations related to the consolidated capital adequacy standard ratio (continued)

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

	Parent Bank	Consolidated
	Prior Period	Prior Period
ADDITIONAL CORE CAPITAL		
Preferred stock not included in Tier I capital and the related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained after 1.1.2014)	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained before 1.1.2014)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and indirect investments of the bank on its own additional core capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Deductions from additional core capital in cases where there are no adequate Tier II capital (-)	-	-
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital		
Goodwill and other intangible assets and related deferred taxes not deducted from Tier I capital as per the temporary article 2, clause 1 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Net deferred tax asset/liability not deducted from Tier I capital as per the temporary article 2, clause 1 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Total Core Capital	2.286.650	2.414.594
TIER II CAPITAL		
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained after 1.1.2014)	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained before 1.1.2014)	23.050	23.050
Pledged assets of the shareholders to be used for the bank's capital increases	-	-
General provisions	125.194	117.760
Tier II Capital before Deductions	148.244	140.810
Deductions from Tier II Capital		
Direct and indirect investments of the bank on its own Tier II capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
The total of net long position of the direct or indirect investments in additional core capital and Tier II capital of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	148.244	140.810

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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I. Explanations related to the consolidated capital adequacy standard ratio (continued)

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

	Parent Bank	Consolidated
	Prior Period	Prior Period
CAPITAL	2.434.894	2.555.404
Loans granted against the articles 50 and 51 of the banking law (-)	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the banking law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	460	460
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of subordinated debts or debt instruments purchased from such parties and qualified as subordinated debts (-)	-	-
Deductions as per the article 20, clause 2 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Other items to be defined by the BRSA (-)	-	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital not deducted from Tier I capital, additional core capital or Tier II capital as per the temporary article 2, clause 1 of the regulation (-)	-	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I capital not deducted from additional core capital or Tier II capital as per the temporary article 2, clause 1 of the regulation (-)	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I capital as per the temporary article 2, clause 2, paragraph (1) and (2) and temporary article 2, clause 1 of the regulation (-)	-	21.202
EQUITY	2.434.434	2.533.742
Amounts lower than Excesses as per Deduction Rules		
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	19.363	35.142
Remaining total of net long positions of the investments in Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% or less of the Tier I capital	162.463	235.244
Remaining mortgage servicing rights	-	-
Net deferred tax assets arising from temporary differences	31.668	35.681

The tables of "Summary information related to the consolidated capital adequacy standard ratio", "Information related to the shareholders' equity" and "Information related to the consolidated shareholders' equity" stated in second paragraph of the article no.7 of the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures published in Official Gazette No 28337 dated 28 June 2012 have been amended by the communiqué published in Official Gazette No. 28983 dated 26 April 2014.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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I. Explanations related to the consolidated capital adequacy standard ratio (continued)

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

	The Bank		Consolidated	
	Amount considered in the calculation of equity of prior period	Total Amount	Amount considered in the calculation of equity of prior period	Total Amount
Goodwill and intangible assets and related deferred tax liabilities (-)	-	-	-	-
Net deferred tax asset/liability	-	-	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-	-	-
The total of net long position of the direct or indirect investments in additional core capital and Tier II capital of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I capital (-)	-	-	26.502	261.746
Minority shares in Tier I capital	-	-	-	-
Third parties' shares in additional core capital	-	-	-	-
Third parties' shares in Tier II capital	-	-	-	-
Debt instruments and the related issuance premiums defined by the brsa (issued before 1.1.2014)	23.050	115.250	23.050	115.250

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

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

II. Explanations related to consolidated credit risk

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

III. Explanations related to the consolidated market risk

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

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

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

1.a Information related to the consolidated market risk:

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	19.015	14.452
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	795	1.143
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	18.805	9.862
(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	664	2
(VII) Counterparty credit risk capital requirement - Standard method	10.914	6.705
(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 (I+II+III+IV+V+VI+VII)	50.193	32.164
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	627.413	402.050

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

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

2. Explanation related to counter party risk

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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III. Explanations related to the consolidated market risk (continued)

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

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

IV. Explanations related to consolidated operational risk

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

V. Explanations related to consolidated currency risk

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

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

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

	1 US Dollar	1 Euro
A. Bank "Foreign Exchange Valuation Rate"		
31 March 2015	2,5880	2,7917
Prior Five Workdays:		
30 March 2015	2,5950	2,8200
27 March 2015	2,5900	2,8169
26 March 2015	2,5750	2,8315
25 March 2015	2,5400	2,7729
24 March 2015	2,5350	2,7725

Simple arithmetic thirty-day averages of the US Dollar and Euro buying rates of the Parent Bank before the reporting date are full TL 2,5672 and 2,7827; respectively.

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V. Explanations related to consolidated currency risk (continued)

Information on the Group's foreign currency risk:

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	128 398	401 552	101 076	631 026
Banks	420 038	172 313	2 698	595 049
Financial Assets at Fair Value Through Profit and Loss (*)	5 663	19 243	5 852	30 758
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	28 558	838 335	-	866 893
Loans (**)	3 688 656	7 122 812	-	10 811 468
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Held-To-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	13 101	-	13 101
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	147	91 508	-	91 655
Total Assets	4.271.460	8.658.864	109.626	13.039.950
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	24 531	225 387	-	249 918
Funds Provided From Other Financial Institutions	4 298 553	7 028 798	-	11 327 351
Marketable Securities Issued	-	934 070	-	934 070
Miscellaneous Payables (****)	15 144	30 181	1 377	46 702
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (*****)	5 609	46 912	4 979	57 500
Total Liabilities	4.343.837	8.265.348	6.356	12.615.541
Net Balance Sheet Position	(72.377)	393.516	103.270	424.409
Net Off-Balance Sheet Position	(39.987)	(416.448)	(101.117)	(557.552)
Financial Derivative Assets	873 377	1 073 715	140 375	2 087 467
Financial Derivative Liabilities	(913 364)	(1 490 163)	(241 492)	(2 645 019)
Non-Cash Loans (*****)	357 565	806 096	11 435	1 175 096
Prior Period				
Total Assets	3 883 663	7 218 583	77 073	11 179 319
Total Liabilities	4 284 878	6 878 483	1 200	11 164 561
Net Balance Sheet Position	(401.215)	340.100	75.873	14.758
Net Off-Balance Sheet Position	311.459	(344.066)	(74.677)	(107.284)
Financial Derivative Assets	746 084	699 758	63 998	1 509 840
Financial Derivative Liabilities	(434 625)	(1 043 824)	(138 675)	(1 617 124)
Non-Cash Loans (*****)	370 142	640.324	10.756	1.021.222

(*) Exchange rate differences arising from derivative transactions amounting to TL 72,240 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended include TL 1,192,937 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 415 and forward foreign exchange purchase transaction rediscounts amounting to TL 163 have not been included in "Other Assets".

(****) Forward foreign exchange purchase transaction rediscounts amounting to TL 189 have not been included in "Miscellaneous Payables".

(***** Marketable securities valuation increase fund amounting to TL 43,241 and exchange rate differences arising from derivative transactions amounting to TL 70,822 have not been included in "Other Liabilities". Borrower funds amounting TL 34,972 based on foreign currencies have been included in "Other Liabilities".

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

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VI. Explanations related to consolidated interest rate risk

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

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

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

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

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

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VI. Explanations related to consolidated interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	8.798	-	-	-	-	631.046	639.844
Banks	532.934	167.553	-	-	-	27.869	728.356
Financial Assets at Fair Value Through Profit and Loss	12.894	14.913	37.174	18.692	61.008	1.618	146.299
Money Market Placements	61.168	199	-	-	-	-	61.367
Available-for-Sale Financial Assets	524.840	799.105	920.922	698.353	726.047	34.298	3.703.565
Loans	1.878.515	5.595.070	2.720.782	1.404.058	224.338	82.685	11.905.448
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	6.729	527	13.559	-	-	705.973	726.788
Total Assets	3.025.878	6.577.367	3.692.437	2.121.103	1.011.393	1.483.489	17.911.667
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.473.054	-	-	-	-	-	2.473.054
Miscellaneous Payables	-	-	-	-	-	179.527	179.527
Marketable Securities Issued	-	-	-	934.070	-	-	934.070
Funds Provided from Other Financial Institutions	1.414.669	4.422.829	3.598.851	596.780	1.539.441	-	11.572.570
Other Liabilities (**)	46.551	12.066	32.196	15.430	39.891	2.606.312	2.752.446
Total Liabilities	3.934.274	4.434.895	3.631.047	1.546.280	1.579.332	2.785.839	17.911.667
Balance Sheet Long Position	-	2.142.472	61.390	574.823	-	-	2.778.685
Balance Sheet Short Position	(908.396)	-	-	-	(567.939)	(1.302.350)	(2.778.685)
Off-Balance Sheet Long Position	2.675	122.897	-	-	-	-	125.572
Off-Balance Sheet Short Position	(534.690)	(262.054)	(270.851)	(780.106)	(1.011.311)	-	(2.859.012)
Total Position	(1.440.411)	2.003.315	(209.461)	(205.283)	(1.579.250)	(1.302.350)	(2.733.440)

(*) 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 35.951 are presented in "Other Liabilities" within 1-month maturity column.

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VI. Explanations related to consolidated interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	1,03
Banks	2,38	0,26	-	10,41
Financial Assets at Fair Value Through Profit and Loss	-	-	-	9,55
Money Market Placements	-	-	-	10,68
Available-for-Sale Financial Assets	5,60	5,11	-	9,57
Loans	3,71	4,45	-	10,81
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,50	0,60	-	9,55
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,38	-	-
Borrower Funds	0,50	0,50	-	6,00
Funds Provided From Other Financial Institutions	0,85	1,40	-	10,15

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VI. Explanations related to consolidated interest rate risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	31.628	-	-	-	-	476.166	507.794
Banks	387.042	102.480	-	-	-	14.459	503.981
Financial Assets at Fair Value Through Profit and Loss	12.645	18.625	59.392	2.063	-	2.692	95.417
Money Market Placements	65.950	39.256	-	-	-	-	105.206
Available-for-Sale Financial Assets	701.993	733.138	918.699	606.103	521.916	35.768	3.517.617
Loans	1.923.784	3.596.176	3.911.384	1.163.684	199.521	72.440	10.866.989
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	2.494	68	227	-	-	625.908	628.697
Total Assets	3.125.536	4.489.743	4.889.702	1.771.850	721.437	1.227.433	16.225.701
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.181.969	90.744	-	-	-	-	2.272.713
Miscellaneous Payables	-	-	-	-	-	96.591	96.591
Marketable Securities Issued	-	-	-	813.824	-	-	813.824
Funds Provided from Other Financial Institutions	3.036.838	3.594.842	2.250.201	466.065	919.701	-	10.267.647
Other Liabilities (**)	52.533	4.252	43.289	-	2.583	2.672.269	2.774.926
Total Liabilities	5.271.340	3.689.838	2.293.490	1.279.889	922.284	2.768.860	16.225.701
Balance Sheet Long Position	-	799.905	2.596.212	491.961	-	-	3.888.078
Balance Sheet Short Position	(2.145.804)	-	-	-	(200.847)	(1.541.427)	(3.888.078)
Off-Balance Sheet Long Position	59.327	14.268	-	504.062	-	-	577.657
Off-Balance Sheet Short Position	-	-	(562.581)	-	(165.518)	-	(728.099)
Total Position	(2.086.477)	814.173	2.033.631	996.023	(366.365)	(1.541.427)	(150.442)

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

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

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VI. Explanations related to consolidated interest rate risk (continued)

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

The interest rate risk of the banking book items

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

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

Current Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
Currency			
TL	+500 / (400) basis point	(118.743) / 110.857	(4,94%) / 4,61%
Euro	+200 / (200) basis point	28.416 / (7.854)	1,18% / (0,33%)
US Dollar	+200 / (200) basis point	12.478 / (24.984)	0,52% / (1,04%)
Total (for Negative Shocks)		78.019	3,24%
Total (for Positive Shocks)		(77.849)	(3,24%)

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VI. Explanations related to consolidated interest rate risk (continued)

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

Prior Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
Currency			
TL	+500 / (400) basis point	(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%)

VII. Explanations related to consolidated stock position risk

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

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

Equity shares risk due from banking book

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

Current Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	10.140	-	10.140
Quoted	10.140	-	10.140

Prior Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	11.610	-	11.610
Quoted	11.610	-	11.610

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

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

Equity shares risk due from banking book (continued)

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	-	-	465	-	465
Other Share Certificates	-	-	-	-	-	-
Total	-	-	-	465	-	465

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	-	-	1.005	-	1.005
Other Share Certificates	9.922	-	-	-	-	-
Total	9.922	-	-	1.005	-	1.005

VIII. Explanations related to the consolidated liquidity risk

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

For the purpose of meeting the liquidity requirement, the Parent Bank chooses one of the three or more of the following; disposing liquid assets, increasing short-term borrowing, decreasing illiquid assets or increasing capital. The Parent Bank's liquidity management is implemented by meeting all the obligations on time considering the Parent Bank's reputation. The cash flow projections and the fund requirement predictions are made by using adverse scenarios to determine liquidity risk under urgent and unexpected circumstances.

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

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

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

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 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	11.865	627.979	-	-	-	-	-	639.844
Banks	27.869	532.934	167.553	-	-	-	-	728.356
Financial Assets at Fair Value Through Profit and Loss	1.618	9.148	8.065	39.662	26.798	61.008	-	146.299
Money Market Placements	-	61.168	199	-	-	-	-	61.367
Financial Assets Available-for-Sale	-	64.098	52.404	256.459	1.196.471	2.099.835	34.298	3.703.565
Loans	82.685	526.250	555.663	1.997.161	6.293.498	2.450.191	-	11.905.448
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	7.714	-	-	11.145	1.956	705.973	726.788
Total Assets	124.037	1.829.291	783.884	2.293.282	7.527.912	4.612.990	740.271	17.911.667
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	419.466	258.381	1.170.229	4.382.986	5.341.508	-	11.572.570
Money Market Borrowings	-	2.473.054	-	-	-	-	-	2.473.054
Securities Issued	-	-	-	-	934.070	-	-	934.070
Miscellaneous Payables	9.531	47.354	-	-	-	-	122.642	179.527
Other Liabilities (**)	-	46.551	12.066	32.196	15.430	39.891	2.606.312	2.752.446
Total Liabilities	9.531	2.986.425	270.447	1.202.425	5.332.486	5.381.399	2.728.954	17.911.667
Liquidity Gap	114.506	(1.157.134)	513.437	1.090.857	2.195.426	(768.409)	(1.988.683)	-
Prior Period								
Total Assets	124.217	1.612.753	711.609	2.046.903	6.938.440	4.130.103	661.676	16.225.701
Total Liabilities	10.415	2.661.905	345.591	982.298	4.819.785	4.647.262	2.758.445	16.225.701
Liquidity Gap	113.802	(1.049.152)	366.018	1.064.605	2.118.655	(517.159)	(2.096.769)	-

(*) 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 35.951 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

IX. Explanations related to consolidated securitization positions

None.

X. Explanations related to consolidated credit risk mitigation techniques

Offsetting is not used as a credit risk mitigation technique. In assessments within the scope of credit risk mitigation techniques, using methods in regard to valuation and management of collaterals are realized in parallel with communiqué relating to Credit Risk Mitigation Techniques. Financial collaterals are evaluated on a daily basis in the Parent Bank. Depending on the comprehensive financial collateral approach, risk mitigating effects of the collaterals are considered through the standard volatility adjustments. Value of the real estates subject to the collateral is determined at least once a year for commercial real estates and determined at least triennially for residential real estates. In the cases that significant changes in market conditions appear, the review is carried out at more frequent intervals. Within the communiqué, as a matter of credit risk mitigation techniques, only residences and commercial real estates (Warehouse, School, Hospital, Office and Store) which are not used for production purposes and can provide rental income are taken into consideration. In addition, land, field and orchard lands are also considered within same concept. Value of the real estates is assessed by the real estate appraisal companies, which are included in the list to provide valuation service by the CMB. Within the credit risk mitigation techniques, major collaterals that can be used by the Parent Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, Stock Pledges), guarantees and mortgages. As of 31 March 2015, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used. As of 31 December 2014 risk amounts which credit risk mitigation techniques are used are shown below the table according to risk types.

Collaterals according to risk classifications

Current Period	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Risk Types				
Contingent and non-contingent claims on sovereigns	4.044.767	125.732	-	-
Contingent and non-contingent claims on regional governments and local authorities	3.070	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprise	3.170	-	-	-
Contingent and non-contingent claims on multilateral development banks	3.053	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	5.394.307	2.477.902	-	-
Contingent and non-contingent claims on corporates	15.850.356	84.573	-	991
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-
Contingent and non-contingent claims secured by real estate property	316.815	-	-	-
Past due loans	-	-	-	-
Higher-risk categories defined by agency	39	-	-	-
Securities secured by mortgage	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims on banks and corporate	-	-	-	-
Undertakings for collective investments in transferable securities	1.780	-	-	-
Other claims	911.759	72.032	-	-
Total	26.529.116	2.760.239	-	991

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Collaterals according to risk classifications (continued)

Prior Period	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Risk Types				
Contingent and non-contingent claims on sovereigns	3.670.061	97.878	-	-
Contingent and non-contingent claims on regional governments and local authorities	3.070	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprise	3.188	47	-	-
Contingent and non-contingent claims on multilateral development banks	3.063	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	4.293.420	2.130.644	-	-
Contingent and non-contingent claims on corporates	14.330.580	53.138	-	2.688
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-
Contingent and non-contingent claims secured by real estate property	431.865	-	-	-
Past due loans	-	-	-	-
Higher-risk categories defined by agency	46	-	-	-
Securities secured by mortgage	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims on banks and corporate	-	-	-	-
Undertakings for collective investments in transferable securities	2.071	-	-	-
Other claims	633.208	61.563	-	-
Total	23.370.572	2.343.270	-	2.688

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

XI. Explanations related to consolidated risk management objective and policies

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

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

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

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

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

Credit risk management policy

Credit risk is the possibility of incurring losses due to the credit customer or the counterparty, with whom the Bank has made an agreement with, does not fulfil its obligations appropriately or is not able to meet these obligations.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Credit risk management policy (continued)

At the Parent Bank, the purpose of credit risk management is to maximize the risk adjusted return of the Bank by managing the risks that the Bank may expose in line with the right parameters in a proactive approach. Although the largest and most visible source for credit risk is the loans that the Bank grants, other banking services regarding the counterparty risk also bear credit risk. In this context, all of the banking activities are assessed within the scope of credit risk.

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

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

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

Market risk management policy and currency risk management policy

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

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

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

Operational risk management policy

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

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

Structural interest rate risk management policy

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

The Bank's Risk Management Department is 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 AND ITS SUBSIDIARIES
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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Structural interest rate risk management policy (continued)

The Bank uses IRS or other derivative instruments in order to hedge fixed/floating interest risks or other market price risks. The Bank applies hedge accounting in accordance with the decisions of Asset Liability Management Committee to prevent volatility in the financial statements of having different measurement and valuation methods and accounting periods. The Bank could prefer one of the appropriate methods permitted by the accounting standards under finance hedge accounting. In case of deciding to apply hedge accounting, the Bank oversees the determination of hedging relationship, hedging risk, hedging instruments also regular efficiency test and documentation with respect to accounting standards. In this regard, efficiency test and documentation are performed by the Committee to be established for this purpose and the custody of documentation fulfil by Financial Control Department.

Liquidity risk management policy

Liquidity risk is the risk of not meeting the balance sheet and off-balance sheet liabilities on time. Liquidity risk is also the possibility of loss that the Bank may face, when there is not sufficient cash or cash inflow to meet the cash outflow in full and in time. There are two risks as funding liquidity risk in capital markets and purchase/ sales operations and market liquidity risk in which funding liquidity risk is the risk that investment and funding requirements cannot be met on time or at a reasonable cost due to the incompatibilities in cash flows.

The market liquidity risk is that no long position can be taken on time or at a reasonable cost due to the markets are not so deep, disruption and the bank cannot enter the markets easily.

It is essential to evaluate the diversification of opportunities on the basis of maturities with maximum extent in order to ensure the efficiency of liquidity management and maintain a sustainable situation. In liquidity risk management, a portfolio structure matched with the functions of generating profit from portfolio and market risk management and risk-return trade-off is constantly monitored without compromising of liquidity requirements.

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

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

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

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	20	-	14	-
Balances with the Central Bank of Turkey	8.798	631.026	31.628	476.152
Other	-	-	-	-
Total	8.818	631.026	31.642	476.152

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	8.798	3.107	31.628	2.984
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	627.919	-	473.168
Total	8.798	631.026	31.628	476.152

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

As per the Communiqué numbered 2005/1 "Reserve Deposits" of Central Bank of Republic of Turkey (CBRT), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. Reserves are calculated and set aside every two weeks on Fridays for 14-days periods. In accordance with the related communiqué, no interest is paid for reserve requirements.

The CBRT has started to pay interest to the Required Reserves held in Turkish Lira according to regulation released at 5 November 2014.

In accordance with the regulation issued at 27 January 2015, CBRT has begun to collect monthly commissions over daily balances of Two Days Notice Deposit Accounts and Required Reserves held in the foreign currencies, to be valid from 1 February 2015.

As per the "Communiqué on Amendments to be Made on Communiqué on Required Reserves" of CBRT, numbered 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at CBRT based on rates mentioned below. Reserve rates prevailing at 31 March 2015 are presented in table below:

Reserve Rates for FC Liabilities (%)	
Other liabilities until 1 year maturity (1 year include)	20,0
Other liabilities until 2 year maturity (2 year include)	14,0
Other liabilities until 3 year maturity (3 year include)	8,0
Other liabilities until 5 year maturity (5 year include)	7,0
Other liabilities more than 5 year maturity	6,0

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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 blockage:

As of the reporting date, the Group's trading securities given as collateral or blockage amounted to TL 406 (31 December 2014: TL 7.878).

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

As of the reporting date, the Group's trading securities subject to repurchase agreements amounted to TL 628 (31 December 2014: TL 293).

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 blockage:

As of the reporting date, the Group has no financial assets designated at fair value through profit and loss given as collateral or blockage (31 December 2014: None).

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

As of the reporting date, the Group has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2014: None).

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

Derivative Instruments Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.371	2.432	91	28
Swap Transactions	14.819	63.491	18.292	35.307
Futures Transactions	-	-	-	-
Options	-	37.075	-	21.156
Other	-	-	-	-
Total	16.190	102.998	18.383	56.491

3. Information on banks and foreign bank accounts

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	129.301	576.506	208.217	290.053
Foreign	4.006	18.543	-	5.711
Branches and head office abroad	-	-	-	-
Total	133.307	595.049	208.217	295.764

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

3.b Information on banks and foreign bank accounts:

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

4. Information on financial assets available-for-sale

4.a.1 Available-for-sale financial assets subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	2.148.019	-	2.016.726	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	324.664	-	307.313
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	2.148.019	324.664	2.016.726	307.313

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

All financial assets available for sale given as collateral comprise of financial assets are issued by the T.R. Undersecretariat of Treasury. The carrying value of those assets is TL 619.595 (31 December 2014: TL 251.539).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	181.959	437.636	183.982	67.557
Other	-	-	-	-
Total	181.959	437.636	183.982	67.557

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

Available for sale financial assets comprise government bonds 64,51%, Eurobonds 22,57% and shares and other securities 12,92% (31 December 2014: government bonds 70,82%, Eurobonds 15,07% and shares and other securities 14,11%).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- 1. Explanations and disclosures related to the consolidated assets (continued)**
- 4. Information on available-for-sale financial assets (continued)**
- 4.c Information on available-for-sale financial assets available-for-sale:**

	Current Period	Prior Period
Debt securities	3.679.255	3.482.152
Quoted on a stock exchange	2.809.411	2.929.125
Unquoted	869.844	553.027
Share certificates	44.198	45.293
Quoted on a stock exchange	10.546	11.642
Unquoted	33.652	33.651
Impairment provision(-)	(19.888)	(9.828)
Total	3.703.565	3.517.617

The net book value of unquoted available for sale share certificates is TL 24.158 (31 December 2014: TL 24.158).

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	90.461	117.412	84.174	117.412
Corporate shareholders	90.461	117.412	84.174	117.412
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	123	-	131	-
Total	90.584	117.412	84.305	117.412

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and disclosures related to the consolidated assets (continued)**
- 5. Information on loans (continued)**
- 5.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	11.699.287	42.023	-	123.476	57.806	50.235
Corporation loans	4.126.326	-	-	10.604	10.604	-
Export loans	92.082	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.369.888	-	-	-	-	-
Consumer loans	123	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	6.110.868	42.023	-	112.872	47.202	50.235
Specialized loans	-	-	-	-	-	-
Other receivables	82.685	-	-	-	-	-
Total	11.781.972	42.023	-	123.476	57.806	50.235

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and disclosures related to the consolidated assets (continued)**
- 5. Information on loans (continued)**
- 5.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	10.630.981	37.676	-	163.568	98.901	35.849
Corporation loans	3.737.157	-	-	10.468	5.332	-
Export loans	68.340	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.303.613	-	-	-	-	-
Consumer loans	131	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	5.521.740	37.676	-	153.100	93.569	35.849
Specialized loans	-	-	-	-	-	-
Other receivables	72.440	-	-	-	-	-
Total	10.703.421	37.676	-	163.568	98.901	35.849

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

Current Period		
Number of amendments related to the extension of the payment plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended for 1 or 2 times	42.023	57.806
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	37.676	98.901
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	-	43.796
2-5 Years	42.023	-
5 Years and Over	-	14.010

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	-	84.237
1-2 Years	-	-
2-5 Years	37.676	-
5 Years and Over	-	14.664

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 four loan customers which are followed under Loans and Other Receivables Under Close Monitoring and which have been extended more than 1 year and also provided general loan loss provision at a rate of 2,5% for one loan customer which is followed under standard loans which have been extended more than 1 year.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. 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	581.389	-	-	-
Non-specialized loans	498.704	-	-	-
Specialized loans	-	-	-	-
Other receivables	82.685	-	-	-
Medium and Long-term loans	11.200.583	42.023	123.476	108.041
Non-specialized loans	11.200.583	42.023	123.476	108.041
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	1.320.048	-	-	-
Non-specialized loans	1.247.608	-	-	-
Specialized loans	-	-	-	-
Other receivables	72.440	-	-	-
Medium and Long-term loans	9.383.373	37.676	163.568	134.750
Non-specialized loans	9.383.373	37.676	163.568	134.750
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the 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	70	53	123
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	70	53	123
Other	-	-	-
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	70	53	123

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

The Parent Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (31 December 2014: None).

5.f Loans according to borrowers:

	Current Period	Prior Period
Public	51.928	52.621
Private	11.853.520	10.814.368
Total	11.905.448	10.866.989

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	11.837.877	10.813.544
Foreign Loans	67.571	53.445
Total	11.905.448	10.866.989

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	124.315	119.901
Indirect loans granted to subsidiaries and associates	-	-
Total	124.315	119.901

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	47.777	4.456
Loans and receivables with doubtful collectability	-	-
Uncollectible loans and receivables	14.096	13.982
Total	61.873	18.438

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	5.895
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	5.895
Prior Period			
(Gross amounts before provisions)	-	-	3.433
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	3.433

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	4.456	-	13.982
Additions (+)	43.333	-	574
Transfers from Other Categories of Non-performing Loans (+)	-	-	-
Transfers to Other Categories of Non-performing Loans (-)	-	-	-
Collections (-)	(12)	-	(460)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	47.777	-	14.096
Specific Provisions (-)	(47.777)	-	(14.096)
Net Balance on Balance Sheet	-	-	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

5.j.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	17.327	6.378	13.681
Additions (+)	9.891	102	815
Transfers from Other Categories of Non-performing Loans (+)	-	20.933	6.378
Transfers to Other Categories of Non-performing Loans (-)	(20.933)	(6.378)	-
Collections (-)	(1.829)	(21.035)	(6.849)
Write-offs (-)	-	-	(43)
Corporate and Commercial Loans	-	-	(1)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	(42)
Current Period End Balance	4.456	-	13.982
Specific Provisions (-)	(4.456)	-	(13.982)
Net Balance on Balance Sheet	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	1.991	-	52
Specific Provision (-)	(1.991)	-	(52)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	1.991	-	52
Specific Provision (-)	(1.991)	-	(52)
Net Balance on Balance Sheet	-	-	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	47.777	-	14.092
Specific Provision Amount (-)	(47.777)	-	(14.092)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	4
Specific Provision Amount (-)	-	-	(4)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	4.456	-	13.978
Specific Provision Amount (-)	(4.456)	-	(13.978)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	4
Specific Provision Amount (-)	-	-	(4)
Other Loans and Receivables (Net)	-	-	-

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

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

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

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

5.m Other explanations and disclosures:

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

6. Information on held-to-maturity investments

As of the reporting date, the Bank has no held-to-maturity investments. (31 December 2014: None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on investments in associates (net):

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

Unconsolidated non-financial associates are valued at cost.

7.a.2 Information on unconsolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
2	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/Turkey	10,00	20,10

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

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	Terme (*)	13.445	3.538	336	467	-	(3)	24	-
2	Ege Tarım(*)	11.568	9.647	8.694	46	-	(1.176)	(1.670)	-

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

Information on associates disposed in the current period

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

Information on associates purchased in the current period

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

7.a.3 Information on the consolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

		Total As- sets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	İş Faktoring	1.535.286	81.792	895	29.186	-	5.962	2.225	-
2	İş Finansal	3.607.002	648.291	18.015	61.955	-	37.430	26.636	125.215
3	İş Girişim	259.147	255.528	404	2.520	1.881	1.195	2.312	24.013

	Current Period	Prior Period
Balance at the Beginning of the Period	261.745	234.988
Movements During the Period	7.505	26.757
Purchases	-	2.727
Bonus Shares Received	-	-
Current Year Share of Profit	13.812	27.136
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(6.307)	(3.106)
Balance at the End of the Period	269.250	261.745
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

Information on associates disposed in the current period

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

Information on associates purchased in the current period

In the current period, The Parent Bank has purchased TL 23.500 nominal shares amounting to an increase of capital TL 5.111 from İş Faktoring A.Ş.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	36.064	33.607
Leasing Companies	189.595	182.998
Financial Service Companies	-	-
Other Financial Associates	43.591	45.140

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

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	233.186	228.138
Associates Quoted on Foreign Stock Markets	-	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	233.186	228.138
Associates Quoted on Foreign Stock Markets	-	-

8. Information related to subsidiaries (net)

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

	YFAŞ (*) Current Period	TSKB GYO (*) Current Period
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Share Premium	-	593
Legal Reserves	4.730	5.696
Other Comprehensive Income according to TAS	(871)	-
Current and Prior Years' Profit / Loss	5.739	51.742
Leasehold Improvements (-)	(1.353)	-
Intangible Assets (-)	(435)	(19)
Total Core Capital	72.085	208.012
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	-	-
NET AVAILABLE CAPITAL	72.085	208.012

(*) The information is obtained from financial statements subject to consolidation as of 31 March 2015.

	YFAŞ (*) Prior Period	TSKB GYO (*) Prior Period
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Share Premium	-	593
Legal Reserves	4.730	5.696
Other Comprehensive Income according to TAS	(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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information related to subsidiaries (net)

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

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items. Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves. Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the Article of 519 of the Turkish Commercial Code No 6102.

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

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

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

8.a.3 Information related to unconsolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	İstanbul /Türkiye	99,99	99,99
2	Sürdürülebilir Danışmanlık A.Ş.	İstanbul/Türkiye	-	97,00

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	TSKB GMD	12.441	10.738	1.314	127	-	765	780	-
2	SD A.Ş.	448	412	13	47	-	33	23	-

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8.a.4 Information related to consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş. (YFAŞ)	Istanbul /Turkey	95,78	99,28
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	75,28

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
YFAŞ (*)	786.376	73.873	3.830	6.813	250	690	384	-
TSKB GYO (*)	375.565	208.031	356.176	156	-	(3.901)	(728)	54.870

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

Unconsolidated movement related subsidiaries subjected to consolidation is as follows:

	Current Period	Prior Period
Balance at the Beginning of the Period	133.825	134.086
Movements During the Period	(8.850)	(261)
Purchases	-	-
Bonus Shares Obtained	-	2.394
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(8.850)	(2.655)
Balance At the End of the Period	124.975	133.825
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	124.975	133.825

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8.a.6 Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	54.870	63.720
Quoted in Foreign Stock Exchange	-	-

9. Information related to entities under common control

TSKB GYO, one of the subsidiaries of the Parent Bank, established a joint venture with Bilici Yatırım Sanayi ve Ticaret A.Ş. in Adana under the name of Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") on 26 May 2011.

The main operations of Adana Hotel Project is to start, execute and complete the hotel project which will be operated by Palmira Turizm Ticaret A.Ş. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret AŞ and 50% of participation for TSKB GYO. The nominal paid-in capital of Adana Hotel Project comprises 20.000 shares of TL 1 for each amounting to TL 20 in total. TSKB GYO has paid TL 10 in cash for the 50% ownership in Adana Hotel Project.

The main line of business of Anavarza Hotelier Corporation is tourism oriented hotels, motels, accommodation facilities, gastronomy, sports, entertainment and health care. The capital structure of the corporation is designated with 50% participation of Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% participation of the corporation itself. The nominal paid-in capital of Anavarza Hotel Project comprises of 20.000.000 shares of TL 1 for each amounting TL 2.000 in total. The company has paid TL 250 of TL 1.000 in cash for the 50% ownership in Anavarza Hotel.

	Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Year Profit /Loss	Prior Year Profit /Loss	Fair Value
Adana Otel Projesi	59.253	(1.313)	52.261	-	-	(510)	(84)	-
Anavarza Otelcilik	502	492	-	-	-	(7)	-	-

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

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

	Current Period	Prior Period
Gross investments in finance leases	87	87
Unearned revenue from finance leases (-)	(87)	(87)
Cancelled finance leases (-)	-	-
Net investments in finance leases	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

11. Information on derivative financial assets for hedging purposes

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge Risk	-	13.101	-	-
Cash Flow Hedge Risk	-	-	-	-
Net Foreign Investments Hedge	-	-	-	-
Total	-	13.101	-	-

As of March 31, 2015, the net fair value of derivative financial instruments designated as hedging instruments carried in the contract amount and the balance sheet are summarized in the following table:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swap	2.277.440	13.101	-	-	-	-
FC	2.277.440	13.101	-	-	-	-
TL	-	-	-	-	-	-

11.a.1 Information on fair value hedge accounting

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Fair Value of Hedging Instrument		Income St Effect (Profit/Loss Through Derivative Financial Instruments)
				Asset	Liability	
Interest Rate Swap Transactions	Fixed Rate Eurobond Issued	Interest Rate Risk	(8.057)	6.014	-	(2.043)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(2.277)	1.882	-	(395)

(*) The fair value of hedged item is presented as net market value less credit risk and accumulated interest.

12. Information on tangible assets (net)

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

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SECTION FIVE (Continued)

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

13. Information on intangible assets

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

14. Information on investment properties

In the current period, the Group has three investment properties with a net book value of TL 231.580 (31 December 2014: TL 224.090) belonging to the Parent Bank's subsidiary operating in the real-estate investment trust sector. Investment Properties Movement table as of 31 March 2015 and 31 December 2014 is as follows:

Current Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	15.460	-	-	-	15.460
Pendorya Mall	168.400	170	-	-	168.570
Adana Hotel Project	40.230	10.131	(2.811)	-	47.550
Total	224.090	10.301	(2.811)	-	231.580

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

15. Information on deferred tax assets

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

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

Deferred tax asset:	Current period	Prior period
Loan commissions accrual adjustment	13.526	12.365
Other provisions	12.001	16.601
Marketable securities	4	-
Employee benefit provision	2.134	1.875
Valuation of derivative instruments	432	-
Other	5.297	5.194
Total Deferred Tax Asset	33.394	36.035
Deferred tax liabilities:		
Marketable securities	(10.270)	(11.259)
Borrowings commissions accrual adjustment	(5.511)	(5.340)
Valuation of derivative instruments	(4.635)	(253)
Useful life difference of fixed assets	(219)	(227)
Others	(795)	(23)
Total Deferred Tax Liability	(21.430)	(17.102)
Net Deferred Tax Asset	11.964	18.933

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and disclosures related to the consolidated assets (continued)**
- 15.b Temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods, if so, their expiry date, losses and tax deductions and exceptions:**
There is no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods. YFAS has deferred tax asset calculated on tax losses amounting to TL 3.382 (31 December 2014: 4.013).
- 15.c Allowance for deferred tax and deferred tax assets from reversal of allowance:**
There is no allowance for deferred tax and deferred tax assets from reversal of allowance (31 December 2014: None).
- 16. Information on assets held for sale:**
In the current period, the Group has no assets held for sale (31 December 2014: 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 2014: None).
- II. Explanations and disclosures related to the consolidated liabilities**
- 1. Information on maturity structure of deposits**
- 1.a.1 Maturity structure of deposits:**
The Parent Bank is not authorized to accept deposits.
- 1.a.2 Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:**
The Parent Bank is not authorized to accept deposits.
- 1.b Information on the scope whether the bank with a foreign head office suits saving deposit insurance of the related country:**
The Parent Bank is not authorized to accept deposits.
- 1.c Saving deposits which are not under the guarantee of deposit insurance fund:**
The Parent Bank is not authorized to accept deposits.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

Derivative Financial Liabilities Held For Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.312	711	307	26
Swap Transactions	13.649	54.546	3.809	38.499
Futures Transactions	-	-	-	-
Options	-	38.093	-	20.935
Other	1.872	-	-	-
Total	16.485	93.350	4.116	59.460

3. Information on banks and other financial institutions

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	245.219	268.564	227.919	236.572
From Foreign Banks, Institutions and Funds	-	10.927.394	-	9.687.091
Total	245.219	11.195.958	227.919	9.923.663

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	245.208	650.383	227.919	367.148
Medium and long-term	11	10.545.575	-	9.556.515
Total	245.219	11.195.958	227.919	9.923.663

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SECTION FIVE (Continued)

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

3. Information on banks and other financial institutions (continued)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	-	905.800	-	806.750
Cost	-	905.130	-	806.153
Book Value	-	934.070	-	813.824

As of 27 October 2014, sales transactions on the issuance of bonds or similar securities amounting to maximum USD 750 million in abroad is completed. The debt instruments have nominal value amounting to USD 350 million, maturity of 30 October 2019 with fixed interest rate and five year maturity and semiannual coupon payment with a rate of 5,375%.

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 2014: None).

5. Explanations on financial lease obligations (net)

5.a Explanations on finance lease payables:

The Group has no finance lease payables (31 December 2014: None).

5.b Explanations regarding operational leases:

As of the reporting date, 13 branches of the Group companies are subject to operational leasing. Additionally, 29 cars are within the context of operational leasing. The Group has no liability for operational leases as of the reporting date (31 December 2014: 1 head office, 13 branches and 29 cars are subject to operational leasing).

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

The Group has no sale and lease back transactions as of the reporting date (31 December 2014: None).

6. Information on derivative financial liabilities held for risk management

The Group has no derivative financial liabilities for hedging purposes as of reporting date (31 December 2014: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on provisions

7.a Information on general loan loss provisions:

	Current Period	Prior Period
General Provisions	125.331	117.760
I.Provisions for First Group Loans and Receivables	108.292	99.241
- Additional provisions for the loans with extended payment plan	1.050	1.884
II.Provisions for Second Group Loans and Receivables	4.204	6.238
- Additional provisions for the loans with extended payment plan	2.890	4.945
Provisions for Non-Cash Loans	2.605	2.719
Other	10.230	9.562

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

As of the reporting date, the Group's foreign exchange losses on the foreign currency indexed loans amount to TL 10.549 (31 December 2014: TL 9.776). The foreign exchange losses on the foreign currency indexed loans are net off from the loans line in the financial statements.

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

As at the reporting date, the Bank's specific provisions provided for unindemnified non cash loan amount to TL 583 (31 December 2014: 2.115).

7.d Information related to other provisions:

7.d.1 Provisions for possible losses:

There is no provision for possible losses (31 December 2014: None).

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

	Current Period	Prior Period
Other Provisions (*)	60.074	83.061
Total	60.074	83.061

(*) Other provision account includes TL 60.000 of provision for risks on credit portfolio (31 December 2014: TL 83.000).

8. Information on taxes payable

8.a Information on current taxes payable

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate Taxes Payable	2.876	-	32.390	-
Deferred Tax Liability	-	-	-	-
tal	2.876	-	32.390	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	2.876	32.390
Taxation of Securities	1.125	950
Property Tax	-	-
Banking and Insurance Transaction Tax (BITT)	3.239	2.318
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	175	237
Other	5.844	1.497
Total	13.259	37.392

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

8. Information on taxes payable (continued)

8.a Information on current taxes payable (continued)

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	124	109
Social Security Premiums-Employer	141	124
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	34	28
Unemployment Insurance-Employer	68	56
Other	15	13
Total	382	330

8.b Information on deferred taxes liabilities:

As of the reporting date, the Group has no deferred tax liability (31 December 2014: None).

9. Information on liabilities regarding assets held for sale

None (31 December 2014: None).

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

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

11. Information on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common Stock	1.500.000	1.500.000
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

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

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

In the meeting of the General Assembly held on 26 March 2015, it has been resolved that, paid-in capital of the Bank will be increased from TL 1.500.000 to TL 1.750.000 by adding TL 250.000. In respect of the resolution of the General Assembly, TL 234.000 of this increase will be incorporated from the profit of the year 2014, TL 16.000 of this increase will be incorporated from extraordinary reserves provided for gain on subsidiary and real estate based on article of CTL-5(1)/e. The applications to BRSA and CMB related to increase has been performed, and the process is not finalised as of reporting date.

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

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 2014: None).

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

The Parent Bank has no capital commitments in the last fiscal year and at the end of the following interim period (31 December 2014: None).

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

11.g Information on preferred shares:

The Parent Bank has no preferred shares (31 December 2014: None).

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

11. Information on shareholders' equity (continued)

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	(13.995)	-	(7.688)	-
Valuation Differences	39.400	43.241	70.769	50.912
Foreign Exchange Difference	-	-	-	-
Total	25.405	43.241	63.081	50.912

The deferred tax amounting to TL 20.808 (31 December 2013: TL 30.203), 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.

III. Explanations related to the consolidated off-balance sheet items

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Forward Purchase and Sales of Assets	460.732	53.655
Commitments for Money Market Brokerage Purchase and Sales	54.946	75.569
Commitments for Use Guaranteed Credit Allocation	41.408	59.930
Commitments for Stock Brokerage Purchase and Sales	264.348	250.458
Commitments for Letter of Credit	345.778	344.056
Commitments from Forward Short Term Borrowing and Transfers	-	19.674
Other	33.209	33.820
Total	1.200.421	837.162

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

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

As of the reporting date, total letters of credits, surety and acceptance amount to TL 639.316 (31 December 2014: TL 496.097).

1.b.2 Certain guarantees, tentative guarantees, surety ships and similar transactions

As of the reporting date, total letters of guarantee is TL 1.001.915 (31 December 2014: TL 956.972).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	-	-
With Maturity of One Year or Less than One Year	-	-
With Maturity of More than One Year	-	-
Other Non-Cash Loans	1.641.231	1.453.069
Total	1.641.231	1.453.069

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

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

1.c.3 Information on 1st and 2nd group non-cash loans:

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

2. Information related to derivative financial instruments

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

3. Explanations on loan derivatives and risk exposures

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

4. Explanations on contingent liabilities and assets

There are 37 legal cases against the Group which are amounting to TL 5.896 as of the reporting date (31 December 2014: TL 1.162 - 32 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Parent Bank and employees to "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" (Foundation) established in accordance with the decisions of Turkish Commercial Law and Civil Law as made to all Foundations in the sector. According to this investigation it has been communicated that the amount Parent Bank is obliged to pay is a benefit in the nature of fee for the members of Foundation worked at the time of payment, the amount Foundation members are obliged to pay should not be deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge / penalized stump duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Parent Bank relying on this report. The Parent Bank assesses that the Parent Bank's practice is in compliance with the legislation and there is no legal basis for the tax administration's suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir.

Some of the lawsuits are decided favourable, remaining of lawsuits are decided unfavourable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Parent Bank against the decision of the Court with respect to the Parent Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. The tax and penalty notices related to the decision of the tax court of first instance against the Parent Bank are accrued by administration depending on legal process and as of 31 July 2014 the Parent Bank has made total payments amounting to TL 22.091.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

4. Explanations on contingent liabilities and assets (continued):

A similar case has been submitted to the Constitutional Court (AYM) in the form of individual remedies by the main shareholder of the parent Bank in relation to the parent Bank's liabilities to pay, the Constitutional Court gave the decision with court file number 2014/6192. According to court decision published in the Official Gazette dated 21 February 2015 and numbered 29274, the assessments against the parent Bank was contrary to the principle of legality and the Parent Bank's property rights has been violated. This decision is considered to be a precedent for the parent Bank and an amount of TL 12,750 corresponding to the portion that the parent Bank was obliged to pay for the related period is recognised as income in the current period.

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

In addition, seeking the cancellation of the 1/1000 scaled zoning plan dated 6 November 2007 by the decision of 9th Administrative Court, the plaintiff also filed a lawsuit against Pendik Municipality on the Istanbul 3rd Administrative Court ("the Court") in order to demand grant a stay of execution suspending the cancellation of the construction and occupancy permits dated 4 December 2009 numbered 101 and 14 December 2009 dated 104 numbered given for Pendorya Mall. The Court issued a stay of execution on 31 December 2010 regarding related occupancy permits and the Court decided on 22 September 2011 to set aside the decision of the case on the basis of that cancellation of the construction licence dated 16 July 2008 numbered 1120 given to TSKB GYO for Pendorya Mall with 4 November 2010 dated resolution is due to the cancellation of 1/1000 scaled Zoning Plan. TSKB GYO, involved in the position to demand the motion for stay of execution of the mentioned cancellation resolution of the Court and has presented the petition of appeal to the Council of State on 4 November 2011. The request for the cancellation of the execution has been rejected on 16 January 2012. The Council of State also approved the resolution of the Court on 29 May 2013. The request adjustment about decision of approval is presented to the Court on 5 November 2013 and answer of petition has been waited. The correction requests about aforementioned decision of approval has been overruled by the Council of State on 11.12.2014 and judicial process has been completed.

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

4. Explanations on contingent liabilities and assets (continued):

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

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

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

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

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

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

5. Custodian and intermediary services

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the consolidated income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans (*)				
Short Term Loans	12.066	564	5.839	3.346
Medium and Long Term Loans	31.625	109.349	24.869	81.700
Interest on Non-performing Loans	134	68	2.034	633
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	43.825	109.981	32.742	85.679

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

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey (*)	60	-	-	-
Domestic Banks	2.852	2.093	3.231	5
Foreign Banks	92	1	-	-
Branches and Head Office Abroad	-	-	-	-
Total	3.004	2.094	3.231	5

(*) Interests given to the Turkish Lira portion of the CBRT Required Reserves have been presented under Central Bank line in the financial statements

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	379	35	604	2
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	53.623	12.191	64.656	8.433
Investments Held to Maturity	-	-	-	-
Total	54.002	12.226	65.260	8.435

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1.545	630

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Information on interest expense

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7.803	3.021	2.534	1.773
The Central Bank of Turkey	-	-	-	-
Domestic Banks	6.702	334	2.530	176
Foreign Banks	1.101	2.687	4	1.597
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	31.267	-	21.935
Total (*)	7.803	34.288	2.534	23.708

(*) Commissions given to the Banks and Other Institutions are presented under interest expense.

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

There is no interest expense to its associates and subsidiaries (31 December 2014: None).

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued (*)	-	13.502	-	-

(*) Commissions given to issuance have been included to interest expense on funds borrowed.

3. Information on dividend income

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

4. Information on net trading income (net)

	Current period	Prior period
Profit	402.864	194.238
Gains on capital market operations	10.387	1.306
Gains on derivative financial instruments (*)	169.280	83.494
Foreign exchange gains	223.197	109.438
Losses (-)	(393.824)	(189.215)
Losses on capital market operations	(2.254)	(1.091)
Losses on derivative financial instruments (*)	(215.324)	(81.657)
Foreign exchange losses	(176.246)	(106.467)

(*) Foreign exchange gain from derivative transactions amounting to TL 81.529 is presented in "Gains on derivative financial instruments" (31 March 2014: TL 77.392), foreign exchange loss from derivative transactions amounting to TL (147.521) is presented in "Losses on derivative financial instruments" (31 March 2014: TL (62.479)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	23.473	20.320
Gains on Sale of Assets	27	9.924
From Associate and Subsidiary Sales (*)	-	9.922
From Immovable Fixed Asset Sales	26	2
From Property Sales	1	-
From Other Asset Sales	-	-
Other (**)	18.552	3.567
Total	42.052	33.811

(*) As of 31 January 2014, the Parent Bank has sold all Takasbank-İstanbul Takas ve Saklama Bankası A.Ş. shares representing 5% of its shares, which was held in available for sale portfolio, with nominal amount of TL 21.000 and with a cost of TL 23.468 to Borsa İstanbul A.Ş. at a price of TL 33.990 and the sale amount was collected within the same day.

(**) Includes income accrual in the amounting TL 12.750 in accordance with the subjects mentioned in Section Five in disclosure No.III-4 in the current period.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	44.490	424
III. Group	43.916	-
IV. Group	-	-
V. Group	574	424
General provision expenses	7.571	6.226
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	4.066	4.260
Trading securities	-	-
Investment securities available for sale	4.066	4.260
Impairment provisions	-	291
Associates	-	291
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investment securities held to maturity	-	-
Other (*)	-	30.322
Total	56.127	41.523

(*)Includes the tax provision amounting TL 16.950 allocated with relation to the subjects mentioned in Section Five in disclosure No.III-4 in the prior period and the provision amounting TL 9.000 allocated for the risks related to the loan portfolio in the current period.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information related to other operating expenses

	Current Period	Prior Period
Personnel Expenses	20.921	18.619
Reserve for Employee Termination Benefits	510	323
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	842	676
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	155	140
Impairment on Subsidiaries Accounted for Under Equity Method	-	-
Impairment on Assets for Resale	26	822
Depreciation Expenses of Assets Held for Resale	4	7
Impairment Expenses of Assets Held for Sale	-	-
Other Operating Expenses	7.615	5.301
Rent Expenses	920	855
Maintenance Expenses	626	181
Advertisement Expenses	419	260
Other Expenses	5.650	4.005
Loss on Sales of Assets	-	-
Other	5.729	6.073
Total	35.802	31.961

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

As of 31 March 2015, profit before tax of the Group has decreased by 4,36% as compared to the prior period (31 March 2014: 6,95% increase). In comparison with the prior period, the Group's net interest income has decreased by 5,51% (31 March 2014: 19,93% increase).

9. Information on tax provision for continued and discontinued operations

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

The Group's current tax charge for the period is TL 2.879 (31 March 2014: TL 19,752). Deferred tax charge is TL 16.364 (31 March 2014: TL 4.014 deferred tax charge).

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

Deferred tax charge calculated on temporary differences is TL 16.364 (31 March 2014: TL 4.014).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

As of 31 March 2015, the deferred tax charge was calculated based on temporary timing differences is TL 16.364 (31 March 2014: TL 4.014 deferred tax charge). Deferred tax charge reflected in the income statement on carry forward tax losses, tax deductions and exceptions amounts to TL 1.074 (31 March 2014: None).

In addition, TL 9.395 deferred tax, which is calculated over the fair value differences on available for sale securities, is calculated (31 March 2014: TL 2.535).

10. Information on net profit from continued and discontinued operations

As of 31 March 2015, current net profit of the Group has decreased by 0,84% compared to the prior period (31 March 2014: 5,43% increase).

11. Information on net profit/loss

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

The Group has generated TL 231.366 of interest income, TL 103.902 of interest expenses, TL 6.780 of net fee and commission income from banking operations (31 March 2014: TL 195.865 interest income, TL 60.962 interest expenses, TL 6.390 net fee and commission income).

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

There are no changes in the accounting estimates.

11.c Minority share of profit and loss:

The current year loss attributable to minority shares is TL 1.132 (31 March 2014: TL 214 loss). The total shareholders' equity, including current year profit attributable to minority shares is TL 64.968 (31 March 2014: TL 70.636).

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

	Current Period	Prior Period
Gains on Other Fees and Commissions		
Gains on Brokerage Commissions	4.940	4.602
Commissions from Initial Public Offering	-	-
Investment Fund Management Income	475	546
Other	594	245
Total	6.009	5.393

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

VI. Explanations related to consolidated statement of cash flows

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

VII. Explanations on the risk group of the Parent Bank

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

1.a Current period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	119.901	264	72.954	117.412	79.003	-
Balance at the end of the period	124.315	262	79.283	117.412	82.614	-
Interest and commission income received	1.544	1	397	73	988	-

1.b Prior period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	85.560	262	112.840	117.413	91.627	-
Balance at the end of the period	119.901	264	72.954	117.412	79.003	-
Interest and commission income received (*)	628	1	618	73	1.137	-

(*) The information is related to 31 March 2014.

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

The Parent Bank is not authorized to accept deposits.

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

The Bank has foreign currency swaps buy amounting to TL 146.052, foreign currency swaps sell amounting to TL 149.107 made with Bank's own risk group (31 December 2014 : foreign currency swaps buy TL 47.621, foreign currency swaps sell TL 49.393). As of 31 March 2015, gain or loss from these transactions is TL (1.933) and this amount is associated with income statements (31 December 2014: TL (1.255)). The amount has been eliminated from the related accounts included in the consolidation.

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

Benefits provided to key management personnel in the current period amount to TL 5.333 (31 March 2014: TL 6.042).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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VIII. Information and disclosures related to the domestic, foreign offshore branches and foreign representations of the Parent Bank

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

I. Other explanations related to the operations of the Parent Bank

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

FITCH RATINGS

Long-term Maturity Foreign Currency (issuer)	BBB-
Long-term Maturity Foreign Currency Outlook (issuer)	Stable
Short-term Maturity Foreign Currency (issuer)	F3
Long-term Maturity National Currency (issuer)	BBB
Long-term Maturity National Currency Outlook (issuer)	Stable
Short-term Maturity National Currency (issuer)	F3
Support Note	2
National Support Note	BBB-
National Note	AAA
National Note Outlook	Stable
Privileged Unsecured Debt Rating Note	BBB-

International Credit rating agency Fitch Ratings confirmed The 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	Ba1
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-Forcing 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 Parent Bank issuing Eurobonds and has determined that this note has been appointed as Baa3 on 24 October 2014.

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SECTION SIX

OTHER EXPLANATIONS

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

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

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

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

As of 22 April 2015, the Bank's second of public offering with a nominal value of USD 350 Million has been completed. It was been determined with maturity of 22 April 2020 with fixed interest rate and five year maturity and semi-annual coupon payment and fixed interest rate of 5,125%.

SECTION SEVEN

LIMITED REVIEW REPORT

I. Explanations on the limited review report

The consolidated financial statements as of and for the three-month period ended 31 March 2015 were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Limited Review Report dated 28 April 2015 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors

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